Preparatory Committee

FIRST DRAFT OF A MINISTERIAL DOCUMENT

Revision

1. The Committee agreed that a first draft of a possible Ministerial Document for the 24-27 November Ministerial Session of the CONTRACTING PARTIES, or "final product" as it has been informally called, embodying the largest possible measure of agreement, be prepared for its July meeting (27 and 28). This first draft is annexed.

Status

2. Informal consultations with interested delegations since the Committee's last meeting have resulted in a number of texts which form the basis of the first draft. It is put forward for the consideration of delegations and their authorities in capitals to enable the negotiating process to be fully engaged.

3. No delegation is bound by this first draft. The texts relating to some items have more general acceptance than others. Some items are only at the initial stage of consideration and texts on these are yet to be fully developed. Moreover, the fact that any specific proposal has been included does not necessarily mean that all delegations agree that the subject should be dealt with in the manner indicated or dealt with at all. For the time being then, the whole text is notionally in square brackets.

4. In Part I, square brackets have not been used. To have done so would have produced a largely unreadable text. Moreover, it is agreed that Part I be reviewed and revised later to ensure its conformity with the final content of the succeeding parts.

5. The use of square brackets in Parts II and III is intended to indicate that alternative formulations have been made or that an item or a proposal has not been generally accepted at this stage. As already noted, however, absence of square
brackets around a particular proposal does not necessarily mean that it has yet received general acceptance.

Structure

6. The first draft of the Ministerial Document is divided into three parts, entitled "Declaration", "Policy Decisions" and "Other Operational Decisions", respectively. Part I, "Declaration", is the political part of the document. It is intended to reflect the general concerns about the multilateral trading system and its operation and to express the political commitment to take positive steps to strengthen and improve the system. Part II, "Policy Decisions", is intended to contain specific decisions relating to the operation of the GATT and the conduct of trade policy by contracting parties which will give effect to the political declaration. Part III, "Other Operational Decisions", is intended to encompass subject matters which, while requiring priority attention, still need study or examination before policy decisions on them could be envisaged within the GATT framework. (The final allocation of subjects to the various parts, and particularly to Parts II and III, will depend on the nature of the decision eventually proposed. A few items appear in both Part II and Part III. This prejudices neither where they may eventually appear, nor the possibility of amalgamation.)

Format

7. Parts II and III have been presented in a standard format so as to facilitate their consideration. This does not prejudice any decision the Preparatory Committee may reach on the presentation at a later stage. It is not intended to prejudge whatever format the Committee may eventually decide on. For example, on certain subjects where complex decisions may be reached, it may be preferable to utilize a separate detailed decision which could be annexed to the main document.
Future Work

8. The Committee has decided that additional items may be added or existing ones deleted throughout the course of the negotiating process. The first draft nevertheless constitutes a relatively comprehensive outline of the issues and possible solutions which will form the basis of the negotiations. At the same time proposals circulated in the PREP.COM/W/- series remain open for consideration. The July meeting will permit delegations to review the draft and to take stock of the situation. For the future guidance of delegations and their authorities in capitals, a minute of the 27-28 July meeting will be issued by the secretariat.
FIRST DRAFT

PART I

MINISTERIAL DECLARATION

1. Meeting at Ministerial level for the first time since 1973 and at a time when the world economy is in a critical state, the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade declare:

   - their commitment to sustain, strengthen and improve the multilateral trading system, of which the GATT is the legal foundation;

   - their determination to re-establish confidence in the rules necessary to the maintenance of an open and fair multilateral trading system; and

   - their resolve to ensure the progressive multilateral liberalization of trade, which has conferred great benefits on all nations.

2. These actions are needed to permit trade policy to contribute to the restoration of world economic progress. Production and trade have been depressed and both inflation and unemployment are, in many countries, at their highest levels of the postwar period. High rates of interest and erratic exchange rate fluctuations intensify these difficulties. Problems of indebtedness and payments imbalance persist and have become acute for many countries. Most national economies are facing difficulties in achieving adjustment to changes in production and trade.

