
Meeting of 20 October 1982

Substantive Preparations for the Ministerial Meeting

Documentation

2. The Chairman noted that the main document for the meeting was the Draft Ministerial Text (PREP.COM/W/33 and Add.1). The Committee also had before it a new communication from Colombia PREP.COM/W/34 which had been circulated for the information of delegations.

3. Referring to document PREP.COM/W/33 and Add.1, the Chairman observed that it was the product of arduous and time consuming consultations. The issues had been addressed squarely. Considerable progress had been achieved in some of them. However, the most critical issues still remained unresolved. The document reflected the continuing momentum of the discussions.

General comments

4. The representative of the European Economic Community referring to the status of document PREP.COM/W/33, observed that all delegations had participated in the process of consultations with goodwill, but on an ad. referendum basis. PREP.COM/W/33 reflected the result of the consultations, but not of negotiations, and it was important to avoid giving the wrong signals on this basis. For his part, he would wait until the end of the present meeting of the Committee to decide if he could recommend consideration of this text to his authority.

5. The representative of New Zealand observed that while PREP.COM/W/33 represented progress in the consultations, the question of priorities had been somewhat blurred in this process. It was a matter of utmost importance to New Zealand that unfinished business should have priority over any new initiatives.
6. The representative of Australia observed that it was their conviction that bold and decisive initiatives by the Ministers were necessary if we were to generate the worldwide economic recovery that all of us were striving for. In this connexion, Australia invited attention to the relevant parts of the final communique issued by the meeting of seventeen Commonwealth Heads of Government from the Asia-Pacific Region held at Suva from 14 to 18 October 1982. Inter alia, the Heads of Government observed that the GATT Ministerial meeting must bring about a standstill on protection and establish procedures to facilitate a reduction in existing protectionist barriers. They emphasised the importance of an effective non-discriminatory system, under which new protectionist measures would be discouraged and orderly marketing arrangements such as the MFA and voluntary export restraints would eventually be phased out. They also urged the development of an approach to overcome the obstacles posed by the close relationship of agricultural protection and domestic agricultural policies. They also urged that an early start should be made to reducing export subsidies adopted by developed countries to support their agriculture. This communique constituted political endorsement at the highest level by seventeen governments of the major thrust of the Australian approach to the GATT Ministerial meeting. The representative of Australia requested that portions of this communique dealing with international economic issues be circulated to delegations for information.

7. The representative of Switzerland observed that PREP.COM/W/33 was a useful and encouraging document in that it represented progress in relation to where the Committee started. However, there was still a long way to go if the Ministerial meeting was to rise to the expectations attached to it.

8. The representative of Colombia observed that PREP.COM/W/33 represented definite progress over PREP.COM/W/26/Rev.1. There was still, however, plenty of work to do. Among other things, it would be necessary to compress the text, which was much too long. An attempt had also to be made to establish priorities through a process of selection of subjects really suitable for attention at the Ministerial level.

9. The representative of Sweden, speaking on behalf of the Nordic countries, stated that the state of consultations on certain major substantive issues did not indicate sufficient signs of progress. The gap between expectations and realistic possibilities was too wide on many important questions. There was clearly an urgent need for all parties to reach for a compromise in order not to jeopardize the overriding and common goal to strengthen the multilateral trading system of GATT. It would be a matter for serious concern if, at a time when the multilateral trading system was faced with serious threats, the GATT should spend its time on a variety of not always very essential studies, instead of meeting these
threats. The basic reason for convening the Ministerial meeting was that protectionist tendencies were growing and protective actions were increasingly being resorted to outside the framework of GATT. The focus of the Ministerial meeting could only be an attempt to reverse these tendencies. There was, therefore, need to concentrate on the most urgent substantive issues.

10. The decision to tackle the question of Safeguards in a realistic and balanced manner was an issue of top priority. There already seemed to be some degree of consensus on the need to provide for increased transparency for all safeguard measures without prejudicing their legal status. At the same time there was continued basic disagreement on the possible modalities of safeguard actions. Since it was doubtful that a fully-fledged or comprehensive solution could be reached in the short time now available, the only realistic alternative would be to wrap up the agreement on those elements on which there seemed to be converging views, notably increased transparency and the strengthening of the multilateral surveillance machinery, thus creating a platform for further discussions and considerations on outstanding questions regarding the application and functioning of Article XIX. If there was no movement towards increased discipline and transparency, such an outcome might be interpreted as an implicit acceptance of various measures being taken outside GATT, and as an indication that GATT rules and procedures in this important field were being eroded.

11. The Nordic countries also believed that there was an obvious need for the Ministerial meeting to address the special problems of developing countries. They fully supported the various unbracketed proposals on this subject in the document. It was important that an atmosphere of mutual trust and confidence be created in relations between developing and industrialized countries. Trade relations between them were strained by differences in perceptions concerning the balance between rights and obligations, and by disagreement over the interpretation of important GATT rules. At the root of the problem was the question of how to improve market access. This question would have to be addressed in a balanced and equitable manner if North-South trade was to be allowed to play its proper role as a dynamic factor in the international economy. The Nordic countries did not believe that the time was ripe for a decision in regard to trade negotiations between developing and industrialized countries. They also questioned the scope suggested for such possible negotiations. These problems should be dealt with in the GATT on an open-ended and truly multilateral basis. The first step could be a round of plurilateral consultations in order to establish whether there might be enough basis for future deliberations, without prejudicing the position of any participant with regard to possible negotiations.
12. The representative of Egypt proposed that in paragraph 2, in the reference to the trade problems of developing countries, "uncertain and limited access to markets" should come first.

13. The representative of Colombia proposed that the text in the first set of square brackets and the square brackets around the second bracketed text in paragraph 3 may be deleted. The proposal of Colombia was supported by Poland, Korea, Brazil, Uruguay, Argentina, Cuba, Czechoslovakia, Hungary, Peru, Ecuador, India and Yugoslavia. Some of these delegations stated that the text referred to facts which would constitute an important element in any objective and comprehensive diagnosis of the situation. The proposal was, however, opposed by the United States, Austria, the European Economic Community and Canada. Some of these delegations stated that the bracketed text in paragraph 3 was polemical and highly controversial. It related to events of which no uniform interpretation was possible. Accordingly, it would not be worthwhile to deal with this text any further. The representative of Israel observed that the text in the second set of square brackets in paragraph 3 would be acceptable to them if the word "industrial" in it could be deleted. The representative of Switzerland observed that while it was not his intention to take a position on the appropriateness of the bracketed text in paragraph 3, his delegation shared the view that the intrusion of politics in matters of trade was objectionable. He could accordingly support some language addressed to disconnecting trade from politics.

14. The representative of Korea observed that the reference to "economic welfare" in paragraph 1 was hanging somewhat loose because it was not clear as to whose welfare was being referred to. The representative of Brazil shared this feeling with Korea and proposed that while referring to "economic welfare of nations or peoples", it should also be noted that this welfare had not been spread out evenly. The representative of New Zealand supported the proposal of Brazil and stated that a balance of interest had not always been reflected in the operation of the GATT system, and this fact must be appropriately reflected somewhere in the first three paragraphs. The representative of Argentina, supporting the proposal by Brazil and New Zealand, observed that the benefits of economic welfare and expansion of world trade had not been shared broadly and to the same extent by all contracting parties. The representatives of Cuba, Ecuador, India and Yugoslavia supported the above proposals. Canada, on the other hand, felt that the reference to the value and benefits of the GATT and the multilateral trade system should be more forceful so as to lead on to the focus on strengthening and improving it. The representative of Canada also felt that any reference to uneven distribution of economic welfare and
trade expansion would weaken the document. The representative of Spain observed that instead of talking about the past achievements of the GATT we should focus on its future role in the promotion of economic and social welfare of the people of the world. The representative of Switzerland felt that paragraph 1 must start with a positive note on the role of the GATT; problems and difficulties were in any case covered in the subsequent paragraphs.

