POINTS BEFORE THE SUB-GROUP

Note by the Secretariat

1. At its meeting of January/February 1976 the Sub-Group requested the secretariat to circulate a document containing details of the proposals to which it had agreed to revert and of specific points which it had agreed to record (MTN/NTM/12, paragraph 2).

2. This document sets out:

A. Proposals before the Sub-Group

B. Points for the record

A. PROPOSALS BEFORE THE SUB-GROUP

Preamble

- Some delegations felt that it was premature to draft a definitive version of the preamble at this stage.

- Insert the following paragraph in the preamble:

"Recognizing that nothing in this Code shall be construed with a view to preventing developing countries from adoption of standards, including packaging and labelling regulations, and methods for ensuring conformity with standards consistent with their development needs."
Definitions

General

See MTN/NTM/12, paragraph 3 and MTN/NTM/W/38.

"Technical Specification"

(United States) - Add: "For the purposes of this Code "technical specifications" includes processes and production methods, which must be met to ensure health and safety", in so far as they are necessary to achieve the final product desired. "in so far as they affect the characteristics of the final product."

(Canada) - Add: "Patents, copyrights, trademarks, certification marks and registered industrial designs by themselves do not constitute technical specifications for the purposes of this Code."

"Standard"

- Clarify the words "recognized body". One suggestion was that the expression "recognized national standardizing body" should be used.

(United States) - Exclude standards which are prepared for use by a single enterprise, whether governmental or non-governmental either for its own production or purchasing for its own consumption.

(EEC) - Exclude company standards.

It was suggested that, if an understanding could be reached in the Sub-Group regarding the substance of the two previous suggestions, it would not be necessary to amend the text of the Draft Code.

Another suggestion was that the problems raised might be taken care of if the definition were to read: "A technical specification approved by a recognized standardizing body for continued and general application."
Operative provisions

Section 2

Paragraph (a) - There was general agreement that the second sentence of the existing text should be replaced. The following two proposals are before the Sub-Group:

(Switzerland) - "They shall likewise ensure that neither mandatory standards themselves nor their application have the effect of creating obstacles to international trade which are disproportionate to the legitimate objectives of the regulations concerned."

(Canada) - "They shall likewise ensure that neither the mandatory standards themselves nor their application have the effect of creating obstacles to international trade which are unnecessary for the achievement of the objectives of the mandatory standards concerned."

These suggestions are relevant to a number of other provisions in the text, e.g. 4(a), 5(a), 9(a), 13(c).

- Many delegations proposed to add "particularly to developing countries" at the end of both sentences. (Also relevant to e.g. 4(a), 5(a), 9(a), 13(c)). Some delegations said that they would prefer to deal with this suggestion by putting a general text in one place in the draft. The United States has agreed to propose such a text. The Sub-Group will examine where this text might be put when the draft is before it. There are two main possibilities: (a) preamble; (b) body of the text.

Paragraph (b) - Add the following at the end of the paragraph:

(United States) "for such reasons as:

(i) National security or the prevention of deceptive practices;

(ii) Differing levels of protection for human health or safety, animal or plant life or health, or the environment;"
Paragraph (b)
(cont'd)

(iii) Significant climatic or other regional factors;

(iv) Fundamental technological incompatibility between the international standard and the needs of the adherents concerned.

Paragraph (c)
- Add the following at the end of (c):

(Argentina)

"... and shall do everything within their power so that international standards may be established within a framework that is effectively representative from the aspect of the extent of participation of interested countries, particularly developing countries." This is related to the proposal of Section 2(a) relating to developing countries.

New paragraph before (e)
- Add a new paragraph before (e) to read:

(Israel)

"When adherents decide to adopt a mandatory standard substantially based on an international standard, they shall notify the GATT secretariat as soon as possible on the product coverage and the relevant symbol and serial number of the international standard."

(e) introductory paragraph
- Insert in introductory sentence "and if this content is liable to have a significant effect on international trade".

(EEC)

There were two attempts to propose a compromise formula:

(Canada)

delete the word "significant" in the insert,

(Sweden)

or add "except those that are clearly of no importance to international trade" at the end of (e)(ii).