3. The open trading system embodied in the GATT has successfully contributed to the maintenance of worldwide growth. However, international trade relations are now under serious strain. Protectionism is gaining ground. Protectionist measures have increasingly taken the form of bilateral action outside GATT rules. Trade disputes are more frequent and are threatening the GATT system. Uncertainty as to trade policies and market access has reinforced the inhibiting effects of the recession on investment and trade flows. Trade restrictions applied for non-economic reasons have also distorted trade.
4. World economic recovery is urgently needed by all countries. Renewed growth is critical for many developing countries whose prospects are in jeopardy as a result especially of depressed levels of prices and export volume for many primary commodities, and of the reduced availability and high cost of credit. If they are to resume economic growth these developing countries must have access to world markets. This is also in the interest of industrialized countries, whose potential for export growth increasingly depends on the markets of developing countries. The maintenance and improvement of secure access to markets under conditions of fair competition is thus essential for economic recovery in all countries.

5. Change in the structure of the world economy generates opportunities for growth and new employment. It is vital to all countries that adjustment to change should not be impeded by protectionism.

6. To counter protectionism, to provide secure access and conditions of fair competition, the rules of GATT must be observed, and the GATT must continue to provide a permanent negotiating forum in which an appropriate balance of rights and obligations can be maintained. The GATT work programme adopted in 1979 following the Multilateral Trade Negotiations must be completed and the capacity of the GATT to respond to future change and new challenges in international trade must be assured. Where necessary, existing rules and procedures must be improved.

7. The CONTRACTING PARTIES recognize that the interdependence of national economies means that no country can solve its trade or economic problems in isolation. They therefore commit themselves to seek solutions in co-operative action, for the benefit of all nations. To this end, and in order that the multilateral trading system embodied in the GATT shall be improved and the General Agreement applied more effectively, they agree that:

(a) existing measures which are inconsistent or incompatible with the provisions of the GATT shall be phased out to ensure, inter alia, that GATT rules are effectively applied in all sectors of trade;
(b) new restrictive measures shall not be taken outside the legal framework provided by the GATT;
(c) unfair subsidies or other similar practices such as dual pricing practices that distort trade shall not be resorted to;
(d) the GATT disciplines governing the restriction of trade through safeguard measures shall be improved so as to provide more stable conditions for production and trade;
(e) the GATT trading system shall be made more responsive to the needs of developing countries and shall facilitate their greater participation in the rights and obligations GATT membership confers;
(f) trade in agricultural and other natural resource products shall receive equitable treatment under the GATT system in relation to that afforded to trade in industrial products, in terms of conditions governing market access and export competition;
(g) the existing GATT dispute settlement and surveillance mechanism shall be improved and relied upon for the settlement of disputes among contracting parties; and
(h) national policies to facilitate adjustment to structural change in international demand and production shall be consistent with multilateral trading rules.

8. With the intention that international trade shall make its full contribution to international economic recovery, the CONTRACTING PARTIES are today adopting initiatives and undertaking action within GATT designed to stimulate renewed growth in world trade.
PART II

POLICY DECISIONS

The CONTRACTING PARTIES, meeting at Ministerial Level, having agreed to strengthen the GATT and to reestablish confidence in the multilateral trading system, to these ends adopt the following policy decisions.

SAFEGUARDS

The CONTRACTING PARTIES

Recognize, having regard to the objectives and disciplines of the General Agreement, the need for an improved and more efficient safeguard system which provides for greater predictability and clarity and also greater security and equity for both importing and exporting countries, so as to preserve the results of trade liberalization and avoid the proliferation of restrictive measures; and

Take a decision covering, inter alia, the following elements:

1. Transparency;

2. Coverage;

3. Objective criteria for action including the concept of serious injury or threat thereof;

4. Temporary nature, degressivity and structural adjustment;

5. Compensation and retaliation; and

6. Notification, consultation, multilateral surveillance and dispute settlement with particular reference to the role and functions of the Safeguards Committee.
IMPLEMENTATION OF GATT RULES RELATING TO DEVELOPING COUNTRIES

The CONTRACTING PARTIES decide

1. To instruct the Committee on Trade and Development to carry out a detailed review of the extent of application and implementation by governments of Part IV, as well as an examination of ways to improve surveillance procedures under Part IV and for dealing with problems relating to the application of its provisions;

2. To instruct the Committee on Trade and Development to review the operation of the Enabling Clause in terms of its paragraph 9;

