We are grateful to the delegation of EEC for having circulated the text of the Statement they made yesterday on this agenda item. A careful study of the statement confirms our initial reaction that it contains many positive elements and is a constructive contribution to our discussions. I would like to refer in particular to the measures listed by the distinguished representative of the EEC which can ensure special and more favourable treatment for developing countries. These are the kind of measures which the developing countries have been urging during the earlier discussions in this Group. We are, therefore, glad to note that our ideas are now beginning to find some acceptance. However, although the measures contemplated by the EEC go somewhat further than those mentioned by the United States, they still do not go far enough in ensuring differential treatment for developing countries.

I would like to comment briefly on some of the points in the EEC statement. We have noted that with regard to variations in the extent of tariff cuts, the EEC contemplates - not only deeper than formula cuts as envisaged by the United States, but also less deep than formula cuts. We attach considerable importance to this particularly if the formula which is ultimately agreed upon is such that it results in substantial reductions in tariffs on products included in the Generalized System of Preferences. In such an event, the preservation of preferential margins would require less deep than formula cuts.

We welcome the reference in the EEC statement to measures for the improvement of the Generalized System of Preferences. However, we would like to remind the Group that the Tokyo Declaration provides not only for the improvement but also for the maintenance of the Generalized System of Preferences and the maintenance of the Generalized System of Preferences has two important aspects - one concerns its erosion resulting from most-favoured-nations tariff reductions and the other has to do with its prolongation beyond the initial period of ten years. In so far as the erosion of the Generalized System of Preferences is concerned, we can provide for several remedies. These can take the form of less deep than formula cuts or in some cases the exclusion, altogether, of some products from the purview of the general
formula. In cases where the present Generalized System of Preferences rates are not zero, preferential margins can be preserved by bringing the Generalized System of Preferences rates down to zero. Despite all these measures, some erosion of the Generalized System of Preferences would be unavoidable - but its effects can be mitigated somewhat through substantial improvements in the existing schemes, for example by increasing the product coverage, abolishing or substantially increasing the ceilings or quota limitations where applicable and so on. It is not my intention to repeat all the suggestions which we have made in the past for improvements in the Generalized System of Preferences - and which are well known to the members of the Group - but I have considered it necessary to refer to this matter in the context of the erosion of the Generalized System of Preferences in order to emphasize that it is not sufficient to speak vaguely of improvements in the Generalized System of Preferences. The Group must agree, in principle, that the improvements in the Generalized System of Preferences, both qualitatively and quantitatively must be of an order of magnitude which takes into account the losses resulting from its erosion and ensures the attainment of the objective embodied in the Tokyo Declaration, of securing additional benefits for developing countries.

I would now like to refer to an aspect of the Generalized System of Preferences which was conspicuous by its absence both from the United States and the EEC statements - and one to which we attach the highest importance viz increased security for the Generalized System of Preferences. In the earlier discussions the developing countries have repeatedly pressed for the binding of preferential rates or margins - and the developed countries have consistently drawn attention to the unilateral and non-contractual nature of the Generalized System of Preferences. However, Mr. Chairman, this matter is much too important to be brushed aside simply by reiterating the respective - and seemingly irreconcilable - points of view. I need hardly remind the Group that one of the fundamental objectives of the Generalized System of Preferences is to stimulate production in developing countries by providing better access for their products in the markets of developed countries. If this objective is to be effectively attained, developing countries should be able to plan their investment and production programmes with greater security than is possible under the present situation when the preferential tariffs are liable to be withdrawn or modified unilaterally. If this situation is allowed to continue the promise made in the Tokyo Declaration for "the maintenance and improvement of the Generalized System of Preferences" would lose much of its meaning. If the Multilateral Trade Negotiations exercise is to make a meaningful contribution to the concept of the Generalized System of Preferences, we must address ourselves very seriously to the question of increased security for the Generalized System of Preferences.
A related question is the prolongation of the Generalized System of Preferences to which I referred earlier. An understanding on this question would also constitute a positive contribution of the Multilateral Trade Negotiations in this area.

The EEC has also referred to the possibility of varying the staging of tariff cuts. In this connexion the remarks I made yesterday in commenting on the United States statement are equally valid viz that the advance implementation of tariff cuts in favour of developing countries should be on a preferential and not on a most-favoured-nation basis.

I turn now to the question of special procedures and the suggestion to which many delegations have referred for the identification of the products of interest to developing countries. Before commenting on this suggestion, I wish to endorse whole-heartedly what the distinguished representative of Brazil has said, namely that there should be an agreement on the kind of special measures we have been talking about before we embark on such a procedure. Here I would like to refer to the comment made by the distinguished representative of Canada yesterday - and I think this is a point he made at our previous meeting also - that "we do not rule out any of these measures", the implication being that "equally, we cannot commit ourselves to any of the measures except in the context of particular products". I would agree that with regard to most of the measures suggested, their implementation, and indeed their suitability, will have to be considered on a case-by-case basis. Nevertheless an agreement, in principle, that such measures will be applied, can and should, be reached before we embark on any notification procedures. To illustrate my point, I can briefly recapitulate some of the special measures, on which we consider prior agreement to be of crucial importance. These are:

- An agreement on increased security for the Generalized System of Preferences, including its prolongation.

- Specific measures for the preservation of the Generalized System of Preferences margins e.g. we can agree that where the Generalized System of Preferences rate is not zero, it should be brought down to zero.

- Improvements in the Generalized System of Preferences, taking into account its erosion, to ensure net additional benefits for developing countries.

- Advance implementation of concessions on a preferential basis in favour of developing countries (including agreement on a precise time-table).
- Agreement that none of the products of export interest to developing countries would be excluded from tariff cuts.

- The opening of separate tariff sub-headings.

Turning now to the preparation and circulation of lists of products of export interest to developing countries, I agree with what was stated yesterday by the distinguished representatives of Sweden and Canada - we must take into account not only objective criteria such as trade statistics but also other factors such as the potentialities for the growth of trade in the future etc. As regards the idea of cross notifications, I am glad that it has already been clarified that the submission of notifications or requests by developing countries would not be linked in any way with counter notifications by developed countries.

Finally, a point which has been mentioned repeatedly in our discussions, but one which can bear repetition - it must be clearly recognized that developing countries will not be expected to apply any general tariff cutting formula and that the question of their contribution to the negotiations will be governed by the relevant provisions of the Tokyo Declaration.