Paragraph (e)(i)
- Insert the word "early" before the word "stage".

(Argentina)

Paragraph (e)(ii)
- Insert the words "at the same time" after the word "notify".

(Argentina)

(Egypt)
- Substitute "the Committee for Preventing Barriers to Trade" for "the GATT secretariat".
Paragraph (e)(ii)
(cont'd)

(Canada)  - Substitute "the other adherents" for "the GATT secretariat" and add separate provisions for servicing by the GATT secretariat.

It was suggested that these proposals should be discussed in the context of Section 19.

Paragraph (f)  - Replace (f) by the following text:

(Egypt and Switzerland)  "However, where urgent problems of safety, health, environmental protection or national security exist, adherents may omit such of the steps in paragraph (e) of this section as they find necessary. In that event they shall immediately notify to the Committee on Preventing Technical Barriers to Trade of the particular mandatory standard, duration of its applicability, the product concerned, with a brief indication of the objectives of the mandatory standard and the nature of the urgent problems. Other adherents may subsequently present their comments in writing. Upon request, adherents applying the particular mandatory standard shall discuss these comments and take into account the results of these discussions in considering whether to initiate amendments."

Paragraph (h)  - The first phrase of the existing text to read:

(EEC)  "except in those circumstances referred to in paragraph (f) above,"

Paragraph (k)  - "The regional standards of regional standardizing bodies regularly not applied by the member countries to products coming from countries outside the regional organizations are not subject to notifications".

Some delegations had difficulties with this proposal. It was suggested that if any amendment were made it should be made in paragraph (e) and that the proposal to add "except those that are clearly of no importance to international trade" at the end of (e)(ii) might solve the problem behind this proposal.
Paragraph (j) - Replace the phrase: "adherents shall use all reasonable means within their power to ensure that ..." by the following "... developing adherents shall use all reasonable means within their power to ensure, and developed adherents will ensure, that ...".

This suggestion appears to be relevant to a number of other provisions in the text e.g. 4(a), (c) - (f), (h), (g), 7, 3, 11, 12, 13(b) and (h), 14 and 15, 16(b), (c).

Section 3 - Replace the present text by:

(Australia)

(a) "Adherents shall use all reasonable means within their power to ensure that local government bodies and regulatory bodies other than central government bodies within their territories do not prepare, adopt or apply mandatory standards with a view to creating obstacles to international trade. They shall likewise use all reasonable means within their power to ensure that neither the mandatory standards of local government bodies (and regulatory bodies other than central government bodies) within their territories nor their application have the effect of creating an unjustifiable obstacle to international trade." 

(b) "Where mandatory standards are required and relevant international standards exist or their completion is imminent, adherents shall use all reasonable means within their power to ensure that local government bodies (and regulatory bodies other than central government bodies) within their territories use the international standards, or the relevant parts of them, as a basis for the mandatory standards, except where such international standards or relevant parts are inappropriate for the local government bodies (or regulatory bodies) concerned."

(c) "Where appropriate, adherents shall use all possible means within their power to ensure that local government bodies (and regulatory bodies other than central government bodies) within their territories specify mandatory standards in terms of performance rather than detailed design."
Section 3

Australia (cont'd)

(d) "Except where the technical content of proposed mandatory standards of local government bodies within the territory of an adherent is substantially the same as the technical content of an international standard, the adherent shall use all reasonable means within its power to ensure that the local government bodies -

(i) publish a notice at an appropriate stage that they are working on a particular mandatory standard;

(ii) provide the adherent with particulars or copies of draft mandatory standards which the adherents shall transmit to other adherents on request;

(iii) allow a reasonable time for comment;

(iv) take account of comments received from other adherents."

(e) "However, where a mandatory standard is prepared for the purpose of meeting an urgent problem of safety, health, environmental protection or security any of the steps in paragraph (d) may be omitted, if necessary. In that event, adherents shall use all reasonable means within their power to ensure that the local government body within its territory preparing the mandatory standard takes account of comments received from other adherents."

(f) "Adherents shall use all reasonable means within their power to ensure that local government bodies within their territories publish all mandatory standards which have been adopted by them."