15. The representative of the European Economic Community said that the whole political part of the document should be drafted in the same tone. One should avoid a situation where an objective diagnosis and confession was followed by high-sounding commitments which could not be substantiated in the decisions that follow. The document as a whole should have unity of style, content and substance. He proposed that the following three new elements be added to the diagnostic part of the political declaration:

i) The merits of trade measures taken outside the control of the GATT should not be underestimated; they had acted as safety valves and alleviated tensions. In having recourse to such measures, responsible governments had tried to limit the damage in a period of economic crisis. Without such measures, the system would not have withstood the pressures.

ii) In addition to subsidies, reference should also be made to dual pricing and other measures affecting exports.

iii) The problem of highly sophisticated and over-legalistic techniques of harassment used to discourage imports should be referred to.

He also requested the deletion of both bracketed sections in paragraph 3 referring to "measures for non-economic reasons". Such a passage was an example of subjective diagnosis and would constitute an unnecessary "apple of discord".

16. The representative of Argentina opposed the suggestion by the European Economic Community regarding a favourable reference to trade measures taken outside the GATT, the so-called "grey area" measures. The representative of the United States observed that what was considered as "harassment" by some could be viewed as legitimate exercise of their rights by others.

17. The representative of Czechoslovakia observed that the diagnosis in Part I had to be frank and forthright, so as to provide the basis for solutions which were to be addressed by Ministers. He also expressed support for the proposal of the European Economic Community in regard to a suitable insertion on the problem of highly sophisticated and over-legalistic techniques of harassment used to discourage imports.
18. The representative of Jamaica proposed that at the end of paragraph 3, in addition to "increased business uncertainty", reference should also be made to "shift away from investments to speculation". The representative of the Ivory Coast supported this proposal.

19. The representative of Uruguay observed that the text was too idealistic in tone; while they were not against idealism, the CONTRACTING PARTIES must concern themselves with reality and find direction and objectives. They felt that the text should be compressed so as to give a clearer indication of the objectives.

20. The representative of Japan observed that there was an excessive focus of the dark side of the picture in the diagnostic part. They felt that the brighter side of the picture, namely the courageous efforts by many governments, including one of the strongest trading groups consisting of many countries, in resisting protectionist pressures should also be highlighted and commended.

21. Referring to the objection of the European Economic Community to export subsidies being singled out for reference in paragraph 3, New Zealand observed that subsidization of exports was also one form of protectionism which had to be dealt with.

22. The representative of New Zealand also observed that the final sentence of paragraph 3 reflected an industrial economy cast of mind. He suggested that the words "and primary producer" should be inserted between "business" and "uncertainty" in the last line of paragraph 3.

23. The representative of the European Economic Community observed that the present crisis of the multilateral trading system was due to the fact that in a period of prolonged and widening economic crisis, the response of governments had been individualistic, isolated and instinctive, without regard to the effect of their actions on others. The responsibility for this situation was shared by all the trading nations collectively who should have acted in a concerted and cohesive manner. The representative of the European Economic Community further observed that distortion in international trade were not due to subsidies only but also due to varying domestic policies of governments. The reference the Community had made to measures affecting exports was only a modest example of this. He further felt that in refusing to admit that measures taken outside the control of the GATT might have advantages as well as disadvantages, contracting parties were behaving like the three famous wise monkeys.

24. The representative of Pakistan observed that the assessment of the situation should be honest and frank without being accusatory. An
impression must not be given that the CONTRACTING PARTIES to the GATT were not alive to the problems faced by the world economy and the multilateral trading system.

Paras. 5 and 6

25. The representative of the European Economic Community observed that it was the Community's understanding that the last clause in paragraph 5, namely "up-date, improve and strengthen the GATT system" related only to the functioning of the system and did not involve the question of re-negotiating any provisions of the GATT or of the MTN Agreements and Arrangements. The representatives of Australia and New Zealand were, however, of the view that terms of reference for the Ministerial meeting agreed to by the CONTRACTING PARTIES, namely, "to examine the functioning of the multilateral trading system, and to reinforce the common efforts of the CONTRACTING PARTIES to support and improve the system for the benefit of all nations", pointed to the possibility of negotiations regarding improvements in the system itself and not merely the functioning of the system. In view of this difference of opinion in regard to the purport of this clause, the European Economic Community requested that paragraph 5 may be placed within square brackets.

26. The representative of Colombia proposed that in the text against the second dash in paragraph 5, the words "and consultations" may be inserted after "negotiations".

27. The representative of India proposed that in the text against the second dash in paragraph 5, the word "permanent" may be substituted with "continuing".

28. The representative of Switzerland observed that it was not enough in paragraph 5 to say that protectionist pressures will be resisted. These pressures must also be reversed. The paragraph should be strengthened along these lines. Switzerland also proposed that the order of "expansion and liberalization" of trade in this paragraph may be reversed.

29. The representative of Korea proposed that in paragraph 6 there must also be a recognition of the importance of the role played by developing countries in world trade. This would link up naturally with sub-paragraph (xiv) in paragraph 7.

Paras. 7 and 8 of W/33 and Addendum 1

30. The Committee examined paragraphs 7 and 8 of PREP.COM/W/33 and the alternative approach to these paragraphs in Add.1 together. The
representative of Argentina suggested that in sub-paragraph (i) of paragraph 7 of W/33, before the word "obligations" in the fourth line the words "rights and" should be inserted. In relation to sub-paragraphs (ii), (ix) and (x) of paragraph 7, Argentina observed that they had difficulty with the expression "industry". They suggested the use of some suitable words that would cover all productive activities. They also enquired whether "assistance" in these sub-paragraphs covered direct measures applied at the borders only, or all forms of direct or indirect and budgetary or non-budgetary assistance. In regard to sub-paragraph (xvi), Argentina expressed the hope that the words "respond to changes in the structure of production and trade" were not intended to legitimize protectionist measures.

31. Commenting on Addendum 1, the representative of Colombia observed that it reflected not merely a difference of approach or format, but of substance and of expectations attached to the Ministerial meeting. In this approach, the Ministerial meeting would confine itself merely to reiterate and reaffirm the existing situation, and perhaps pacify economic agents in one part of the world only. He strongly urged that the Ministers of the contracting parties, meeting after ten years, were expected to make far more positive commitments than reflected in Addendum 1. They must get a message across to the business community across the world that the contracting parties were ready to make commitments addressed to improving the economic situation and solving the critical problems facing us. This message did not come across in the approach of the Community, which simply appeared to bless the status quo.

32. The representative of the European Economic Community observed that Addendum 1 must be viewed as one link in the chain. It did not embody the final or definitive position of the Community or of CONTRACTING PARTIES, and was only intended as a contribution to the process of informal consultations. He noted, however, that the Community's standpoint would in the nature of things have to be taken into account. The basic difficulty that the European Economic Community had with the approach reflected in paragraph 7 of PREP.COM/W/33 was the so-called concept of "standstill". In their view, this was an unhealthy, impracticable and unfair concept, and was bound to be a total failure unless all contracting parties at a comparable level of economic development accepted equivalent obligations. The European Economic Community's approach to political commitments in paragraph 7 was based on a totally different view of the outcome of the Ministerial meeting. Instead of harping on empty and unrealisable words such as "standstill", they wished to focus on achievable results, which were within the reach of governments and which could be fully implemented. This was a way to give meaning to the idea of credibility. The first part of the text was a kind of platform which could be built on, but which had
at the end of the day to reflect basic and credible political commitments. The second part attempted to anticipate the outcome of certain major issues, without excluding others. Obviously, the second part could be improved and developed further in the light of the final outcome of the negotiations on the relevant major issues. It necessarily had to reflect these decisions.

33. The representative of Chile observed that the first part of the European Economic Community's text was ambiguous, without any real commitment, and lacking in any message. It was not compatible with the responsibilities of and expectations attached to the Ministerial meeting. It did not correspond to the overriding objective of fighting protectionism.

