1. At its meeting of November 1976, the Sub-Group requested the secretariat to revise the document setting out the proposals before the Sub-Group (MTN/NTM/W/50) in the light of its discussions at the meeting.

2. This document is circulated in response to this request. It sets out:

   A. Proposals before the Sub-Group
   B. Points for the record

3. The proposals relate to the text of the Proposed Code of Conduct for Preventing Technical Barriers to Trade contained in MTN/NTM/W/71.

**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."
Terms

General

One delegation reserved the right to revert to the question of terminology used in the Code.

"Technical specification"

(United States) - Add: "For the purposes of this Code 'technical specifications' includes processes and production methods in so far as they are necessary to achieve the final product desired."

(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 only genuine 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 terms were to read: "A technical specification approved by a recognized standardizing body for continued and general application."

(Japan) - Insert "approved by a body, either central governmental body, local governmental body, regulatory body, a body other than a central or local governmental body, a non-governmental organization or any other standardizing body, for continued application and with which there is no legal obligation to comply".
"Technical regulation"
- The Sub-Group agreed to revert to the question as to whether the term should also cover technical regulations which cite standards or technical specifications for illustrative purposes, in a descriptive or informative way.

"Standardizing body"
(United States) - Delete the term:

Operative provisions
Section 2
Paragraph (a) - A number of suggestions have been made with regard to the second sentence. At the meeting of November 1976 discussion centred on the following two suggestions:

"They shall likewise ensure that neither technical regulations themselves nor their application have the effect of creating unnecessary obstacles to international trade."

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

It was also suggested that it might be unnecessary to insert a qualifying adjective in the second sentence.

- 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 suggestions for special and differential treatment by putting a general text in one place in the draft. See Suggestions for Special and Differential Treatment on page 23.
Paragraph (b) - Add the following at the end of the paragraph:

"for such reasons as:

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

(ii) Adequate protection for human health or safety, animal or plant life or health, or the environment;

(iii) Significant climatic or other geographical factors;

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

The following amendment was suggested to the text proposed by the United States delegation:

(India) in (iv) replace "technological incompatibility" by "technological variations".

(Malaysia) - Add to the paragraph:

"the adoption or adaptation of international standards by an adherent in its technical regulations, shall not exclude the concurrent use of other suitable or acceptable standards by the adherents".

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.

The following texts were also proposed:

(Australia) "Adherents shall do everything in their power to ensure that international standardizing bodies of which their members so operate that interested adherents are effectively represented."

(Nordic countries) "Adherents shall use all reasonable means within their power to ensure that international standardizing bodies are organized and operated in a way which facilitates active participation of relevant bodies in developing countries."
It was suggested that such proposals should be included under section 2, under section 4 or in a general text on developing countries.

New paragraph before (e)

"When adherents decide to adopt a technical regulation substantially based on an international standard, they shall ensure that the GATT secretariat is notified as soon as possible on the product coverage and the relevant symbol and a precise reference to the international standard."

(e) introductory paragraph

"and if this content is liable to have a significant effect on trade of other adherents".

The following texts were also proposed:

"except those that are clearly of little or no interest to other adherents".

"except those that are clearly of no importance to trade of other adherents" at the end of (e)(ii).

"or if this context is of little or no importance to the trade of other adherents".

Paragraph (f)

"However, where urgent problems of safety, health, environmental protection or national security arise or threaten to arise for an adherent, that adherent may omit such of the steps in paragraph (e) of this section as it finds necessary. In that event he shall immediately notify the other adherents of the particular technical regulation, the likely duration of its application, the product concerned, with a brief indication of the objectives of the technical regulation and the nature of the urgent problems. Other adherents may subsequently present their comments in writing. Upon request, the adherent applying the particular technical regulation shall discuss these comments. The adherent shall take into account the written comments and the result of any such discussions in considering whether to initiate amendments."
The following amendments were proposed to the above text:

(Canada) Delete "in considering whether to initiate amendments" at the end of the paragraph.

(India) Add "or any unforeseen circumstances" after the words "... or national security exist".

(Malaysia) In the fourth sentence replace "shall discuss these comments" by "shall consider these comments".

(Several delegations) Replace the word "application" by "applicability".

Paragraph (g) Replace the paragraph by the following text:

"Adherents shall publish all technical regulations which they have adopted."