3. To invite the Committees of the various MTN Codes to examine, in conjunction with interested non-member developing countries, possibilities for [facilitating] their accession to codes bearing in mind the provisions of paragraph 2(b) of the Enabling Clause;

4. To develop the technical co-operation programme of the secretariat, covering training courses and other technical assistance activities, with a view to ensuring that it meets the current and prospective requirements of developing countries related to their participation in the GATT trading system;

5. [To invite contracting parties to increase their support for the ITC;]

6. To pursue action towards facilitating trade of least-developed countries and reducing tariff and non-tariff obstacles to their exports, having regard to paragraph 2(d) of the Enabling Clause and taking into account the suggestions made by the Chairman of the Sub-Committee on Trade of Least-Developed Countries; and

7. To review the above matters at the [ ] Session of the CONTRACTING PARTIES.
NOTIFICATION, CONSULTATION, DISPUTE SETTLEMENT AND SURVEILLANCE

The CONTRACTING PARTIES take a decision providing for the following elements:

1. Recognition of the vital importance of effective dispute settlement procedures for the maintenance of a proper balance between the rights and obligations of all contracting parties and thus for confidence in the GATT trading system;

2. In this context, importance also of a readiness by contracting parties to seek solutions for trade disputes in accordance with GATT provisions and procedures;

3. Recognition that a mutually satisfactory solution for differences among contracting parties, in accordance with GATT provisions, depends primarily on the commitment and willingness of the contracting parties concerned and on their readiness to adjust practices and policies in the light of findings and recommendations of the CONTRACTING PARTIES relating to their obligations under the General Agreement;

4. Agreement that the Understanding Regarding Notification, Consultation, Dispute Settlement and Surveillance negotiated during the Tokyo Round provides the essential framework of procedures for the settlement of disputes among contracting parties and that no major change is required in this framework but that there is scope for more effective use of the existing mechanism and for specific improvements in procedures to this end; and

5. Possible improvements relating to
   (a) the phase of consultation and conciliation;
   (b) the functioning of the panels; and
   (c) follow-up action.
These improvements could possibly cover, inter alia, the effectiveness of conciliation, the composition of panels, timeliness of various stages in the panel process, the technical assistance to panels, the nature of panel reports, action by the CONTRACTING PARTIES on panel reports and further follow-up.
The CONTRACTING PARTIES

Recognize that there is [an urgent] [a] need [to integrate agriculture more fully into the GATT system and] to make further progress with respect to lasting solutions to problems relating to market access for, and to competition in the trade of agriculture products;

Recognize that it is important to review national agricultural policies, in particular the impact of such policies on market access and competition; and

Decide, in order to deal effectively with these tasks and to ensure a necessary degree of transparency in the agricultural sector, to establish a Committee for Agriculture. The work to be undertaken by this Committee is outlined [below] [in Part III] and is to be considered by the CONTRACTING PARTIES at their [ ] Session:

1. Introduce a unified system of notifications with respect to measures taken in the agricultural sector so as to ensure a greater degree of transparency;

2. [Examine measures affecting market access of, and competition in, agricultural products and] examine national policy measures affecting agricultural trade in the light of rights and obligations under the General Agreement;

3. [Examine derogations and other agricultural exceptions;]

4. Examine the disposal of surpluses and, if necessary, examine possibilities for eliminating the trade distorting effects of such disposal;
5. [Examine possibilities for arriving at] [develop] a common understanding of the scope of the provisions of the General Agreement;

6. [Examine possibilities for arriving at] [develop] mutually-acceptable solutions to problems or measures affecting agricultural trade which are either not expressly provided for or are not adequately covered in the General Agreement and, in particular, [examine the possibility of establishing] [establish] rules or disciplines on credit sales and non-commercial transactions;

7. [[Examine the possibility of negotiating and implementing] [The negotiation and implementation of] a standstill on export subsidies and their phased elimination; and]

8. [Develop other practical negotiating possibilities.]]