34. The representative of Brazil said he had difficulties with the language used in subparagraphs (i), (ii), (vii), (viii), (ix), (x) and (xvi). In particular he referred to the phrase "which fall outside the GATT" which was neither legally nor technically precise. For example, training programmes fall outside the GATT and could be covered by such a phrase. He said that the formulation appearing in the second set of brackets in subparagraph (i) would be acceptable to his delegation as an alternative. In subparagraphs (ii), (viii), (ix) and (x) the notion of long-term assistance having a protective effect was too loose. One should refer in this connection to the notion of serious prejudice to the trade interests of contracting parties. He also said that one should be clear about the coverage of the word "industry" and referred in this connection to the definition given in the Analytical Index published in March 1970, according to which "industry" covered manufacturing, mining and agricultural activities. In (xvi) he proposed to delete the words in brackets and to insert the word "continuing" before the word "changes" in the third line.

35. The representative of Jamaica agreed that the formulation in the second set of brackets in subparagraph (i) would be a better alternative but the word "objectives" should be replaced by the words "rights and obligations under". He also agreed with the representative of Brazil that the words "serious prejudice to the trade interest of other contracting parties" would be preferable to "having a protective effect".

36. The representative of Senegal proposed the deletion of subparagraph (v) which he said was too general to the extent that it did not seem to take account of economic sanctions applied by States in pursuance of decisions of the General Assembly and the Security Council. The subject was in any case dealt with in paragraph 3 of the text. In subparagraph (xiv) he said one should introduce the notion of special and differential treatment. The representative of Jamaica supported this request.
37. The representative of the United States said his delegation had substantive and legal problems with subparagraph (ii) which was phrased in too imprecise terms, and might create difficulties under existing American legislation. He proposed the deletion of subparagraph (v). Referring to subparagraph (vii) he said that it would not be realistic to ask for immediate termination of trade measures that fell outside the GATT framework. For such measures one could only expect "progressive" termination. He also questioned the meaning of the word "derogation" and said that the Committee needed secretariat guidance on this point. In general, this sub-paragraph dealt with three different ideas and the text should reflect more clearly the position taken on each. Sub-paragraph (ix) could also pose legal problems for the United States and for other countries as well. The wording of subparagraph (x) as that of (ii) and (ix) was too imprecise. He proposed to delete the brackets around subparagraph (xi). With regard to subparagraph (xii) he said that the CONTRACTING PARTIES could not give instructions to the Parties to the MFA. He proposed to delete the brackets which appear in subparagraph (xvi).

38. Regarding document PREP.COM/W/33/Add.1, the representative of the United States said that he found this proposal lacking in political commitment to halt protectionism and to remove trade distorting measures. The words "reinforce" and "resist" were reminiscent of trade pledges. The world would see such phraseology as indicating the inability of governments to take decisive action. This would not build up the much needed confidence in the trading system, but on the contrary serve to reaffirm the worst fears and suspicions of the trading community. The approach proposed by the European Economic Community did not carry the message of hope and determination that was expected of Ministers. Furthermore, it was not sufficient to summarize in Part I the decisions of Part II. The commitments in PREP.COM/W/33/Add.1 did not address the problems that have been underlined in paragraphs 2 and 4 of the text.

39. The representative of New Zealand said that from an optical point of view the text of paragraph 7 of PREP.COM/W/33 was not sufficiently clear in terms of the priorities that were being set. It lacked the starkness which would give it the impact being sought. Regarding PREP.COM/W/33/Add.1 he said that this had one optical advantage in that it made it easier to identify sectoral priorities, though on the other hand, it did not include the policy decisions which were an important feature of paragraph 7 of W/33. Addendum 1 did not only represent a different approach. It represented an entirely different concept of the objective of the Ministerial meeting. It lacked the substance required, especially in the field of agriculture. As far as presentation was concerned, he felt that if possible one should avoid having parallel texts for paragraph 7 in the document. Paragraph 7 of W/33 was not agreed by everyone except the European Economic Community so that there should be room for attempting to merge the two versions.
40. The representative of Australia noted with interest the comments made by Argentina, Brazil and the United States. He said that the Australian views were reflected in parts of paragraph 7, but the above comments would be examined closely by Australian officials in refining their proposals. As to W/33/Add.1 he found that the approach was far too modest. There was a need to give clearer signals, an unambiguous message, and a bold political commitment from Ministers. The Community's draft lacked direction and intent to improve the working of the GATT through liberalization of the trading system. Referring to agriculture, he said his delegation could only endorse the idea of a work programme if this programme really came to grips with the issues, as was suggested in subparagraph (xi), around which the brackets should be deleted. The differences between the approaches in W/33 and W/33/Add.1 were of a political nature. The revised text should show both alternatives in order that delegations may indicate to their authorities the choices they were facing, since W/33/Rev.1 would be the basis on which they would reflect on their appropriate course of action for the Ministerial meeting. In this connection he reiterated the Australian view that something decisive must be done in order to create the environment which would permit a resumption of world trade growth.

41. The representative of Pakistan said that his delegation favoured the approach of paragraph 7 in W/33. The commitments in Part I should not be a simple summary of the decisions in Part II. They should, in addition, include a commitment to exercise voluntary self-restraint on the use of protective measures. They should give a clear message that would serve as guideline for the future conduct of trade relations. His delegation was concerned at the lowering of the level of commitment that was implicit in W/33/Add.1.

42. The representative of Canada also said that there was a need for strong commitment and the expression of determination to work within the GATT system. He strongly favoured the approach of W/33, though in some cases he felt that the text was over-ambitious, in particular, in subparagraphs (ii), (v), (ix) and (x). The text in W/33/Add.1 was too weak and too abbreviated. However, as a device to highlight the priority decisions of Ministers, it was worth taking into consideration.

43. The representative of Hungary said that it would be useful to give a title to paragraph 7 in order to underline its contents. He agreed with the comments of Argentina, Brazil and the United States on subparagraphs (i), (ii), (viii), (ix) and (x). In many respects, the text needed some legal clarification. Sub-paragraph (vii) dealt with different subjects, the treatment of which should be different. Guidance was needed from the secretariat on the meaning of the word "derogation". He agreed with the
suggestion to delete the brackets around (xi). Concerning W/33/Add.1, he feared that the reference to "practices" might be aimed at legalizing illegal and discriminatory measures.

44. The representative of Japan agreed with the comments made by the representative of the United States on the approach followed in W/33/Add.1. He said that the concern that commitments should be honoured was shared by all contracting parties. There was a need to break the vicious circle of distrust and lack of commitments. He appealed to the European Economic Community to help other contracting parties express their political will to resist protectionism.

45. The representative of Uruguay said his delegation considered paragraph 7 of W/33 as an appropriate basis for discussion. He supported the view that the reference to industry in (ii) and (x) should be replaced by appropriate language to make clear that agriculture was covered. He emphasised the importance of the commitments in (xi) and (xii). Regarding W/33/Add.1, he said that this approach was insufficient and it would not be worthwhile holding a Ministerial meeting with such aims in view.

46. The representative of Jamaica seconded the appeal of the delegation of Japan, indicating that many governments did not seem to realize the seriousness of the present world situation. He agreed with the suggestions of Brazil concerning the use of the word "industry" in (ii) and (ix), the reference to "protective effect" in (ii), and the drafting change in (xvi). He also agreed with the suggestion of Senegal to delete (v) and to include reference to special and differential treatment in (xiv). He felt that the text of (v) was too broad and inclusive. Decisions taken by the United Nations may oblige government to comply. Therefore if the text was maintained the context of the commitment should be stated clearly. In this regard he recalled the discussion on paragraph 3. Like the United States, he wished to have a clearer understanding of the meaning of the word "derogation". Regarding (xii), he said that in the view of his delegation, the CONTRACTING PARTIES can and must deal with the operation of arrangements to which only a limited number of contracting parties adhered.