Paragraph (k) "Regional standards are not subject to notification if they are not applied to products coming from countries outside the regional organization".

In this context 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.

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 technical regulations with a view to creating obstacles to international trade. They shall likewise use all reasonable means within their power to ensure that neither the technical regulations 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."
(Australia) (cont'd)

(b) "Where technical regulations 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 technical regulations, 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 technical regulations in terms of performance rather than detailed design."

(d) "Except where the technical content of proposed technical regulation 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 technical regulation;

(ii) provide the adherent with particulars or copies of draft technical regulations 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 technical regulation 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 technical regulation takes account of comments received from other adherents."
(Australia) (cont'd)  

(f) "Adherents shall use all reasonable means within their power to ensure that local government bodies within their territories publish all technical regulations 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 technical regulation 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."

(United States)  

- Replace the section by the following text:

"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, when preparing, adopting or applying technical regulations, comply with the provisions of Section 2 as if they were adherents with the exception of 2(c), (e)(ii), (j) and (k) and with the insertion of 'interested parties in' before 'other adherents' in 2(e)(iii), (e)(iv) and (f)."

(EEC)  

- Replace the section by the following text:

"(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, when preparing, adopting or applying technical regulations, fulfill the obligations falling to adherents under the provisions of Section 2, paragraphs (a), (b), (d), (e) with the exception of (ii) and substituting 'for' for 'to' in (iii), (g) substituting 'such bodies' for 'their central government bodies', and (h).

"(b) However, where urgent problems of safety, health, environmental protection or national security exist, such bodies may omit to fulfill such of the obligations set out in Section 2(e) as modified in paragraph (a) of this section as they find necessary. In that event
adherents shall use all reasonable means within their power to ensure that the bodies concerned within their territories take account of comments of other adherents they may subsequently receive in considering whether to initiate amendments."

- The following proposal, which concerns Sections 3, 4, 7, 10, 11, 12 and 20, is presented under Section 3 as it forms a coherent whole.

Replace the present text of Section 3 by:

(a) "Adherents shall ensure that local government bodies and regulatory bodies other than central government bodies within their territories comply with the provisions of paragraph (a) of Section 2."

(b) "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 comply with the provisions of paragraphs (b) to (h) inclusive of Section 2."

(c) "Adherents shall fulfil the obligations of paragraphs (e) and (g) of Section 2 with the exception of 2(e)(iv), to the extent that local government bodies and regulatory bodies other than central government bodies within their territories have not fulfilled these obligations."

Replace the present text of Section 7 by:

(a) "Adherents shall ensure that local government bodies and regulatory bodies other than central government bodies within their territories comply with the provisions of paragraph (a) of Section 5."

(b) "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 comply with the provisions of paragraphs (b) to (e) inclusive of Section 5 and with the provisions of Section 6, substituting 'Section 3' for 'Section 2' in Section 5(b)."

(c) "Adherents shall fulfil the obligation of paragraphs (b) and (c) of Section 5, to the extent that local government bodies and regulatory bodies other than central government bodies within their territories have not fulfilled the obligation."

Delete the whole of Section 10.

Replace the present text of Section 11 by:

(a) "Adherents shall ensure that any certification systems operated by local government bodies, or by regulatory bodies other than central government certification bodies within their territories, comply with the provisions of paragraph (a) of Section 9."
(Japan) (cont'd)

(b) "Adherents shall use all reasonable means within their power to ensure that any certification systems operated by local government bodies, or by regulatory bodies other than central government certification bodies within their territories, comply with the provisions of paragraphs (b) to (f) inclusive of Section 9, substituting 'Sections 3 and 7' for 'Sections 2 and 5' and 'Section 7' for 'Section 6' in Section 9(b)."

(c) "Adherents shall fulfil the obligations of paragraph (d) of Section 9 with the exception of sub-paragraphs (d)(iv) and (v), to the extent that local government bodies or regulatory bodies other than central government certification bodies within their territories have not fulfilled these obligations."

In Section 12, delete in title the words "other than central government bodies" and delete in third line the words "other than central government bodies".

In Section 20(b), delete in second line "of central government bodies", and replace with "for assuring conformity with technical regulations".

In Section 20(c), delete in first line "technical regulations and".

Delete in second and third line "(other than those already provided for in paragraph (b) of this Section)", and replace with "for assuring conformity with standards".