[Alternative 2

The CONTRACTING PARTIES decide that

1. (a) The new framework agreement on safeguards will cover, as a priority, non-tariff barriers and other safeguard measures on agricultural products so as to bring these measures under effective and equitable disciplines;

(b) No additional trade distorting measures to be applied to agricultural trade and further that steps be taken to progressively reduce (on a formula basis) all existing protective measures applying to trade in agriculture. These include provisions to ensure secure and predictable access to markets with provision for growth;

2. Given the grave immediate situation relating to trade in agricultural products and in order that progress is made towards ensuring that subsidies on these products shall be accorded treatment equivalent to that on
industrial products, there will be an effective limitation on the use of export subsidies. This should initially entail an immediate and progressive reduction in the level of existing export subsidies and the elimination of all export subsidies within a definite time period not to exceed five years;

3. To these ends, and in order to integrate agricultural subsidies into the regime applying to manufactures there should be a review of subsidies under Article XVI of the GATT;

4. Because urgent solutions are required to the problems of agricultural trade, specific negotiating possibilities should be developed quickly and settled by the contracting parties no later than the end of 1983. In developing the specific negotiating possibilities close attention should be given to:

(a) The procedure of negotiations, bearing in mind that those employed hereto have proved:

- inefficient
- unfair to developing countries who are "new exporters" in the process of diversifying their exports;

(b) The impact of national agricultural policies on market access and competition;

5. The negotiating possibilities should be directed at attaining by 1987 a reduction of assistance measures and a significant liberalization of agricultural trade, such that the situation in the agricultural sector will be substantially in accordance with that in the industrial sector.]

[Alternative 3

The CONTRACTING PARTIES

With the purpose of accelerating the achievement of the objectives, and in conformity with the principles contained in the Preamble and provisions of the General Agreement, including Part IV; and
With a view to restoring the balance of rights and obligations of the multilateral trading system concerning trade in agriculture;

Decide:

1. To undertake urgent preparations for negotiations in order to achieve a substantial liberalization of markets and to provide effective solutions to problems and distortions affecting competition;

   (a) Preparations should be completed by the 1983 session of CONTRACTING PARTIES so that negotiations may start in early 1984;

   (b) Preparations will be conducted by a Committee on Agriculture which is hereby established;

   (c) The preparations will be undertaken bearing in mind the following objectives and directives;

      (i) The reduction of protection and of measures affecting or distorting competition will be directed to attain by 1987 a situation, in the field of agriculture, that will be substantially similar to that applying to trade in manufactures;

      (ii) All measures affecting trade are negotiable, including tariffs, measures having an equivalent effect - variable levies - exemptions, derogations, Article XXV waivers or other exceptions agreed to by the CONTRACTING PARTIES and all non-tariff measures, particularly quantitative restrictions which are in conformity with GATT;

      (iii) More equitable and effective procedures and modalities for negotiations than those applied in the past should be elaborated, having particular regard to the interests of developing countries which are "new exporters" in the process of diversifying their exports;
(iv) Domestic agricultural policies should be examined with a view to determine their effect on international trade, including governmental measures or policies affecting the process of structural adjustment;

(v) Transparency should be improved through a rationalization of notification requirements; and

(vi) The review of Article XVI, pursuant to its paragraph 5, should be undertaken with priority attention given to agriculture and in conformity with the present decision.

2. The CONTRACTING PARTIES further decide:

To apply, effective December 1, 1982 a standstill on all new or existing forms of protection and assistance measures. The Committee on Agriculture shall conduct the surveillance of the standstill and decide upon the appropriate procedures and rules to ensure full compliance. (to be read in conjunction with Alternative 2).]

TROPICAL PRODUCTS

The CONTRACTING PARTIES

Recognize the importance of trade in tropical products to developing countries;

Express their appreciation for the progress achieved in eliminating and reducing barriers to such trade in previous rounds of trade negotiations in GATT, including the Tokyo Round;

Recognize the need to seek further liberalization of conditions of access to markets for tropical products, particularly in their processed and semi-processed forms, taking into account the interests of all producers;

Note in this respect the results of the recent series of informal consultations on tropical products, held under the Committee on Trade and Development, in March 1982, including requests made by developing exporting countries for further reduction or elimination of barriers to trade of specific products; and
Decide:

1. To carry forward a programme for further liberalization of trade in tropical products covering consultations [and, as appropriate, negotiations]; and

2. To review progress achieved in relation to trade measures affecting tropical products at their regular session at the end of [1984].