47. The representative of Argentina, referring to (v), recalled the large degree of support which the notion expressed there had received in another forum.

48. The representative of Yugoslavia said that the approach in W/33/Add.1 was not acceptable to his delegation for the reasons given by many other speakers.
49. The representative of Switzerland proposed that the efforts to arrive at an agreed text of paragraph 7 should be pursued. He shared the concern expressed by the representative of Japan. His delegation would transmit the proposal in W/33/Add.1 to the Swiss authorities, but he could say at this stage that the three elements in the first part of that text did not represent the most that the governments of contracting parties could obtain jointly through their collective endeavour. Referring to sub-paragraphs (iii) and (vi), he said the references to trade expansion and liberalization should be reversed in order to stress the liberalization aspect.

50. The representative of Romania said his delegation favoured the approach in W/33 which could respond to the objective of the Ministerial meeting. He agreed with the remarks of the representative of the United States concerning the use of the word "immediate" in (vii). He also called for the deletion of the brackets around (xi) and (xii). Regarding W/33/Add.1, he noted that the three elements in the first part of the proposal were already partly covered in paragraph 5 and thought they could be used to improve on this paragraph. On the other hand, the second part of the proposal was not adequate to meet the aims of the Ministerial meeting.

51. The representative of Colombia said an effort to compress the text should be made, for instance by bringing together the thoughts in sub-paragraphs (ii), (viii) and (ix). He proposed deletion of the brackets around (xi) and (xii) and the inclusion of the word "clothing" after the word "textiles" also in (xii).

52. The representative of Singapore in supporting efforts to reduce protectionism, stated that the concepts contained in paragraph 7 of PREP.COM/W/33 were generally acceptable. However, care should be taken to avoid using language which would prevent governments from providing assistance in the framework of their economic development strategies - as distinct from stopping assistance to inefficient industries, and for protectionist purposes.

53. The representative of the European Economic Community agreed with the representative of Japan that there was a need to demonstrate political will to reverse present tendencies towards protectionism. The Community was ready to do so but the choice of which path to follow was difficult. He wished to stress that the Community was also vulnerable to protectionist action in view of their interests as major exporters and also as third countries on the world trade scene. The work carried out so far had only permitted the sorting out of issues but no effort at bringing positions closer had really been undertaken. The Community attached great importance
to formulating commitments which could be implemented. His delegation for one would not recommend the adoption of any commitment which the Community and the governments of its member states would not feel able to comply with. At the present time the only commitment that appeared feasible was to preserve the acquis and to fight against protectionism. The Community sought ways of improving the situation, but an approach based on irresponsible demagogic commitments might call into question the participation of the Community ministers. He stressed that, in their view, the situation of the trading system was not as hopeless as some would make out. What was needed most was to establish the basis for joint action to overcome difficulties in a realistic, reasonable, responsible and operational manner. In addition to the problem of the standstill, there were other bridges to be crossed in paragraph 7. For instance, what should be done about grey area measures? No response had as yet been given to this question. There was therefore no possibility of combining the two alternatives - the problem needed to be resolved in a political context. It would then be a question of negotiation rather than fine tuning or manipulation of texts. PREP.COM/W/33/Add.1 at this stage anticipated on the possible outcome, but clearly the substance of the proposal would depend on what decisions can be arrived at on the main issues listed. He did not agree that the proposal did not contain more than already appeared in paragraph 5. This paragraph stated objectives, whereas W/33/Add.1 concerned collective and individual commitments which could be implemented immediately.

Safeguards

54. In reply to a question from the representative of the United States, the Chairman said that the brackets around the text indicated that there was no agreement on the text.

GATT rules and activities relating to developing countries

55. The representative of Colombia proposed the inclusion of a footnote to the three texts which appeared at the end of paragraph 7 (the text of this footnote appears in PREP.COM/W/33/Rev.1)

56. The representative of Switzerland said that the wording of the proposed footnote was not sufficiently precise, it did not take into account that the three paragraphs referred to were independent of each other. Moreover, the reference to two delegations in the footnote was not entirely correct. His delegation would have agreed to a footnote simply stating that the matter was still under discussion. The representative of the European Economic Community wished to indicate that his delegation saw some merit in the proposal by Switzerland concerning North-South trade
negotiations and hoped that further consultations would make it possible to find a satisfactory solution in this regard.

57. The representative of the United States agreed with Switzerland and reserved the right of his delegation to return to the question of footnotes in general. The representative of Canada also said that the footnote was misleading as to the number of proposals and supporters of the first two texts in paragraph 7.

58. The representative of Jamaica, referring to paragraph 3 (c) of the text, asked for clarification of the financial implications.

59. The Chairman said that the question of financial implications was one which related to the totality of the proposals and would need to be taken up as a whole at a later stage.

Dispute Settlement Procedures

60. The representative of Australia noted that some progress had been made in this area and that the proposed text appeared as a useful basis for further work. His delegation had specific points it wished to raise on the text which would be pursued in the appropriate forum.

61. The representative of the European Economic Community seconded that statement, noting that there were several points still under discussion.

Agriculture

62. The representatives of New Zealand and Chile asked for removal of the brackets around the whole text.

63. The representative of the European Economic Community argued for the maintenance of the brackets since this text had the same status as the ones on Dispute Settlement and Safeguards and also since in this area there was a clear linkage with the question of subsidies. The possibility of agreement depended on what would be done about the latter. The representative of New Zealand commented that the possibility of making further progress on agriculture would depend on the outcome of continuing discussions of the content of paragraph 7 of Part I. The representative of Spain supported the proposal to maintain the brackets around the complete text.

64. The representative of Jamaica made the following suggestions for amending the text: (i) the preambular paragraph should be amended along the
following lines: "the CONTRACTING PARTIES, recognizing that there is an urgent need to make further progress with respect to removing the most important difficulties which give rise to trade distortions in the field of agriculture and at the same time of reaffirming the principle of comparative advantage in agricultural trade, decide:" (ii) include in the preambular part of I, after the word "decisions", the words "within the GATT framework of the balance of rights and obligations"; (iii) in paragraph 4, instead of the reference to derogations, there should be a clear indication that not only legal, but also temporary exceptions are covered. In sub-paragraph 5 of paragraph I, he proposed to delete the words "and feasible". In paragraph V he said there should also be a reference to "in making recommendations" in the first line.

65. The representative of Hungary proposed to include in the fourth line of sub-paragraph 3 to I the word "non-discrimination" in the brackets after the words "unconditional MFN". In III he proposed to delete the words in brackets referring to market distortion and to replace them by the words "seriously prejudicial to the trade or interests of contracting parties".

Non-Tariff Measures

66. The representative of the United States proposed to delete the brackets around the word "immediate" in paragraph I (a). The representative of Colombia agreed with this suggestion and proposed to delete the brackets around the whole paragraph. The United Kingdom, speaking of behalf of Hong Kong, who had proposed the inclusion of the word "immediate", wished to maintain the brackets around it. The representative of the European Economic Community also wished to maintain the brackets, indicating that their removal would make the acceptance of the whole sub-paragraph more difficult for his delegation.

67. The representative of the European Economic Community also proposed to delete the brackets around the last phrase, in paragraph I. The representative of Colombia agreed with this suggestion. The representative of the United States opposed it, stating that illegal quantitative restrictions should be eliminated by all contracting parties as a matter of principle.

68. The representative of the European Economic Community proposed to delete paragraph 3, the gist of which was already included in paragraph 7. The representatives of Australia and Colombia wished to maintain paragraph 3 as it stood.
69. The representative of the European Economic Community proposed to remove the brackets around paragraph 4. The representative of Colombia said he could agree with this suggestion if the agricultural work programme included the concepts embodied in paragraphs 1 (a) and 1 (b). The representative of Australia wished to maintain the brackets around the text of paragraph 4.