Section 4

Paragraph (e)

(EEC)

New Section after Section 4

(EEC)

- Insert any changes agreed in the introductory sentence of Section 2(e).

- Insert new section to read:

"Preparation, adoption and use of standards by central government bodies

Where standards are prepared, adopted or applied by central government, its ministries and departments or by any body subject to the control of the central government, adherents shall ensure that such central government bodies comply with the provisions of Section 4, with the exception of paragraphs (b), (j) and (k)."
Section 5

(Nordic countries) - Delete the section. The definition of "technical regulation" means that the content of Section 5 is already largely covered by Section 2. Any element in the present Section 5 that needs to be retained should be included into Section 2 or Section 6.

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

Section 6

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

(Switzerland) - Delete "whenever possible" in original text and insert: "unless they have good grounds for doubting the reliability of the declarations or certificates or marks in question".

(Australia) - Insert "competent" before "certification bodies".

Paragraph (a)(ii) - Insert a new sub-paragraph after (a)(ii) to read: "accept certificates of conformity or marks of conformity with the relevant technical regulation provided by a governmental certification body or a certification body officially recognized in the territories of other adherents".

(Malaysia) - 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:" 

(Brazil) - Amend to read: "the results of tests, if unfavourable, shall be made available to the exporter or importer or their agents so that corrective action may be taken if necessary".

(Colombia) - Delete the words "if requested".
Section 7
(Mexico)

- 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. 8, 11, 12, 13(b) and (h), 14 and 15, 16(b), (c).

New Section after Section 8
(EEC)

- Insert a new section to read:

Conformity with standards - Certification bodies which are central government bodies.

Where central government, its ministries and departments or any body subject to the control of the central government fulfil the certification functions referred to in Section 8, adherents shall ensure that such central government bodies comply with the provisions of that section.

Section 9
Paragraphs (e) and (f)
(Nordic countries)

- 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.

This proposal was presented as a technical illustration of how the section could be drafted if the obligations were to relate to the treatment of products rather than suppliers.

Section 13
Paragraph (d)
(Mexico)

Paragraphs (f) and (l)

- Insert at the end of the first sentence: "in the light of their different degrees of economic development".

- 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.

This proposal was presented as a technical illustration of how the section could be drafted if the obligations were to relate to the treatment of products rather than suppliers.

- 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."

This proposal was presented as a technical illustration of how the section could be drafted if the obligations were to relate to the treatment of products rather than suppliers.

- 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 certification 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 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.

- Replace throughout the section the words "should consider requests for technical assistance" by: "shall grant them technical assistance on mutually agreed terms and conditions".
For the purposes of enabling developing countries to meet the provisions of this Code there shall be established a fund with the view, inter alia, to providing financial and technical assistance to developing countries for:

(a) appropriate technology and skills to be transmitted to industries in developing countries on fair and reasonable terms to meet internationally accepted technical regulations and standards;

(b) establishing standardization and quality assurance systems and bodies on a national, sub-regional or regional basis, including the training of adequate personnel to effectively implement the systems so established;

(c) any other measure deemed necessary by developing countries for their effective participations under this Code."

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.

The Canadian delegation has also made a proposal regarding Section 21 - Enforcement.
"(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 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."

(Australia) - Amend the Canadian proposal relating to Section 19(b), as follows:

"... Panel members shall be appointed by the Director-General of the General Agreement on Tariffs and Trade in consultation with the Chairman of the Committee on the basis:

(i) that they have appropriate technical qualifications;

(ii) that they are independent and disinterested;

(iii) and in such a way that no adherent to this agreement shall acquire de facto permanent representation on the Panel".

(Mexico) - Amend the Canadian proposal as follows:

Where reference is made to the Committee for Preventing Technical Barriers to Trade, after the words "not less than once a year" insert the words "or upon request by not less than 25 per cent of the adherents ..."
Replace the beginning of paragraph (b) of the Canadian proposal up to the words "in consultation with the Chairman of the Committee" by the following text:

"(b) To examine each particular case that arises, there shall be established in the Committee panels consisting of five members appointed by the Director-General of the General Agreement in consultation with the Chairman of the Committee and the parties concerned. The members of the panels shall be appointed on the basis:

1. that they are qualified experts with respect to the case in question and, preferably, internationally recognized;
2. that they are independent and impartial;
3. each panel shall include two members who are experts specialized in problems of developing countries and capable of providing the special support needed by those countries;
4. when problems relating to developing countries are dealt with, the opinion of the two experts mentioned in the preceding paragraph shall have preference."