(g) "Except where there are urgent problems of public safety, health, environmental protection or security adherents shall use all reasonable means within their power to ensure that local government bodies within their territories allow a reasonable interval between the publication of the mandatory standard and its entry into force in order to allow time for producers in exporting countries to adapt their products or methods of production so as to be able to comply with the relevant standard."

- It was suggested that an attempt should be made to shorten this suggestion."
Section 4
Paragraph (f) - Insert any changes agreed in the introductory sentence of Section 2(e).

New Paragraph (l) - Add a new paragraph (l) to read:

"In respect of those voluntary standards prepared and adopted by standardizing bodies under the direct jurisdiction of central government the words "shall use all reasonable means within their power to ensure" in paragraphs (a), (c), (d), (e), (f), (g) and (h) of this Section shall be replaced by the words "shall ensure".

Section 5
Paragraphs (a) (b) and (d) - Delete the paragraphs if the definition adopted for "technical regulation" includes test methods. It was pointed out that administrative procedures in paragraph (d) would probably not be covered by the definition.

Paragraph (e) - Replace "should" by "shall".

Section 6
Paragraph (a) - Redraft the paragraph to read: "A positive assurance that imported products conform with mandatory standards shall only be required when such assurance is necessary to achieve the objective of the mandatory standards. In such cases, adherents shall, unless it is not possible ...".

(Australia) - Delete "whenever possible" in original text and insert: "unless they have good grounds for doubting the reliability of the declarations or assurances in question."
Paragraph (a)
(cont'd)
new sub-
paragraph after (a)(ii)
(Brazil)

- Insert a new sub-paragraph after (a)(ii) to read: "accept assurances of conformity with the relevant mandatory standard provided by a governmental quality assurance body or a quality assurance body officially recognized in the territories of other adherents."

Paragraph (b)
(Columbia)

- Amend the introductory sentence to read: "In cases when it has been clearly established that it is not possible to implement the methods provided for in paragraph (a) of this section and tests are carried out in the territory of the importing adherent, adherents shall apply the following provisions:"

Paragraph (b)(iv)
(Columbia)

- Delete the words "if requested".

Paragraph (b)(vi)

- The Sub-Group agreed to the wording in the body of the text contained in MTN/NTM/W/5, with Australia reserving its position.

Section 8
(EEC)

- Replace this section by:

"(a) Adherents shall ensure that quality assurance bodies under the direct jurisdiction of central government shall comply with the provisions of Sections 5 and 6 as regards:"

(i) their test methods and administrative procedures for determining conformity with voluntary standards, and

(ii) the provision of assurances of conformity with voluntary standards, substituting the word "voluntary" for "mandatory" throughout and substituting "Section 4" for "Section 2" in Section 5(b).

(b) Adherents shall use all reasonable means within their power to ensure that other quality assurance bodies within their territories comply with the provisions of paragraph (a) above."

Section 9
 Paragraphs (e) and (f)
(Sweden)

- Replace in (e) the texts in the two sets of square brackets by the following:

"Adherents shall ensure that such systems accept products produced in the territories of other adherents at the same time as they accept domestic products, and under conditions no less favourable than those accorded to domestic products."
There was considerable support expressed for this compromise proposal. Some delegations, however, expressed preference for the text in the second set of square brackets in MTN/NTM/W/5.

Section 12
(Australia)
- Delete "government or ..." and "other than central government bodies".

Section 13
Paragraph (d)(i)
(Australia)
- Insert the words "entailed by the adherents" after the word "obligations".

Paragraph (d)(ii)
(Brazil)
- Replace "sole criterion" by "basic criterion". A proposed compromise would be to insert in line 4 of (ii) after "quality assurance body" the words "with respect to the products/test methods concerned. Such a body may be situated in the territory ..."

Paragraphs (f) and (l)
(Sweden)
- The Sub-Group has three possibilities before it:
  - Retain paragraphs (f) and (l) as worded in MTN/NTM/W/5,
  - Delete both paragraphs, or
  - Replace the text of paragraph (f) in MTN/NTM/W/5 by:
    "International certification systems shall accept products produced in the territories of other adherents which are not members of, or participants in the systems at the same time as they accept products from the territories of members of the systems, and under conditions no less favourable than those accorded to products from the territories of members of the systems;" and retain paragraph (l) as worded in MTN/NTM/W/5.