SUBSIDIES

The CONTRACTING PARTIES

Agree that better transparency in the field of subsidies is essential and invite contracting parties to respect fully the notification requirements of Article XVI:1 of the General Agreement;

[Decide that the CONTRACTING PARTIES shall [urgently] review the operation of Article XVI with a view to [improving] [examining] its effectiveness in promoting the objectives of the General Agreement and avoiding subsidization seriously prejudicial to the trade or interests of contracting parties, as provided for in paragraph 5 of that Article. This review should be completed in [ ]. [Pending the outcome of this review, a more effective limitation on the use of export subsidies should be implemented; and]]

Express the view that it is desirable to have the widest possible participation by contracting parties in the Agreement on Interpretation and Application of Articles VI, XVI and XXIII of the General Agreement. They invite the Committee on Subsidies and Countervailing Measures to examine obstacles to a wider participation by developing contracting parties in the Agreement.
NON-TARIFF MEASURES

The CONTRACTING PARTIES decide:

1. To review [in a group created for that purpose] the status of existing quantitative restrictions and other non-tariff measures, the grounds on which these are maintained, and their conformity with the provisions of the General Agreement with a view to action towards their elimination or reduction or, as appropriate in the case of non-tariff measures other than quantitative restrictions, the elimination or reduction of their trade-distorting effects [priority being given to quantitative restrictions and other measures affecting products of particular export interest to developing countries];

2. That the review should be conducted on the basis of existing and suitably up-dated documentation;

3. That the findings and conclusions from such a review should be considered by the CONTRACTING PARTIES at their [ ] Session with a view to taking appropriate decisions.

4. [No new measures not justified under the GATT should be introduced and existing measures of this nature should be removed].

5. [Measures in the field of agriculture should be reviewed in their appropriate context.]

TARIFFS

The CONTRACTING PARTIES

Recognize that the escalation of tariffs on products with increased processing is a factor inhibiting international trade in those products [and affecting in particular export prospects of developing countries];
Emphasize the importance they attach to a full implementation of the tariff reductions agreed upon in the Multilateral Trade Negotiations and embodied in the Geneva (1979) Protocol and the Supplementary Protocol;

Believe that a wide acceptance of the Harmonized Commodity Description and Coding System, being drawn up by the Customs Co-operation Council, would greatly facilitate world trade, and accordingly

1. [Decide that steps should be taken to substantially reduce or eliminate tariff escalation] [agree to examine [tariff escalation and possibilities and means of reducing it] [possibilities and means of reducing tariff escalation]];

2. Urge [those] contracting parties [which are in a position to do so] [to advance] [to examine the possibilities of advancing] the implementation of their MTN tariff reductions;

3. [Appeal to contracting parties to give serious consideration to the adoption of the Harmonized System;]

4. Agree that in any renegotiations under Article XXVIII that may be necessary in connection with the adoption of the Harmonized System [the general level of benefits provided by the current GATT bindings should be maintained] [the existing GATT bindings should be maintained unchanged as far as possible];

5. Adopt agreed guidelines for the conduct of these negotiations; and decide that technical support shall be provided by the GATT secretariat to developing contracting parties in order to fully assist their participation in such process; and

6. Recommend that Article XXVIII renegotiations be initiated as soon as possible so that they can be completed by the date for the scheduled implementation of the Harmonized System.
MTN AGREEMENTS AND ARRANGEMENTS

The CONTRACTING PARTIES

Note the reports on the operation of the MTN Agreements and Arrangements submitted to the CONTRACTING PARTIES by the Committees and Councils concerned;

Note that these agreements have been generally perceived by signatories to be balanced between rights and obligations and to provide a satisfactory framework for the resolution of problems in their respective fields, but that specific problems have arisen in the implementation and interpretation of particular agreements which are under examination by the Committees concerned;

Note the fact that many contracting parties have not accepted the Agreements and invite the contracting parties not yet signatories to examine in the shortest possible time the possibility of accepting;

Note that developing country membership of the various MTN Agreements and Arrangements is limited. Also note that notwithstanding the special and differential treatment provided for them, developing countries encounter obstacles which inhibit their acceptance of the agreements; and therefore

Decide to invite the Committees of the various MTN Agreements and Arrangements to examine, consistent with the provisions of the Agreements and Arrangements, and in conjunction with interested non-member developing countries, the obstacles with a view to facilitating their acceptance of the Agreements and Arrangements.