70. The representative of Czechoslovakia underlined the importance of dealing effectively with quantitative restrictions in GATT and of creating a group for this purpose and wished to maintain the whole text on this subject without any brackets.

MTN Agreements and Arrangements

71. The representative of Hungary proposed to keep the text as it stood.

72. The representative of Jamaica, referring to paragraph 5 (c) on page 7 said that the real need was to ensure the application of agreements and arrangements in the interests of developing countries. The objectives should not only be to review but also to ensure that the rights and obligations of contracting parties were not impaired and to ensure the consistency and the coherence of the GATT system. The representative of the United States disagreed with this view and argued for maintaining the text as it stood. The representative of the European Economic Community, in reply to a general request for clarification from the delegation of Mexico, said that it was up to the Committee to examine what measures should be taken in regard to accession of non-contracting parties. In this regard he proposed deletion of the word "governments" in the penultimate line, because the agreements themselves contained special provisions to deal with the accession of non-contracting parties and there was no need for the CONTRACTING PARTIES to deal with this matter in the abstract. The representative of Hungary rejoined that the text as it stood, at least had the advantage of taking into account the fact that certain interested governments were facing obstacles to the accession to the Agreements.

Structural Adjustment and Trade Policy

73. The representative of New Zealand proposed deletion of the brackets around "comparative advantage". The representative of the European Economic Community wished to maintain the brackets, on the ground that this notion did not appear among the objectives of the General Agreement. The representative of Spain proposed to delete the words in question.
Trade in Counterfeit Goods

74. The representative of Brazil requested that the word "or" be inserted between the two alternatives.

Export of Domestically Prohibited Products

75. The representative of the European Economic Community proposed the inclusion of the words "to the extent feasible" after the words "notified" in the first line. The representative of the United States said he could agree but that this change would not be necessary if it was understood that contracting parties would do all they could to notify, without necessarily being obliged to submit the complete text of all relevant legislation and regulations. The representatives of Colombia and Nigeria preferred to leave the text unchanged in order not to weaken it. The representative of Brazil asked for the inclusion of a reference to products "domestically produced and exported, but banned on their domestic market" in the second line of the third paragraph.

Export Credits to Developing Countries

76. Speaking on behalf of the ASEAN delegations, the representative of the Philippines proposed to delete the brackets around the text. The representative of the United States opposed this proposal.

Textiles

77. On the proposal of the representative of Colombia, it was agreed to add "and clothing" in the title and the relevant parts of the text.

78. The representative of the United States could accept the text as it stood without the brackets.

79. The representatives of the European Economic Community and Brazil proposed to begin sub-paragraph 1.(ii) by the phrase "the impact of restraints and restrictions under the MFA on economic activity, etc.".

80. The representative of the European Economic Community also proposed to rewrite sub-paragraph 1 (iii) as follows: "consequences for economic and trade prospects in these countries of either the maintenance or a phasing out on the basis of the provisions of the General Agreement, of the restraints and restrictions applied under the MFA". With these changes, the European Economic Community could accept the paragraph. In paragraph 2, he proposed to add the words "possibilities and" before the word "modalities". Discussing the substance of the matter, he drew attention to the developments of trade flows in the textile sector over the last decade and notably to the relative growth of exports of the Community, the United States, India and Brazil. He said that one should not forget what the
situation of trade in textiles was like before the entry into force of the multilateral arrangements in this sector when considering the eventual elimination of the MFA. His delegation did not exclude the possibility of a return to the general regime, but a study of this problem should consider the respective advantages and disadvantages of organized and free trade in textiles.

81. The representatives of Brazil and Colombia said they were prepared to reflect on the Community proposals for amendment of the text.

Minerals, Metals and Forestry Products

82. The representative of Peru proposed to insert as a new paragraph 2 a text similar to the one appearing as paragraph 2 under the item Fisheries, plus the words "and policies" at the end. This proposal is reflected in PREP.COM/W/33/Rev.1.

Fisheries

83. The representative of the European Economic Community, supported by Spain, proposed to insert in the second line of paragraph 1 the words "in the last decade" after the word "products", and at the end of this paragraph, the words "taking into account the structural effects on production and trade of the adoption of the two hundred nautical mile zone".

84. The representatives of Colombia, Brazil, Canada, and the United States disagreed with this insertion and asked that it be placed in square brackets and the United States said that if the Community's suggestions were included in the text without square brackets, his delegation would ask for the whole text to be put into square brackets. The representative of Brazil said that the question of the two hundred mile zone was a matter on which GATT had no competence and it could not be brought up in this connection unless the study was entrusted to some other organization.

85. Following the suggestion of Korea, it was agreed to add the words "the result of" before "this study" in paragraph 2.

Services

86. The representative of Japan proposed the maintenance of the whole text without brackets and without footnotes.

87. The representative of Spain believed that it would not be opportune for GATT to take up problems of services at the present time, and associated himself with the first footnote under the text.
88. The representative of the United States proposed the insertion of a second footnote which is reproduced in document PREP.COM/W/33/Rev.1. In this connection, he said that his delegation had deferred consideration of including footnotes under other items in the document but felt that balance required that this second footnote be introduced under the items where one existed already. He also had problems with the accuracy of the wording in the first footnote.

89. The representative of Brazil supported by Colombia and India noted with concern that the United States' footnote introduced a new notion of weighted accounting of support for proposals which was contrary to GATT practice. The representative of New Zealand, said his position was not covered by either of the two footnotes. He was not sure at the present time what the competence of GATT was in this area. His attitude regarding the inclusion of this and the following item would be conditional on the outcome of negotiations on the more substantive issues to which his delegation attached priority. The representatives of Hungary and the European Economic Community shared this view; the latter added that his delegation's position was not covered by either footnote. The Community was ready to support the idea of studying services without prejudice to the results and to help to bridge differences over this issue if necessary.

90. The representative of Jamaica said his delegation needed time to reflect on this and the following topic.

91. In this connection the Chairman noted that some delegations had not had sufficient time to place their positions on record and that this would be taken into account in subsequent discussions.

Trade Related Performance Requirements

92. The representative of the United States requested the introduction of the same second footnote as for services and the representative of Brazil made the same comments to it.

Exchange Rate Fluctuations and their Effect on Trade

93. The representative of Jamaica wished to introduce a reference to development in the third line of paragraph 1. The representative of the European Economic Community opposed this suggestion.

Dual Pricing

94. The representative of Jamaica said it would be necessary to clarify the notion of "trade distortions" and wondered whether it would not be
preferable to refer to measures seriously prejudicial to other contracting parties.

Rules of Origin

95. The representative of Jamaica suggested that reference be made to co-operation with other competent bodies in this area. He added that rules of origin in preferential areas also may result in trade creation effects and this should be adequately reflected in the text. He proposed a language to this effect which is included in PREP.COM/W/33/Rev.1.

96. The representative of Romania, referring to this and other proposed studies on new subjects, expressed his delegation's concern to avoid overloading the task of the CONTRACTING PARTIES and to establish priorities among all the studies suggested. In this regard, one should take into account budgetary implications, having in mind the two following criteria: (a) the impact of the problems to be studied on trade and in particular on the trade of the developing countries and (b) number of contracting parties interested in carrying out these studies.

Meeting of 22 October 1982

Substantive preparations for the Ministerial meeting

97. The Chairman invited the Committee to consider document PREP.COM/W/33/Rev.1. The new text incorporated the texts previously circulated as PREP.COM/W/33 and Add.1, together with comments made to them at the meeting of the Committee on 20 October 1982. In the revised text, to be forwarded to the Council, with the final report of the Preparatory Committee, the secretariat had attempted to cover the main suggestions for changes. He noted that any suggestions that were not reflected in the new text would be fully reproduced in the minutes. The minutes of the present meeting would also reflect fully any further comments made to the document.

