1. The Group of Negotiations on Goods met on 14 April 1987 under the Chairmanship of the Director-General. Mme Teresa de Corne' of Italy was appointed Vice-Chairman of the Group. The Group had on its agenda a review of progress in the negotiations under Part I of the Punta del Este Declaration; observer status for international organizations; other business, including the date of the next meeting.

Review of progress in the negotiations under Part I of the Punta del Este Declaration

2. Many delegations expressed the view that the progress made so far by the Negotiating Groups in giving effect to their negotiating plans was satisfactory. It was suggested, however, that delegations needed to ensure that they were more fully prepared and ready to make substantive contributions to the work of the Groups if further progress was to be assured. In this connection, several delegations supported the Chairman's suggestion that more proposals should be developed and presented to the Groups, preferably in writing, as a basis for discussion and negotiation.

3. There was widespread concern at developments in the world trading situation. Many delegations considered that trade tensions among the major trading nations risked placing the negotiations in jeopardy and that there was an urgent need for restraint. They also felt that there was a certain inconsistency between the declared objectives of the Uruguay Round and the pursuit of some of the policies which were giving rise to disputes. Some delegations expressed the view that small countries and developing countries which were not involved in the present trade disputes would nevertheless suffer from any adverse consequences that arose from them and were therefore directly and necessarily concerned. It was also suggested, however, that to see the present difficulties merely as a threat to the Round would not be appropriate; in reality they demonstrated the vital necessity for progress and ultimate success in the negotiations.

4. Many delegations were of the view that there was a link between the standstill and rollback commitments in the Punta del Este Declaration and the current state of international trade relations. A demonstration of political will through strict adherence to these commitments would contribute both to the satisfactory resolution of trade disputes and to
progress in the negotiations. Some delegations questioned whether the surveillance mechanisms which had been established would prove adequate for the purpose of monitoring the standstill and rollback undertakings, while others felt that there was a lack of commitment on the part of some participants to the undertakings themselves. One delegation expressed the view that persistent imbalances in trade performance between contracting parties were placing a strain on the standstill commitment.

5. Many delegations considered it important to envisage the possibility that in certain areas of the negotiations results might be obtained and implemented, whether provisionally or definitively, before the completion of the negotiations as a whole. There was wide support for this idea of a so-called "early harvest", although views varied among delegations as to which areas of the negotiation were the most promising in terms of achieving early results. Another view expressed was that there was no advantage in seeking to plan explicitly for an early harvest and that the efforts of participants should be concentrated on the actual work in each of the Negotiating Groups; this would show which were the areas where early results might be attained. Some felt that priority should be given in this context to long-standing problems affecting market access. It was noted that the Ministerial Declaration foresaw the possibility in principle of early agreement in certain areas, tropical products and safeguards being specific examples, but the point was made that consensus would be needed on the manner in which such early results would be implemented. While one of the main benefits of early agreements would be to give a positive signal to the world trading community at an early stage in the negotiations it was for this very reason important not to create unrealistic expectations about what could be achieved. Some delegations suggested that early results might be sought in the autumn of 1988, but others maintained that the quality of the results of the negotiations should be of paramount concern and should not be sacrificed to the attainment of early results.

6. A number of delegations emphasised the need for the GNG to provide support for the negotiations and sustain their momentum in carrying out its functions in coordinating the work of the Negotiating Groups and supervising the progress of the negotiations. The view was expressed that the GNG should meet three or four times a year in order to carry out these responsibilities. It was also suggested that the coordinating rôle of the GNG would facilitate the exploration of interlinkages among negotiating areas. Certain delegations also noted that the Trade Negotiations Committee had the ultimate responsibility for overseeing the negotiations as a whole.

7. In regard to the second meetings of the Negotiating Groups, it was noted that each Group had agreed on the date of its next meeting. On the more general question of future meetings of the Negotiating Groups many delegations were of the view that meetings of Groups should be held as often as necessary in order for each of the Groups to complete the initial phase of the negotiating plans on time. A practical and flexible approach to this question was essential to the satisfactory progress of the
negotiations. It was suggested that it may be useful to hold more informal meetings of Negotiating Groups, but it would be important also to ensure that there was adequate transparency when such meetings were held. Some delegations were of the view that in the first instance meeting dates should be set by the Negotiating Groups themselves, and that the GNG should become involved in the matter when it proved necessary to coordinate the decisions of individual Groups. Other delegations considered that it was for the GNG to approve the calendar of meetings of the Negotiating Groups.

8. The following statement on the calendar of meetings was read out by the Chairman:

"The Group of Negotiations on Goods agrees to the schedule of meetings of the fourteen Negotiating Groups as contained in the conference room document distributed today. In order to ensure any needed flexibility it is understood that the Chairman of the Group of Negotiations on Goods will hold consultations, if need be, with respect to the schedule of meetings. This agreement is without prejudice to future agreements in respect of meetings of Negotiating Groups."

One delegation reserved its position, saying that it was prepared to take note of the schedule of meetings of the Negotiating Groups, but did not feel it was appropriate for the GNG to agree it.