Paragraph (h)(ii)
(Sweden)
- The Sub-Group has the following proposal before it, in addition to the two texts in MTN/NTM/W/5: "Accept products produced in the territories of other adherents which are not members of the systems at the same time as they accept products from the territories of members of the systems and under conditions no less favourable than those accorded to products from the territories of members of the systems."

Section 16
(Hungary)
- A suggestion was made that it would be useful to establish a clearing house for information on the activities of international standards bodies and international quality assurance systems. Another suggestion was that the GATT secretariat or the Committee that may be established might as a part of its continuing work, advise adherents as to the organizations
Section 16 (cont'd) - from which such information may be obtained. It was suggested that a possible rôle of international standardizing bodies might also be discussed. The Sub-Group agreed to revert to these suggestions when specific proposals were before it.

Section 17 (Brazil) - Replace throughout the section the words "should consider requests for technical assistance" by: "shall grant them technical assistance on mutually agreed terms and conditions."

Section 19 (Canada) - Replace the section with the following text:

"Institutions

"The adherents to this Code shall establish:

"(a) A Committee on Technical Barriers to Trade (hereafter referred to as the Committee) composed of a representative from each of the adherents to this Code. The Committee shall elect its own Chairman and shall meet as necessary but not less than once a year for the purpose of affording adherents the opportunity of consulting on any matter relating to the operation of the Code or the furtherance of its objectives. In the discharge of its duties the Committee may consult with any adherent, contracting party or competent body and may request from any adherent such information as it considers necessary and appropriate.

"(b) A standing Panel (hereafter referred to as the Panel), composed of three (or five) persons qualified in the fields of trade and other matters covered by this Code, and acting in their individual capacities and not representing adherents or any other body. The Panel members shall be appointed by the Director-General of the General Agreement in consultation with the Chairman of the Committee. The Panel shall carry out the responsibilities assigned to it under this Code and such other functions as may be given to it by the Committee. In the discharge of its responsibilities

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1The Canadian delegation has also made a proposal regarding Section 21 - Enforcement.
Section 19

(Canada) (cont'd) - the Panel may consult with any adherent, contracting party or any other competent body and may request from any adherent such information as it considers necessary and appropriate.

"Notification"

"Each adherent shall report annually to the Committee on developments relating to the operation of this Code or the furtherance of its objectives, including developments relating to its own policies and practices. Any adherent wishing to raise before the Committee any particular matter shall notify it in writing at least thirty days before the convening of the meeting."

- It was recalled that during the preparatory phase of the work an unsuccessful attempt had been made to find a shorter appropriate name for the Committee.

- Add at the end of the first sentence the words "within two months after its entry into force".

- Amend the second sentence in the paragraph to read "to provide that in addition to meeting once a year, the Chairman could call additional meetings either if requested by an adherent or if he considers it necessary to hold a meeting in order to fulfil the objectives of the Code".

- There is a proposal that the words "after consultation with members" should be added in the above sentence after the words "or if he considers it necessary".

(Scotland) - An alternative proposal is that the first part of the second sentence should read: "The Committee shall meet from time to time, as necessary, and at least once a year ...". Add another sentence at the end of the paragraph: "Furthermore it may rely for technical assistance on the services of the GATT secretariat and may also hear Technical experts proposed by one or more of its members."

- It was suggested that, to begin with, that the Committee might be given a mandate "to deal with all matters relating to the implementation of the Code". At a later stage, it might be possible to consider whether any new elements might have to be added to the provisions.
Section 19 (cont'd)

(Mexico) - It was suggested that the terms of reference of the Committee should include an analysis and study of the non-tariff measures contained in the GATT Inventory.

Section 20 - A number of delegations suggested that the Section should be redrafted.