Paragraphs 1 to 6

98. The representative of Argentina regretted that the text of PREP.COM/W/33/Rev.1 did not contain many insertions which a large number of delegations had asked to be included, whereas in some places it contained changes which had been requested by one or only a few delegations. He objected to this procedure and wondered at the criteria which had been followed by the secretariat to modify the text of PREP.COM/W/33. As an example he recalled that a large number of delegations had requested a reference to balance of interest and unequal distribution of benefits to be included in paragraph 1 and he failed to see
such a reference although there was something to that effect in the text of paragraph 4. Accordingly, he was reserving his delegation's position on the specific amendments that had been introduced in the new text.

99. The representative of Pakistan also deplored the absence of a reference to unequal distribution of benefits in paragraph 1 and said that the reference contained in paragraph 4 was unsatisfactory because it was in the form of a question whereas he would have liked to see a more affirmative statement. If necessary he would not object to such a phrase being put in square brackets.

100. The representative of India also referred to the same point and recalled that the Chairman himself had ruled that a reference to non-uniform accrual of benefits would be made in paragraph 1. The text on this point seemed unsatisfactory to his delegation.

101. The representative of the European Economic Community wished to make it clear that this whole document in no way represented the result of a consensus. The text only reflected the outcome of informal consultations which had been held ad referendum. He also would have some difficulties with the way certain amendments proposed by his delegation were reflected in W/33/Rev.1, for instance, the reference to "pricing practices" in paragraph 2, which had much wider implications than the expression "double pricing". He therefore reserved the right to return to the content of the document at some appropriate time.

Paragraphs 7 and 8

102. The representative of Finland, speaking for the Nordic countries, recalled the Nordic statement made on 20 October underlining the importance of concentrating on very few key issues, notably safeguards and questions relating to trade between developed and developing countries. In this connection he strongly supported the statement made by the Japanese delegation at the previous meeting. With regard to the two different approaches reflected on pages 4 to 6 of the document he said the Nordic delegations had actively taken part in the discussions on the first alternative and they felt that these discussions should be pursued. It should be possible to find language covering the thoughts reflected in that alternative and in the first part of the second alternative. On the other hand, it would be difficult to envisage the commitments in paragraph 7 being more far-reaching than the decisions in Part II.

103. Concerning sub-paragraph (i) and (vii) of paragraph 7 in the first alternative, his delegations could in principle agree with the objectives stated therein, but they felt it was necessary to refine the language to avoid misunderstandings. While not being unnecessarily ambiguous the text
should avoid raising false expectations and leaving objectives too loosely defined. The Nordic countries could support a text addressing more pointedly the issue of grey area measures in these paragraphs, however they emphasized the need for realism: the reference to "immediate termination" could be understood as an opening position but had little to do with the fairly advanced stage of preparations now reached.

104. Regarding sub-paragraph (xi), he said that his delegations favoured increased multilateral cooperation in agriculture and accepted improved market access as one of the objectives of further GATT activities in this field. On the other hand they had no illusions about what could be done in concrete terms. Notions like "integration" and "equitable treatment" were likely to create misunderstandings and to divert attention from the need to take into account the special characteristics of agricultural trade and production. The final text of this paragraph would definitely depend on what could be agreed in terms of an agricultural work programme.

105. On sub-paragraph (xii) he said that as formulated the text was much too ambitious. While one could not quarrel with the idea of liberalization it should be clear what "urgent and effective steps" could really be taken by those contracting parties who had expressed their agreement with the present draft. One should not promise more than can be done. Secondly, the question arose whether the alternatives had been examined sufficiently thoroughly in order to determine what should be the future priorities. The kind of language that should be used should emerge from a careful examination of the results of the studies being proposed in Part II. Once more this was a question of balance between the different parts of the document. This was in danger of being upset with the kind of language appearing in paragraph 7 of the first alternative at the moment.

106. The representative of Brazil referring to sub-paragraph (ii) of paragraph 7 on page 4 expressed surprise at not seeing the language he had suggested in place of the word "industry" in the revised text. He had requested that the reference to "industry" be replaced by the definition of the word which appears in the third revision of the Analytical Index published in March 1970 and wished the Committee to take note of this fact.

107. The representative of Australia said that if the language suggested by Brazil was included, it should be placed in square brackets, but that he had already indicated that the Brazilian views would be carefully taken into account in refining the text.

108. The representative of Spain said that his delegation had found it difficult, at the meeting of 20 October, to speak in favour of one or the other versions appearing on pages 4 to 6 of the document, since the second
version had only just been distributed. He noted however that this included important concepts that needed to be discussed. The basic difference between the two approaches resided in the two different ways they looked at the relative importance of trade policy as compared with other economic policies. The first version accorded the greatest importance to trade and seemed to assume that decisions in the trade field could solve present economic problems. As he saw it, however, trade problems were a consequence of the critical state of the world economy and were neither the cause nor the main cause of this situation. Because of the emphasis placed on trade, the first version embodied a maximalist approach but the problem was, do the present economic conditions allow the contracting parties to fulfill the ambitions of a maximalist programme? At first sight, therefore, and although his delegation did not agree with all the details, the second version appeared more satisfactory and he considered that a wording acceptable to all could be arrived at if account was taken of the advice given on 20 October by the representative of Colombia and if positions that were largely determined by reasons of a structural character were brought closer together.

109. The representative of Austria agreed with the statement made by the Nordic countries on (ii) and (vii) on page 4. As to (xi) and (xii) on page 5, while acknowledging the problems in the sectors concerned, he wished to stress the sensitivity of these issues which made it difficult for his delegation to follow the proposed wording in the sub-paragraphs.

110. The representative of New Zealand said that the two versions on pages 2 to 6 were qualitatively different both from an optical and from a substantive point of view. Optically, the first version differed from the second because it contained brackets within the outside set of brackets, which the second did not. An attempt should be made to combine the two texts but this would probably involve introducing brackets within the second text. This being said, he recalled that the first part of the document was intended to contain a broad political message and statement of objectives. Certain delegations now said that this part could only be completed once the content of the other part is known. This was in contradiction with the working hypothesis of the Committee and as a result his authorities would need to take a new look at the whole package. Regarding (xi) on page 5 he said that the content of the paragraph was no different from the conclusions reached by the CONTRACTING PARTIES when they had examined this issue on previous occasions. The only difficulty was that Ministers were now being asked to put these conclusions in the form of a commitment.

111. The representative of Senegal, referring to (v) on page 4 suggested that the words in brackets should read "except in pursuance of their obligations under the principles of the United Nations Charter" in order to
cover obligations which might derive from decisions taken by regional organizations, such as the Organization of African Unity.

112. The representative of Australia alluding to the remarks of the Nordic countries concerning the relevance of the language used in sub-paragraph (ii) on page 2 to the present phase of the work of the Committee, stressed that this language did not reflect opening negotiating positions, they reflected hopes, aspirations and deep convictions of what was needed in order to achieve a satisfactory outcome of the Ministerial Meeting. As he saw it, it was rather the text in the second version of paragraph 7 which appeared to be reflecting an opening negotiating position.

GATT Rules and Activities relating to Developing Countries

113. The representative of Switzerland, though not contesting the right of any contracting party to express his viewpoint on any part of the text before the Committee, regretted the proliferation of footnotes in that text. However, he also wished to stress that the second footnote on page 9 could lead to certain misunderstandings in referring to a proposal as made by two delegations. In his view, the words "as proposed by two delegations" should be replaced by the words "as far as it is contained in the first two texts of paragraph 8 above", in order to reflect the factual situation.

114. The representative of Colombia said he could accept such a change in view of the fact that it did not affect the substance of the matter.

Tariffs

115. The representative of Japan said his delegation found the text of the second paragraph too elaborate in view of the state of the work in the Customs Cooperation Council, and would prefer the text which appeared in paragraph 3 of document PREP.COM/W/26/Rev.1.

Metals, Minerals and Forestry Products

116. The representative of the European Economic Community said that the suggestion that the studies on this subject should be completed by the 39th Session was totally unrealistic and impracticable. In this connection, he reiterated his delegation's general reservation about target dates in the whole document.
117. The representative of Peru said the brackets should be deleted in the second paragraph. As to the target date she agreed that this could be discussed at a later date.