STRUCTURAL ADJUSTMENT AND TRADE POLICY

A [decision] [reference] focussing on the interaction between structural adjustment and the fulfilment of objectives of GATT (to be based on conclusions arising from further analysis and discussion to be undertaken in the Working Party on Structural Adjustment on the relevance of the articles and instruments of GATT to the process of structural adjustment, the relationship between developments in trade and changes in production structures and the experience of contracting parties with regard to structural adjustment).
PROTECTIONISM

[The CONTRACTING PARTIES agree on the need to bring to a halt current protectionist trends and thereby to stimulate international trade and economic growth, and to strengthen and improve the free multilateral trading system of which the GATT is the cornerstone.

To permit trade to play its proper role in international recovery, the CONTRACTING PARTIES agree to;

1. A standstill on all assistance which has a trade distorting effect;

   (a) The standstill shall apply to those measures taken by Governments which have as their objective or effect the restriction of imports, the improvement of the competitiveness of domestic products vis-a-vis imports, or the improvement of the competitiveness of exports. The provisions of any standstill do not of course preclude moves by individual countries to reduce levels of protection and assistance. The standstill should apply equally to all sectors.

   (b) The standstill shall take effect on [ ] for a period of [ ];

and

2. Following this standstill, a gradual "wind back" in this assistance;

   Immediately following the standstill, a reduction of all assistance measures shall commence. One way of achieving this would be through a simple and generally applicable formula aimed at reducing overall assistance by a set percentage within a set period. The formula and mechanism for the programme of reductions in assistance could be negotiated during the currency of the standstill.]
TRADE IN COUNTERFEIT GOODS

[The CONTRACTING PARTIES decide that [a Code relating to the trade aspects of commercial counterfeiting should be opened for signature] [that negotiations on a Code relating to the trade aspects of commercial counterfeiting should be undertaken]].

EXPORT OF DOMESTICALLY PROHIBITED PRODUCTS

The CONTRACTING PARTIES agree that contracting parties will notify GATT of products banned for sale on their domestic market because they are inherently so hazardous that they present a severe and direct danger to life, health or safety of any consumer of those goods.

EXPORT CREDITS TO DEVELOPING COUNTRIES

[The CONTRACTING PARTIES decide that the provisions relating to minimum interest rates in any international undertaking on official export credits to which their government is a party, shall not apply to export credits extended to developing countries on their imports of capital goods, so as to facilitate the expansion of these imports consistent with the trade and development needs of these countries.]

1 See alternative text in Part III.
PART III

OTHER OPERATIONAL DECISIONS

The CONTRACTING PARTIES meeting at Ministerial level, having recognized the need to consider whether further measures are required to maintain an open and fair multilateral trading system and to ensure the progressive multilateral liberalization of trade, take the following other operational decisions.

TEXTILES

The CONTRACTING PARTIES

Agree that they should arrange for a study [of the rules that could cover] [concerning the application of GATT rules and provisions to] trade in textiles following the expiry of the present MFA in order that the conclusions from such a study could be considered by the Textiles Committee in its examination of the future of the Textiles Arrangement pursuant to its Article 10.5.

METALS AND MINERALS

The CONTRACTING PARTIES

Note the proposal made by a number of delegations for an examination of problems affecting market access for processed and semi-processed minerals and metals [and [forestry products] [other resource based products]] with a view to exploring possibilities of improving conditions of trade for such products; and

Agree that the secretariat should undertake studies of trade flows in this area and of tariffs and relevant trade policy factors affecting such trade flows, priority being given to the principal non-ferrous metals, so that the matter may be considered at the [ ] Session of the CONTRACTING PARTIES.
[Alternative 1]

The CONTRACTING PARTIES agree

1. To invite governments to provide information on trade problems in the field of services;

2. To compile and analyze this information. The analysis would include an examination of the applicability of GATT principles, rules and procedures to trade in services;

3. To complete this work by [ ]; and

4. To consider at their [ ] Session, in the light of the results of the work outlined above, whether further steps need to be taken [in particular with regard to a framework of principles and rules for trade in services and, as appropriate, on individual sectoral agreements or arrangements.]]