(EBC) - Some delegations said that they would have difficulty in accepting the draft text. It was unlikely that adherents would make efforts on their own to identify the mandatory standards or quality assurance systems which result in barriers to trade, and take steps to bring them into conformity with the operative provisions of the Code. The section should therefore be redrafted to state that the Code dealt with all standards and quality assurance systems, whether existing or future. If this course were followed, adherents whose exports were adversely affected would first approach the adherent in question and then, if they did not receive satisfaction, the Committee.

(Egypt) - It was suggested that it may be necessary to provide for notification to the Committee of the actions taken by adherents to modify existing standards or quality assurance systems which resulted in barriers to trade.
Replace the whole of the section with the following text:\[1\]

**Enforcement**

"(a) If any adherent considers that any benefit accruing to it, directly or indirectly, under this Code is being nullified or impaired or that the achievement of any objective of the Code is being impeded by another adherent or adherents it may, with a view to reaching a satisfactory solution of the matter, make written representations to the other adherent or adherents which it considers to be concerned. Each adherent shall afford sympathetic consideration to and shall afford opportunity for prompt consultation regarding such representations as may be made by another adherent.

"(b) In any consultation between any developed and developing country, the provisions respecting technical assistance contained in Section 17 of this Code and the particular difficulties that developing countries may encounter in complying with the operative provisions of this Code shall be taken into account.

"(c) If no mutually satisfactory solution has been reached between the adherents concerned within sixty days from the time that the representations referred to in paragraph (a) of this Section were made, the Committee shall, at the request of any of the adherents concerned, consider the matter with a view to facilitating a reasonable and mutually satisfactory solution.

"(d) If no mutually satisfactory solution has been reached by the Committee within sixty days from the time the matter was referred to it, the Chairman shall, at the request of any of the adherents concerned, direct the Panel to: (i) promptly investigate the matter; and (ii) make a statement concerning the facts of the matter and such appropriate recommendations to the adherents concerned as the facts warrant, based on the provisions and objectives of the Code.

"(e) In the course of its investigation of a matter referred to in paragraph (d) above, the Panel may request from any adherent concerned such information as it considers necessary and appropriate. The adherent concerned shall give full consideration to such a request.

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\[1\] The Canadian delegation has also made a proposal regarding Section 19 - Institutions and Notification.
Section 21 (cont'd)  

"(f) If the Panel finds that the matter referred to it results in the impairment or nullification of any direct or indirect benefit which accrues or could be reasonably anticipated to accrue under the Code, it shall recommend to the adherent or adherents concerned that the measure giving rise to such impairment or nullification be eliminated or modified to the extent necessary.

"(g) If these recommendations are not implemented within sixty days (or, in special circumstances, if this is not feasible and the adherents concerned mutually agree, or as the Panel may prescribe, within such further period of limited duration) the Panel shall, as soon as possible:

"(i) recommend to the Committee that an adherent or adherents be authorized to suspend the application, to any other adherent or adherents, of such obligations under this Code as may be appropriate in the circumstances; and/or

"(ii) recommend to the CONTRACTING PARTIES, in accordance with the provisions of Article XXIII:2, that an adherent or adherents be authorized to suspend to any other adherent or adherents, such concessions or other obligations under the General Agreement as may be appropriate in the circumstances.

Any recommendation under (i) or (ii) above shall aim at maintaining the balance of rights and obligations at the highest possible level.

"(h) The Panel shall report its recommendations and the results of its actions to the Committee as soon as possible."

Paragraph (a) (Mexico)  

- Insert, at the beginning of (a), the following text: "During consultations developed countries shall bear in mind the special difficulties experienced by developing countries in formulating and implementing standards and technical regulations and methods of ensuring conformity with those standards and technical regulations, and in their desire to assist developing countries with their efforts in this direction, developed countries shall take account of the special needs of the former in regard to financing, trade and development." It was also suggested that the substance of this amendment might be put in the Preamble.
Paragraph (c) - In addition to the two texts in MTN/NTM/W/5 and the Canadian proposal set out above, the Sub-Group also has the following proposal before it:

(Brazil) - Replace the existing text with the following: "The Chairman of the Committee for Preventing Technical Barriers to Trade shall appoint in consultations with the adherents concerned a Panel which shall promptly investigate any matter referred to the Committee under Section 21(b) above and may as part of the investigation, consult with any contracting party or with any competent body. After the investigation is complete, the Panel may:

(i) make a statement concerning the facts of the matter, or
(ii) make recommendations to the adherents concerned.