9. A number of delegations made observations on the work of individual Negotiating Groups. Concerning the Negotiating Group on Tariffs, it was suggested that there should be more contributions from developing countries in this area of the negotiations than had been the case in previous rounds. In response to the suggestion that the benefits of tariff reductions enjoyed by each participant might be conditional upon the contribution of the participant in question, the view was expressed that there should be no question of the non-m.f.n. application of negotiated tariff reductions. One delegation suggested that it would be useful at a later stage to consider the advantages of a tariff-cutting formula. Concern was expressed that there may be some participants who did not have negotiating authority in the tariffs field and that this could affect progress in the negotiation. Reservations were expressed about the use of the Harmonized System of tariff nomenclature as a basis for negotiation on the grounds that adequate trade flow data would not become available until the system had been in operation for some time.

10. In discussion of the work of the Negotiating Group on non-tariff measures, it was noted that there was a link between non-tariff measures and the rollback commitment. The view was expressed that if discussions on non-tariff measures focussed on the question whether particular measures were in conformity with the General Agreement it would be difficult to achieve any trade liberalization. An alternative view was that it was impossible to ignore the question of conformity in the context of the negotiations.
11. In regard to agriculture, concern was expressed about the danger of lack of transparency: the negotiations should be held inside the GATT rather than outside. Some delegations were of the view that progress in negotiations in agriculture could only be assured if participants were realistic about what could be achieved. One representative, having referred to recent actions by his authorities to improve the situation in the dairy and beef markets, expressed the view that negotiations in agriculture could only succeed if there were a general readiness to share the burdens of adjustment. Moreover, substance should not be neglected as a result of disagreement on the timing of negotiations.

12. A number of delegations were of the view that negotiations on tropical products should be engaged as soon as possible in order that early results might be attained. The view was also expressed that developing countries should participate fully in the negotiations.

13. In regard to GATT Articles, certain delegations considered that it was necessary to clarify the distinction between those cases where rules were considered inadequate and those where the problem was one of the application of the rules. It was also considered that clear and detailed justifications by contracting parties of why they were seeking the review of particular Articles would assist in the review process.

14. Some delegations expressed concern at what they saw as an attempt to reinterpret understandings reached at Punta del Este regarding the right of full participation by all delegations in the work of the Negotiating Group on MTN Agreements and Arrangements. This issue needed clarifying, particularly in regard to the respective roles of the Negotiating Group and the Code Committees and Councils.

15. On Safeguards a suggestion was made that the Negotiating Group should begin by addressing the temporary and degressive nature of safeguard measures.

16. Two delegations requested the secretariat to expand the document which was produced for the Negotiating Group on Subsidies at its first meeting (MTN.GNG/NG10/W/3). The document was considered useful, but the information it contained had been presented in a compressed manner, with many cross-references to other documents.

17. In relation to the Functioning of the GATT System it was said that, in addition to the question of greater Ministerial involvement, the problems arising from exchange rates needed full and early examination.

18. In summing up the discussion, the Chairman said that he was impressed by the strength of the commitment of participants to the faithful implementation of the decisions taken at Punta del Este, and by the general feeling that work in the Negotiating Groups appeared to be proceeding satisfactorily - though it was important to avoid any sense of complacency. The discussions had also made clear a strong desire for a genuinely
multilateral approach to the negotiations, with the greatest possible transparency. In regard to the standstill and rollback commitments, surveillance mechanisms had been put in place and it was now up to governments to use them. Noting that the Punta del Este Declaration envisaged that early results might be attained in certain areas, he said that in his view the question was a fundamental one since it might be very difficult for the business community to accept that it must wait until 1990 to benefit from any of the results of the negotiations.

Observer status for international organizations

19. The Chairman made the following statement in regard to observer status in the GNG:

"The Group of Negotiations on Goods decides in principle to invite, for the initial phase of the negotiations, the Secretary-General of the United Nations Secretariat, the Secretary-General of UNCTAD, the Managing Director of the International Monetary Fund and the President of the World Bank to be represented at its meetings. It is understood that the Group of Negotiations on Goods can hold closed meetings when it considers them necessary."

It was agreed that the Chairman should be authorised to issue invitations to the executive heads of these four organizations to be represented at the next meeting of the GNG, unless it should appear that the matter would require further consideration at that meeting.

20. The Chairman made the following statement in regard to observer status in the Negotiating Groups:

"It is understood that each of the fourteen Negotiating Groups will consider the question of inviting to their meetings, as appropriate, international organizations who can assist them in the pursuit of their tasks. The recommendations made by the Negotiating Groups to this effect will be submitted to the Group of Negotiations on Goods."

21. These two statements were agreed by the Group.

Other Business

22. A delegation drew attention to certain subjects which had been referred to in the Chairman's statement at the time of the adoption of the Punta del Este Declaration. This delegation was interested in restrictive business practices and commodity price stabilization, and stated its intention to revert to these matters in due course. Another delegation recalled its interest in the inclusion of workers' rights in the negotiating agenda.

23. The Group agreed that its next meeting would take place on Friday, 26 June 1987.