[Alternative 2]

The CONTRACTING PARTIES

Recognizing that a variety of diverse economic activities, collectively referred to as services, has in the recent years played a role of growing importance in the international economy;

Expressing their appreciation of the complex and diverse nature of those questions;

1 Certain delegations maintain that no text should be included in relation to "services", on the ground that the GATT is not presently competent in the matter and its principles and objectives are not, in their view, appropriate to deal with "services" in the future.
Considering that further multilateral co-operation may be necessary for problems in specific areas;

Conscious that the competence and application of the General Agreement on Tariffs and Trade is limited to the field of trade in goods;

Express their belief that a better understanding of the characteristics of individual services would be necessary before appropriate consideration could be given to the possible need to establish any new [institutional] framework to deal with those matters; and therefore

Agree to recommend to their governments that an in-depth examination of those questions be undertaken at the national level, taking into account the competence of different international organizations, in order to [assess the need for specific mechanisms to promote multilateral consultations.] [promote multilateral consultations under the aegis of the GATT.] [This matter will be considered by the CONTRACTING PARTIES at their [ ] Session.]

TRADE-RELATED INVESTMENT ISSUES

[The CONTRACTING PARTIES agree;

1. To invite contracting parties to provide information on trade-related investment practices;

2. To arrange for a study of the reasons for, and the impact of, such practices on trade;

Some delegations are opposed to the inclusion of any text covering "investments" in order to reflect their position that GATT has not, and should not have, any competence on this issue.
3. To examine GATT rules which may be applicable to such practices and of possible ways in which those rules might be improved;

4. To complete this study by [ ]; and

5. To consider no later than their [ ] Session, in the light of the results of the work outlined above, [whether any further steps should be taken in this area] [whether it is necessary to improve the GATT framework in this area.]

TRADE IN HIGH-TECHNOLOGY

[Alternative 1]

The CONTRACTING PARTIES agree

1. To undertake a study of trade in high technology goods and associated services, the manner in which barriers and disincentives to such trade are dealt with under the General Agreement and the MTN Codes, and whether specific steps are needed to deal with trade problems in this sector; and

2. To consider the results of this study at their [ ] Session.

[Alternative 2]

The CONTRACTING PARTIES agree

1. To undertake a study of trade in high-technology goods as dealt with under the General Agreement and the MTN Codes, and whether specific steps are needed to deal with barriers and disincentives to trade in this sector as covered by the GATT; and

2. To consider the results of this study at their [ ] Session.]
EXCHANGE RATE FLUCTUATIONS AND THEIR EFFECT ON TRADE

[The CONTRACTING PARTIES agree]

1. That the GATT, consulting fully with the IMF, will study the effects of erratic fluctuations in exchange rates on international trade and any implications for the GATT, as well as the feasibility of increased co-operation between GATT and IMF; and

2. To consider this matter at their [ ] Session.

DUAL PRICING/EXPORT RESTRICTIONS

The CONTRACTING PARTIES agree

1. To a study to identify:

   (a) Trade distortions resulting from dual-pricing practices [and export restrictions and charges]; and

   (b) How existing GATT provisions might be applied to deal with any problem identified, in particular Article III:1 and Article XVI; and

2. To consider the matter at their [ ] Session.

TRADE IN COUNTERFEIT GOODS

[The CONTRACTING PARTIES]

Recognizing that problems arising from trade in counterfeit goods may exist for contracting parties;
Decide that prior consideration should be given to the extent to which any other international organization has competence in this matter and to the manner in which such problems are being pursued, or can be pursued more fully in these organizations, before the appropriateness of further discussions in GATT is considered.

EXPORT OF DOMESTICALLY PROHIBITED PRODUCTS

The CONTRACTING PARTIES agree

1. To a study to identify:

   (a) Any problems relevant to the GATT in the area of exports of domestically prohibited products;

   (b) Any GATT provisions which are relevant;

   (c) What work is being done on this subject in other organizations; and

   (d) What might be done in the GATT about any problems identified; and

2. To complete this study in [ . ]

RULES OF ORIGIN

[The CONTRACTING PARTIES agree

1. To a study identifying and comparing existing rules of origin used by contracting parties, analyzing their trade impact and identifying possibilities for reducing or removing any trade distorting effects of rules of origin, and

2. To complete this study in [ . ]]