The following justifications for topics included in the catalogue (PREP.COM/W/1/Rev.1) have been received from the delegation of the United States.

Trade in counterfeit goods

Illicit trade in counterfeit goods is a serious international problem. Counterfeit trade threatens not just the legitimate rights of the trademark holders in a particular country, but also all those authorized internationally to produce under the trademark and the consumer, who may be defrauded or even imperilled by purchasing counterfeit goods. While the World Intellectual Property Organization (WIPO) encourages measures against counterfeit trade, measures under that organization have not to date proven effective in curbing the international trade aspect of the commercial counterfeiting problem. There is currently a GATT exception (Article XX(d)) allowing measures against counterfeit imports, but we believe an agreement under GATT can provide for affirmative action and co-operation against imports of counterfeit goods, while assuring that measures do not become a barrier to legitimate trade.

Considerable work was done during the MTN towards achieving an agreement under GATT auspices, and there has been further discussion on an informal basis since that time. There appears to be no dispute that international trade in counterfeit goods is not in the interest of any country, and no country has expressed the view that an agreement against commercial counterfeiting under GATT would be contrary to its interests. Some countries have informally indicated that they consider such work should be carried out under WIPO, but several others have indicated, in some cases strongly, that they share the United States view that the approach under GATT, building on work done in the MTN is the best and most expeditious way to achieve a more effective solution to this problem at this time.

It should be underscored that we are concerned only with the trade-related aspects of international commercial counterfeiting. The proposed draft code does not address the general problems of intellectual property protection, which are under the purview of WIPO. However, to the extent that there is international counterfeiting of trademarks, it is appropriate that the GATT urge countries to deter international trade in counterfeited trademarked merchandise. This
situation is similar to GATT involvement in international standards. The GATT deals with the trade-related aspects of international standards in the standards code and the international organization for standardization deals with the technical aspects of international co-operation in the standards field. We believe that the activities of WIPO and the GATT in this area can be complementary.

Building on the work done in the MTN, the United States believes there should be further consideration given to this problem within the GATT and further work as appropriate on the draft text proposed during the MTN (L/4817). With such preparation, the United States believes that Ministers could be in a position to bring about or approve a final agreement that could be opened for signature by interested parties.

Harmonized system: rules of origin

As indicated in the Catalogue of Topics developed at the GATT Secretariat, the Ministers should note the progress of negotiation of the harmonized system of tariff nomenclature and examine the implications of its adoption for future GATT activities. Specifically, international adoption of the harmonized system could lead to a major series of Article XXVIII negotiations, beginning as early as 1983. In this connexion, the United States believes that it would be timely to have the Rules of Origin issue considered as countries move to adopt the harmonized system.

Origin rules affect many aspects of international trade, yet, in our view, this issue has not been adequately discussed in the GATT. Rules of Origin can act as non-tariff barriers to trade or, because of the varying nature of origin rules within individual countries and internationally, can constitute a problem in terms of trade facilitation. In either case, this area deserves consideration in the GATT. The United States proposes that the Ministers consider agreeing to further study to analyze countries' Rules of Origin and their trade impacts.

Trade in services

The importance of services to the world economy has been increasing dramatically. The growth of trade in services has surpassed the growth of trade in goods over the last ten years. At the same time, the involvement of governments in trade in services has grown more complex with the increased government regulation of service sectors for both the achievement of broad social goals and, in some cases, restriction of foreign competition. A framework should be developed to ensure an open world market for services trade.

The GATT provides a solid basis for such a framework. When the GATT was established in 1947, services played a much smaller role in world trade than they do today. Consequently, services have not been significantly addressed in the GATT. However, over the years, the GATT has evolved through
successive negotiations and the resolution of an increasingly wide variety of
issues. The GATT has proven itself to be a "living" contract, capable of
dealing with the continually changing character of world trade.

As a first step the signatories should resolve to undertake a work
programme more aware of the specific issues affecting services trade.

The fundamentals of the GATT services work programme would be:

1. The examination of basic trade principles contained in the agreement
   that are common to goods and services. These would include a careful
   analysis of the national treatment provision, the principle of non-
   discrimination, the applicability of reciprocity, in addition to an
   analysis of existing GATT codes adopted pursuant to the agreement that
   cover specific non-tariff barriers as they may affect services trade.
   Particular attention should be given to the Standards and Government
   Procurement Codes, the latter of which directs the signatories to
   examine by 1984 whether the code should be extended to services trade.
   The principles of transparency, due process, and the sovereignty of basic
   national social objectives balanced against commercial barriers arising
   in practice are important elements contained in the existing codes that
   are as potentially applicable to services as well as goods.

2. Documentation and analysis of barriers to international services
   trade that have been experienced by the contracting parties that include
   problems of market access as well as difficulties in doing business in
   foreign countries once access has been established.

   At the conclusion of the work programme, signatories would be
   expected to make a determination as to whether it would be appropriate to
   enter into negotiations that would establish principles and rules
   governing trade in services, including the possible amendment of some of
   the existing codes to apply to services.

Trade in high-technology goods

The developed world will devote increasing resources to "knowledge-
intensive" industries such as electronics, telecommunications, fibre optics,
robotics and biotechnology. These industries are experiencing high levels of
 technological breakthroughs. The high level of government involvement in
these high-technology industries in both developed and newly industrializing
countries, combined with the rapidity of market growth and product innovation,
could pose serious strain on the trading system.

A piecemeal approach to these trade issues under current GATT mechanisms
cannot be expected to keep pace with the rapid technological and market
developments. While international competition in these sectors increases, the
opportunity for mutual co-operation through the worldwide dispersal of technology and product holds forth the promise of benefits for all countries.

The United States proposes that the Ministers discuss global goals, particularly means for further trade liberalization, and problems in the high technology area.