The Panel shall report the results of its action to the Committee for Preventing Technical Barriers to Trade.

In the light of the results of the investigations conducted by the Panel, the Committee for Preventing Technical Barriers to Trade may authorize one or more adherents to this Code to suspend obligations under this Code in respect of one or more adherents."

(Egypt) - There was also a proposal to insert a new clause between (c)(ii) and (iii) to read: "a certain action by an adherent considered contrary to this Code should be terminated forthwith".

Section 22

Paragraph (e) - Add a provision to the effect that a written notice of withdrawal should also be presented to the Committee for Preventing Technical Barriers to Trade.

Packing and Labelling

(Mexico) - It is suggested that the ISO system be adopted to secure correspondence and worldwide acceptance; that a distinctive mark of certification for packaging should be established, accepted and issued by each adherent; that if panels were established, they should consult the following organizations, inter alia, ULADE (Latin American Packaging Union), EPF (European Packaging Federation); and that a system relating to packaging should be established which would provide information and documentation to developing countries on a systematic basis.
(India) - Incorporate an additional section at an appropriate place in the Code to read: "For transport of bulky packages, adherents should follow the same pictorial and other such markings for safety requirements, handling, storage etc. which should conform to those laid down by the ISO."

B. POINTS FOR THE RECORD

1. During the examination of the applicability of the ECE/ISO definitions the Sub-Group agreed to insert the following points in the record:

"Standard"

The word "body" covers also a national standardizing system.

"Technical Regulation"

For the purposes of the Code this definition covers also a standard of which the application has been made mandatory not by separate regulation but in virtue of a general law.

"Standardizing Body"

The term includes a body of organization whose principal function is in the field of standardization.

2. Proposals for new paragraphs 9(g) and (h), 13(d)(iii) and a new paragraph between 13(g) and (h) were withdrawn in the light of the views expressed at the last meeting that these were covered by the wording of the existing text.

3. The Sub-Group agreed to the following amendments in the text of the Proposed Code (MTN/NTM/4/5):

Section 2

Paragraph (c) - Amend the first line to read: "with a view to achieving harmonization of their mandatory standards ..."

Paragraph (d) - Amend to read: "... in terms of performance rather than design."
Paragraph (e)  
Introduction - Amend to read: "... of a proposed mandatory standard"

Sub-paragraph (i) - Amend to read: "... they are preparing the particular mandatory standard;"

(iii) - Amend to read: "... or copies of the proposed mandatory standard ..."

(iv) and (v) - Delete (v) and replace (iv) by: "allow reasonable time for other adherents to make comments in writing, discuss these comments upon request, and take them into account."

Paragraph (h) - Amend to read: "allow time for producers in exporting countries, and particularly in developing countries, to adapt ..."

Section 4  
Paragraph (a) - Amend to read: "... to ensure that bodies within their territory, whether governmental or non-governmental, do not prepare, ..."

Paragraph (b) - Amend to read: "with a view to achieving harmonization ... in the preparation of international standards and shall encourage voluntary standards bodies within their territories to do likewise, and shall encourage local government bodies and regulatory bodies other than central government bodies to use international standards."

Paragraph (e) - Amend as Section 2(d)

Paragraph (f) - Amend as Section 2(e)

Section 5  
Paragraph (d) - Align French text on English "so far as practicable."

Section 6  
Sub-paragraph (b)(vi) - Delete footnote

Section 10  
- Insert the words "or those in which they rely" after "of their central government bodies."
Section 13
sub-paragraph (d)(i) - Delete the word "regulatory" in line 2

Paragraph (g) - Add at the end of the introduction: "or in transforming a regional quality assurance system into an international quality assurance system;"

Paragraph (j) - Delete the paragraph

Section 16
Paragraph (f) - Amend to read: "... in English, French or Spanish."

Section 22
sub-paragraph (a)(i) - Amend to read: "This Code shall be open for adherence to all countries, and to the European Economic Community."