Fisheries

118. The representative of Canada said that the purpose of the study was to identify trade problems for which the GATT secretariat was fully competent. On the other hand, he did not see the logic in limiting the coverage of the study to the last decade; this would be a matter for the authors of the study to decide in the light of the information at their disposal. He could not understand what particular significance there was to the period suggested. Furthermore, he rejected the second proposal referring to the two hundred nautical mile zone which appeared in the last set of brackets in paragraph 1. This proposal would involve the secretariat in matters for which it had no competence and which fell fully within the domain of national sovereignty of each country.

119. The representative of Iceland supported the views expressed by Canada on the question of the two hundred nautical mile zone and said that in addition the GATT was not competent to deal with matters which relate to production.

120. The representatives of Brazil, Ecuador, Argentina, Uruguay, Cuba, Austria, Turkey, Colombia, Indonesia, Senegal, Philippines, and Mexico agreed with the statement made by the representative of Canada on the question of the two hundred nautical mile zone.

121. The representative of Spain said that GATT was competent to study the facts of the matter and it was clear that the establishment of two hundred nautical mile zone had direct consequences on the question at issue.

122. The representative of New Zealand said the proposal by the European Economic Community could not be ignored as it was clear that any study would have to take into account all the factors impinging on trade, including the consequences of the establishment of two hundred nautical mile zones. He noted the indication given by Canada that the term "fisheries products" covered all products of the sector in both raw and processed forms.

123. The representative of the European Economic Community said the intention of his delegation in proposing to take into account the establishment of two hundred nautical mile zones was not to ask the GATT to examine this problem as such, or to put into question the legitimacy of
such zones and the sovereign rights of countries in this respect, but he felt that it was inevitable that any study of trade in fisheries products should take the consequences for trade of the establishment of such zones into account. In view of the reactions of other delegations to the suggestion, his delegation would from now on oppose any study on fisheries.

**Services**

124. The representative of Sweden, referring to the second footnote of this text, said that while not contesting the right of any GATT contracting party to think that it makes a difference if it accounts for a great part of world trade, his delegation strongly rejected the introduction of such language in a GATT document. This constituted a new concept which, if maintained, would be detrimental to GATT work.

125. The representative of the European Economic Community said that his delegation's position was covered neither by the first, nor by the second footnote. The representative of Canada supported the inclusion of the item "Services" in the Ministerial work programme.

126. The representative of Argentina said that not only would footnote 2 create a new category of contracting parties within the GATT, but it was not even clear who would figure in this category, since some of the countries which were not associated with the footnote also accounted for a large portion of trade. It should be made clear that only one delegation's position was reflected in the footnote. It was also clear that no one delegation could commit any other delegations to its own position. Such practices were politically dangerous and might jeopardize the Ministerial meeting.

127. The representatives of Australia, Trinidad and Tobago, Brazil, Hungary, India, Sri Lanka, Singapore, Iceland, Switzerland, Austria, New Zealand and Czechoslovakia supported the position of Sweden on the second footnote.

128. The representatives of Colombia, Cuba, and Spain associated themselves with the statements made by the representatives of Sweden and Argentina.

129. The representative of Israel deplored the fact that the two footnotes were confrontational and he suggested that they could be merged into a single footnote which should begin by "some delegations, etc.", using the text of the first footnote, and contain a second sentence saying "other delegations were of an opposite view".

130. The representative of the United States said his delegation regretted that it had been felt necessary to introduce footnotes into the text. They had hoped that the problem could be solved in the informal drafting
group. The position of the United States was that there was no need for any footnotes in a negotiation text. The use of square brackets was a sufficient indication that some delegations were opposed either to a part of a text or to a subject being introduced at all into the discussion. His delegation had as a result of the first footnotes given serious consideration to the possible need to introduce footnotes to many other items into texts before the Committee, but they had decided at this time to limit themselves to footnoting those texts that already contained footnotes introduced by other delegations. He thought that this problem could be solved in either of two ways: the first was to follow the proposal by the representative for Israel; the second was to delete the footnotes and put on record the position which some delegations hold concerning the inclusion of this and the following items in the Ministerial document. Regarding the reference to the share of world trade, in the second footnote, he said this was a factual statement and he left it to other delegations which had commented on this to draw any implications they wished from this fact.

131. The representative of Brazil said the question was not to change any other contracting party's footnote, recognizing the legitimate right of any delegation to express its view in this way. He recalled the reasons for introducing the first footnote and said that the footnotes represented important negotiating positions of the countries behind them. No suggestion of merging the texts of the footnotes or of deleting them, would facilitate progress in the negotiations. He did not think, however, that the final Ministerial document would contain footnotes. The point was that at this stage no change should be introduced in the document and all views should be recorded in the minutes. Brazil had proceeded on this basis in the discussions so far and considered that the same approach should be followed in this particular context.

132. The representative of New Zealand said that his delegation's position was not covered by either footnote. As to the question of substance, his country's attitude to services was that the inclusion of this subject on the Ministerial agenda was entirely conditioned by the content of the decisions that would be taken within stipulated time frames on the four or five major issues which had been identified.

Trade Related Performance Requirements

133. The representative of Canada said his delegation did not object to this subject being included in the Ministerial agenda. He asked however what other performance requirements were implied by the phrase "such as" in paragraph 1.
134. The representative of the United States said that this would come out of the study itself. His delegation had merely identified the most obvious requirements in the text.

135. In reply to a question from the representative of Iceland, the Chairman noted on behalf of the Committee that the remarks made previously in relation to footnote 2 to the text on services applied equally to footnote 2 to the text on trade-related performance requirements.

Exchange rate fluctuations and their effect on trade

136. The representative of Japan said his government remained unconvinced of the appropriateness and usefulness of this item on the Ministerial agenda.

General Comments

137. The representative of Jamaica, referring back to paragraph 8 on page 5, said that the statement in that paragraph should be in conformity with the established procedures concerning action taken by the CONTRACTING PARTIES and wondered whether the word 'decision' should not appear in capital letters so as to stress the fact that the second part of the document implied the assumption of binding obligations by all contracting parties.

138. The Chairman said this question would be considered at the time the final version of the text is established, taking into account all relevant legal implications.

139. The representative of Thailand, speaking for the first time as a contracting party to the GATT, wished to express his government's satisfaction and great appreciation for the spirit and goodwill shown from all sides in the process of negotiations for Thailand's accession to the GATT. The very first participation of Thailand in GATT activities as a full contracting party would be in the Ministerial meeting. His authorities hoped that obstacles which appeared now in the preparation of this meeting would be surmounted thanks to the political will of all major parties. In the process of Thailand's accession it had been strongly impressed on Thailand that joining the GATT was a commitment to liberalize trade through the reduction and elimination of tariffs and non-tariff barriers, thereby contributing to economic growth and development. Thailand believed that this was the very objective of the forthcoming Ministerial meeting. The decision to convene this meeting arose from the prevailing recession and its main purpose was to ride out this recession. The timing was not good and this was clearly demonstrated by the positions taken by those involved. However, his authorities believed that the
purpose of the meeting was negotiations within an agreed and set legal, multilateral framework, i.e. the GATT. To advance non-negotiable positions on issues did not show the right spirit and was not appropriate within this framework which after all was a negotiating framework. Equally important, they believed that the Ministerial meeting should have as its outcome economic policy adjustments leading out of the recession. This was particularly important for major contracting parties whose economic situation had a very great impact on the world economy as a whole.