Insert the following new paragraphs before the part entitled "Notification":

"(c) In carrying out its mandate, the Committee shall ensure that, in all matters dealt with in this Code, developing countries receive the treatment described below in terms of practical and effective application:

1. the treatment provided for in Part IV of the General Agreement, and especially the principles and objectives of Article XXXVI thereof;
2. additional benefits for their exports by adopting special measures in their favour and giving priority attention to products or areas of interest to them;
3. differential measures in ways which will provide special and more favourable treatment for them;
4. special attention to the particular situation and problems of the least developed among the developing countries."
(Mexico) (cont'd)

"(d) It shall be an important responsibility of the Committee to secure promptly, and to harmonize, the technical co-operation referred to in Section 17. To that end, whenever a developing country makes a request for technical assistance, the Committee shall arrange for the technical co-operation of the appropriate international bodies and shall harmonize it with the similar co-operation to be provided by the developed countries adhering to this Code."

"(e) The tasks of the Committee shall include the analysis and study of the technical barriers to trade listed in the GATT inventory of Non-Tariff Measures, beginning with those affecting the trade of developing countries."

"(f) Secretariat functions for the Committee shall be exercised by the secretariat of GATT."

- The following proposals concern the text MTN/NTM/W/71:

(ECE) - 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.

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

(ECE) - 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".

(Brazil) - 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".

(Egypt) - 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, 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.

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

Replace existing sub-paragraphs (b) and (c) with the following:

"To the extent that existing technical regulations, standards, or certification systems within the territories of each adherent create unjustifiable obstacles to international trade, such regulations, standards, and systems shall be subject to the enforcement provisions in Section 21 of the Code."

The word "unjustifiable" would be brought into line with the wording of Section 2(a), and final decision would not be possible until a greater measure of agreement was obtained in relation to Section 21.

Section 21

Replace the whole of the section with the following text:

"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.

1 The Canadian delegation has also made a proposal regarding Section 19 - Institutions and Notification.
(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.

(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:
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.

- Amend the Canadian proposal as follows:

Insert the following text at the beginning of paragraph (a):

"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.

In paragraph (c), replace "sixty days" by "thirty days" and amend the passage beginning "... the Committee ..." to read: "... the matter shall be brought before the Committee so that the latter may refer it to a Panel as provided under Section 19."

Replace the remainder of the text by the following:
"(d) The Panel shall promptly investigate the matter and may, as part of the investigation consult with any contracting party or with any competent body. After the investigation is complete, the Committee may:

1. Make a statement concerning the facts of the matter, or
2. Make recommendations to the adherents concerned, or
3. Find that the specific measure taken by an adherent is contrary to this Code and should be terminated forthwith."

"(e) The adherents concerned shall:

1. Have the right to be present at any meeting of the Panel convened to investigate the matter referred to it under paragraph (c) above;
2. Have access to any information supplied to the Panel."

"(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 formulate recommendations calling for the elimination or modification of the measure giving rise to the impairment or nullification. Before submitting its recommendation to the Committee, the Panel shall discuss with the adherents concerned:

1. The form in which the recommendations are to be presented to the Committee; and
2. The nature of the recommendations."

"(g) If one of the parties concerned does not agree with the proposals of the Panel, the matter shall be referred by the Committee to all the adherents."

"(h) If any party fails to comply with the decision of the Committee, the latter may authorize one or more adherents to this Code to suspend obligations under this Code in respect of one or more adherents."
(Australia)  

- Amend the above proposal as follows:

Add new paragraph to proposed Section 21(e) above:

"The adherents concerned shall:

"(i) have the right to be present at any meeting of
the Panel convened to investigate a matter
referred to it under paragraph (d) above;

"(ii) have access to any information supplied to the
Panel under the procedure laid down under
paragraph (e) above."

Amend proposed Section 21(f) above as follows:

"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 formulate
recommendations calling for the elimination or modifica-
tion of the measure giving rise to the impairment or
nullification.

Before submitting its recommendation to the Committee,
the Panel shall discuss with the adherents concerned:

"(i) the form in which the recommendations are to
be presented to the Committee; and

"(ii) the nature of the recommendations."

