1. Working Group 3 was established by the Committee on Trade in Industrial Products in December 1969, to examine the following subjects in the Illustrative List (Annex I of document L/3298): disparities in existing legislation or regulations, disparities in future legislation or regulations, lack of mutual recognition of testing, unreasonable application of standards, packaging, labelling and marking regulations. The task of the Group was to explore, on the basis of the information in the inventory and any information that might be subsequently furnished, possibilities for concrete action. The work was to be conducted on the understanding that it was exploratory and preparatory in nature, and involved no commitment on the part of any member of the Working Group to take or join in any action under discussion. The Group emphasized that in many cases the views recorded are only tentative at this stage, and that all delegations would have full latitude to supplement and clarify them when the report was brought for discussion by the Committee on Trade in Industrial Products. The Group met from 27 May to ... May under the chairmanship of Mr. S. Kadota (Japan).

2. The following organizations had been invited to send experts to attend the meeting as observers: ECE, EFTA, IMF, OECD, UNCTAD and WHO.

3. The following Articles of the General Agreement were referred to as being relevant to the subject: III, VIII, IX, X, XI:2(b), XIII (with reference to Article XI), XX, and more generally, Articles XXII and XXIII.

I. Standards, regulations and their enforcement

Nature and scope of the problems

4. It was generally recognized that the increasing number of standards and regulations resulted in barriers to trade when harmonization is not effected on an international basis, and that new ones were likely to develop. This called for
international co-operation to minimize adverse trade effects, where it was agreed that the CONTRACTING PARTIES could make a useful contribution. The technical development of standards should be left to the competent international standardization bodies. The suggestion was made that further discussions of the rôle of GATT in this field would benefit from a more detailed study of the relevant provisions of the General Agreement in order to ascertain the degree of their applicability.

5. At the outset of its work the Group noted the important difference to be drawn between compulsory regulations and voluntary standards. Compulsory regulations are issued by governmental authorities while voluntary standards are usually issued by private organizations on a regional, national or international basis. The distinction is not always clear-cut; in some cases, government authorities can exercise a certain influence on the elaboration or enforcement of voluntary standards; or, for supporting them indirectly through specifications set out in government procurement contracts. The distinction between compulsory regulations and voluntary standards was important to draw because of the different possibilities and limits it entailed for government action.

6. It was pointed out that the rôle of governments in the field of standardization differed greatly from one country to another. In some countries, there were more government compulsory regulations, while in other countries there were more voluntary standards developed by private organizations, over which governments had little or no influence. This great difference in government responsibility in the field of standardization was an important fact to bear in mind when seeking solutions to the problems of non-tariff barriers caused by standards. Some delegations pointed out, however, that the area of voluntary standards was largely confined to industrial products. Safety and health regulations were usually compulsory. In the area of industrial standards, a code or guidelines of principles would materially enable governments who did not have direct responsibilities in the field of standardization, to influence local authorities and private standardization bodies to align their practices and bring them into conformity with these principles. Additionally such a code or guidelines would have influence on international standardization bodies.
7. The Group noted that the development and enforcement of standards and regulations can have trade barrier effects in different ways. For instance when they are based on criteria relevant to national or local production requirements only: when they are modified too frequently (although adaptation to technological progress is a necessity), and thus create additional expenses, and some degree of uncertainty; when periods laid down for adapting to modifications of standards were too brief.

8. Certain trade effects can also result indirectly from the type of standardization bodies' membership: producers, consumers, local authorities, government, or mixed membership. The objectives of these organizations would differ according to membership, and in any case would not be primarily concerned with possible trade effects.

9. Although there were relatively few cases where the object of standardization was of a protective nature and in most cases regulations or standards applied equally to national products and imported products, disparities between countries in standards and regulations often had a protective effect on domestically produced products. This was particularly apparent when it came to methods of enforcing standards such as testing or production inspection and certification, which at the best involved expenses and delays and at the worst made it practically impossible for foreign products to fulfill or obtain the necessary approval. It was also pointed out that some of the difficulties encountered in the enforcement of standards - through control, inspection testing and certification - resulted from disparities in standards. To the extent that standards and regulations could be harmonized such difficulties would be reduced and solutions to cases of unreasonable application of standards would be facilitated.

10. Members of the Group were aware of the inherent difficulties of harmonizing regulations or standards at an international level.

11. There was a short discussion on specific items of the Illustrative List. New information, specifically concerning individual items in the List, will be introduced as amendments to the texts of the notifications.
Possible solutions

12. It was felt desirable that the contracting parties draw up a set of principles or ground rules on standardization. The ultimate form to be given to such principles, whether a code or guidelines, and whether they should be put on a contractual or voluntary basis, was left open. In this respect, it was pointed out that, within GATT, guidelines would have real significance and possible constraining effects only if they applied to regulations imposed by public authorities at national level. Such guidelines would have little significance with respect to regulations issued by local public authorities or as regards the numerous private standards and private control or testing procedures. The guidelines would not affect the two latter categories of regulations and standards, and hence would not offer an effective solution for problems arising from them. Also they would not constitute a comparable commitment on the part of all contracting parties.

13. It was suggested by one delegation that the code or guidelines might deal with those areas where there was difficulty in reconciling the objective of maintaining adequate standards with the unconditional most-favoured-nation principle. It was also suggested that such a code or guidelines should supplement rather than replace existing GATT provisions.

14. Some delegations were of the opinion that the task of the Group would be facilitated if it had at its disposal a comprehensive review of the work of international organizations in the field of standardization.