140. Speaking as an observer, the representative of Mexico stated that it had been the general expectation and hope that the Ministerial meeting would have served to give further momentum to GATT as an international organization, to consolidate what had been achieved so far on special and more favourable treatment of developing countries as an integral part of the international legal system, to improve the capacity of the GATT to deal with trade problems of the developing countries, and to relieve present tensions in international trade relations. They had also hoped that the meeting would achieve improvements in the GATT trading system so as to make it more attractive to non-contracting parties. They had, however, been disappointed and somewhat disillusioned at seeing PREP.COM/W/33/Rev.1, reflecting the state of the discussions. There was practically no reference in the first part of the document to the principle of special and more favourable treatment of developing countries. There was a basic and fundamental divergence in approach on paragraph 7. It reflected no progress in the critical area of safeguards. The only matter of interest to developing countries on which there appeared to be an agreement was that of review of the implementation of the provisions of Part IV and the Enabling Clause, and a strengthening of the technical co-operation programme. Proposals on North-South trade negotiations at this stage and in their present form could obviously not be acceptable. The texts on Agriculture and Dispute Settlement were full of square brackets. Square brackets had also been placed around the language under MTN Agreements and Arrangements in regard to interested non-contracting party governments, in apparent contradiction with the provisions of these Agreements and Arrangements in regard to accession of any interested governments. The second footnotes under Services and Trade Related Performance Requirements would create a dangerous new concept in the GATT. All in all, the perusal of document PREP.COM/W/33/Rev.1 left an observer confused and discouraged about the prospects for the Ministerial meeting.

Rationalization of Work on Non-Tariff Measures

141. The Chairman drew the attention of delegations to the secretariat's note on the implications of the setting up of a new Group on Non-Tariff Measures for the activities of other existing Groups where matters relating
to quantitative restrictions and other non-tariff measures could be taken up. He noted that delegations were only in a position to offer preliminary comments at this stage.

142. The representative of the European Economic Community suggested that the role of the Committee on Balance-of-Payments Consultations should also be examined in this context. The representative of Pakistan suggested that the working procedures of the existing Committees and Sub-Committees etc. concerned may also be indicated in the revised version of this note. These suggestions were noted.

Derogations

143. The Chairman invited the attention of delegations to the secretariat's note in regard to the meaning of the word "derogations". He observed that the note reflected an attempt to clarify the position as far as possible. The position would evidently need to be examined carefully by delegations concerned in each context that the word "derogations" occurred, and any comments made at this stage were understood to be preliminary. The Director-General observed that the note did not represent a legal view and was only the first exploratory attempt to see what the term may cover. The representative of Jamaica observed that it was obvious from the secretariat's note that a clear definition of the expression did not exist. It may accordingly be necessary for the proponents of the relevant proposals to spell out their intentions clearly and precisely, instead of using ambiguous terms such as "derogations". The representative of Switzerland observed that the note made it clear that we were dealing with a complex and difficult expression. The note focussed more on the nature of derogations, of moving away from the norm, and not so much on the legal means or basis for such movement. The representative of the Philippines observed that he was concerned at the reference to the Philippines Protocol of Accession as an example of "derogations". As far as they were concerned, their Protocol of Accession had been negotiated and paid for fully in terms of concessions granted by the Philippines, and there was no question of its being open to question or review.

Proposed studies and reviews

144. The Chairman invited attention to the secretariat's note listing the various proposals for studies and reviews currently contained in PREP.COM/W/33/Rev.1. He observed that the list was an indicative one and was intended to enable delegations to have some general idea of the potential magnitude of the work load that would be created should the present proposals be adopted, and to permit delegations to consider eventually what priorities among such proposals might be contemplated.
145. The representative of Brazil observed that there was no agreement so far as to which studies would actually be undertaken, and by whom. They therefore felt that there was no point in discussing this question at this stage.

146. The representative of Pakistan observed that an order of priorities would have to be assigned to the studies which were finally agreed upon. In the view of his delegation priorities should be attached in the following order:

1) studies relating to the work programme approved in 1979,
2) subjects on which some work had already been done,
3) subjects which impinged on the interests of a large number of contracting parties,
4) subjects which related to negotiations already scheduled for the 1980s.

147. In a response to a question by the representative of Romania, the Chairman explained that no entry on the subject of Safeguards had been inserted in the note because no text existed for the moment.

Financial implications of various proposals

148. The Chairman invited the Director General to comment on the prospective financial implications of the draft Ministerial document. The Director-General observed that the question of the financial implications of many of the proposals under consideration in the context of the Ministerial meeting was very much in the minds of the Committee on Budget and Administration when they met last in connection with the preparation of the budget for the next year. The Chairman of the Committee on Budget and Administration intended to organize informal consultations on this question when the Committee was in a position to have an evaluation of the cost of potential decisions by the Ministerial meeting.

Management and Administration

New recommendations:

149. The Committee agreed to make the following further recommendations to the Council relating to the management and administration of the Ministerial meeting:

(a) All speakers would be limited in their statements to eight minutes, on the understanding that additional material could be circulated in writing.

(b) In accordance with the normal rule, the Session would be held in private.
Organization of the Ministerial part of the Session

150. The Committee recommended that the business of the Session be organized in the following way:

**Wednesday 24 November**

9 a.m. to 9.30 a.m. Opening of Ministerial Portion of Session
- Statements by:
  - Chairman
  - Host Government
  - Director-General

9.30 a.m. to 12.30 p.m. Plenary Session
- Ministerial Statements

12.30 p.m. - Statements by Invited Organizations and Observer Governments

3 p.m. to 5.30 p.m. Plenary Session
- Ministerial Statements (continued)

**Thursday 25 November**

9 a.m. to 12.30 p.m. Plenary Session
- Ministerial Statements (continued)

12.30 p.m. - Statements by Invited Organizations and Observer Governments

3 p.m. onward Free for Informal Contacts

**Friday 26 November**

9 a.m. to 12.30 p.m. Plenary Session
- Ministerial Statements (continued)

12.30 p.m. - Statements by Observer Governments
Friday 26 November
(continued) 3 p.m. to 5.30 p.m.
Plenary Session
- Ministerial Statements
(continued)

Saturday 27 November
10.30 a.m. to 1 p.m.
Adoption of Ministerial Document

151. In response to a question by the representative of Jamaica, the Chairman stated that only four international organizations, with which the GATT had organic links, had been invited to make statements at the Ministerial meeting of the CONTRACTING PARTIES. These were the Managing-Director of the International Monetary Fund, the President of the World Bank (on Wednesday, 24 November), the Secretary-General, UNCTAD and the Secretary-General of the United Nations or his representative (on Thursday, 25 November). The Director-General informed the meeting that arrangements had been made for the translation of all statements into the official languages of the GATT. This would, however, require twenty-four hours in each case.

152. The representative of the United States observed that delegations could usefully keep each other posted with information in regard to their delegations such as:

   i) Names of Head of the delegation as well as key members of the delegation.
   ii) Schedule of arrival at Geneva.
   iii) Where would the delegation be located.
   iv) Any bilateral meetings scheduled.
   v) Social engagements.

153. The Chairman observed that the secretariat would issue a bulletin containing the provisional list of delegations on 15 November 1982, provided that necessary information was made available to the secretariat by 11 November at the latest. He invited delegations to communicate to the secretariat all information that they wished to put out by that date. Information in regard to bilateral meetings and social engagements would not be published but would be available in the secretariat for interested delegations.
Agenda for the Ministerial meeting

154. The Chairman invited attention to the fact that the secretariat's note L/5375 on the provisional agenda for the Ministerial part of the session of the CONTRACTING PARTIES did not provide explicitly for a theme for the Ministerial part of the Session. It was agreed that an agenda item would be recommended to the Council drawing on the terms of reference for the Ministerial meeting, approved by the CONTRACTING PARTIES in their decision in regard to convening of the forthcoming Session, i.e. "The functioning of the multilateral trading system and priorities for co-operation among contracting parties in the 1980's."

Preparatory Committee's report to the Council

155. The Committee agreed to the Chairman's proposal that a brief report regarding the work of the Preparatory Committee would be submitted to the Council. This report, which is contained in L/5395, should be read in conjunction with the present minutes.