(EU)  

- Insert after paragraph (a) in MTN/NTM/W/71: "In
assessing whether a benefit accruing to any adherent is
being nullified or impaired by the adoption or use of a
technical regulation or a standard common to a number
of adherents constituting a customs union or a free-trade
area, the situation in the whole of the territories in
which such technical regulation or standard is applied
shall be taken into consideration."

(Egypt)  

- Insert a new clause between (c)(ii) and (iii) in
MTN/NTM/W/71 to read: "A certain action by an adherent
considered contrary to this Code should be terminated
forthwith."
It was also suggested that it may be necessary to provide for notification to the Committee of the actions taken by adherents to modify existing standards or certification systems which resulted in barriers to trade.

Section 22
Paragraph (a)(ii)
(Hong Kong) - Add at the end "... and each such territory shall be treated as though it were an adherent"

Paragraph (e) - Add at the end of (e), and to the Committee for Preventing Technical Barriers to Trade".

Paragraph (f)
(United States) - Delete the paragraph.

Suggestions for additional special and differential treatment

The United States was requested by the NTM Sub-Group on Technical Barriers to Trade to suggest a text for inclusion in the draft Code of Conduct for Preventing Technical Barriers to Trade regarding special and differential treatment for developing countries. (See proposals under Section 2(a).) It was the United States understanding that this text would be in lieu of the "sprinkling" approach under which repeated references would be made throughout the text to special and differential treatment.

As the result of informal consultations with delegations from a number of developing and developed countries, the United States Delegation suggests the following text for consideration by the Sub-Group:

"Preparation and application of technical regulations, standards, test methods, and certification systems.

1. "Adherents shall, wherever possible, in the preparation or application of technical regulations, standards, test methods, and certification systems, consider the special development and trade needs of developing countries with a view to ensuring that such technical regulations, standards, test methods, and certification systems do not create unnecessary obstacles to exports from developing countries and will facilitate, wherever possible, expansion and diversification of the trade of developing countries."
2. "Adherents shall provide, to the extent possible, technical assistance to developing countries to ensure that the preparation and application of technical regulations, standards, test methods, and certification systems aid developing countries in their efforts to expand and diversify exports. Adherents shall also use all reasonable means within their power to ensure that developing countries are afforded every opportunity to participate in the preparation of international standards, particularly as concerns products of special interest to them."

General safeguard clause

(Australia) - It is proposed that a general safeguard clause should be introduced which stands in the same relation to the Draft Code as Article XIX does to the General Agreement on Tariffs and Trade. The principal provision of this clause could be along the following lines:

"If an adherent has reasonable grounds for believing a serious problem exists or threatens to arise within its territory in relation to public safety, public health, the environment, national security, or deceptive business practices, and it is apparent that the problem cannot reasonably be remedied or prevented without the suspension by the adherent of its observance of an obligation under the Code, the adherent may, to the extent and for the time necessary to remedy or prevent the problem, suspend its observance of that obligation."

It is also proposed that the principal clause would be accompanied by post factum notification, consultation and justification procedures.

Packaging and labelling

(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." See also MTN/NTM/W/75.

Publication of regulations

- The Sub-Group agreed that all regulations should be published. Differences of opinion existed on how this should be achieved in drafting terms.
B. DRAFTING POINTS

At its meeting of November 1976 the Sub-Group agreed to bear in mind the following drafting points:

1. Whether the expression "central government bodies" should be inserted in the text of Section 2 to bring it into line with the title.

2. Appropriate use of the expressions "adherents" and "relevant bodies of adherents".

C. 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 by 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.

D. AMENDMENTS AGREED

1. At its meeting of November 1976 the Sub-Group agreed to the following amendments in the body of the Proposed Code:
2. The following typing errors which occurred in MTN/NTM/W/49 were rectified:

(a) Since the previous term "quality assurance system or arrangement" was replaced by the term "certification system" the words "and/or arrangement(s)" were deleted from the sections 13, 14, 15, 16, 17, 18 and 20.

(b) In conformity with paragraph 5(c), paragraph 5(d) reads: "adherents shall ensure that test methods and administrative procedures to be used by a central government body are such as ...".

(c) In section 7(ii) the words "and marks of conformity" were added.

(d) In paragraph 13(d) "quality" was replaced by "conformity".

(e) In paragraph 22(c) the words "and Spanish" were added.