DRAFT MINISTERIAL DECLARATION

Revision

The following communication, dated 10 July 1986, has been received from the Permanent Delegation of Brazil with the request that it be circulated to all members of the Preparatory Committee.

Please find enclosed a revised version of the draft Ministerial Declaration contained in document PREP.COM(86)W/41 which the countries listed below wish to circulate as a formal document of the Preparatory Committee as of July 10th 1986.

Argentina
Brazil
Cuba
Egypt
India
Nicaragua
Nigeria
Peru
Tanzania
Yugoslavia
DRAFT MINISTERIAL DECLARATION

1. The CONTRACTING PARTIES to the General Agreement on Tariffs and Trade meeting in Punta del Este, Uruguay, at Ministerial level on 15-... September 1986, reviewed work carried out in the Preparatory Committee established in pursuance of the decision by the 41st Session of the CONTRACTING PARTIES in order to determine the objectives, subject matter, modalities for and participation in multilateral trade negotiations, taking into account the elements of the 1982 Ministerial Work Programme and the views expressed in the Group of Senior Officials.

2. Conscious of the urgent need to halt and reverse protectionism and to overcome the increasing threat to the multilateral trading system posed by continued disrespect for GATT disciplines, the Ministers reaffirm their conviction in the lasting validity of the basic principles and objectives of the General Agreement on Tariffs and Trade in a world of increasing economic interdependence, and recognize the preservation of GATT as the first objective in world trade relations and as a prerequisite for subsequent action for the strengthening of the multilateral trading system. The Ministers also reaffirm that contracting parties should abstain from taking restrictive trade measures for reasons of a non-economic character.

3. Mindful of the effects of prolonged financial instability in the world economy and of the linkage between trade, money, finance and development, the Ministers express their concern over the decline in the flow of financial resources to developing countries, the net transfer of financial resources from developing countries to developed countries, the deterioration in the terms of trade of developing countries and in particular the collapse of commodity prices, the debt situation, the high level of interest rates, the misalignment and volatility of exchange rates and stringency in liquidity which demand parallel efforts and measures aimed at promoting a substantial reform of the international financial and monetary system. In this context particular attention is called to the negative impact of protectionism on the ability of indebted countries to foster their economic development and to fulfill their financial commitments.

4. In order to preserve the rôle of the GATT system in furthering economic well-being and in promoting the expansion of world trade, it is recognized that a firm and credible commitment not to introduce any new restrictive import measures of a tariff and a non-tariff nature in all sectors of trade in goods is immediately required.

5. It is further recognized that the objective of preserving GATT will not be attained unless determined action to eliminate restrictive import measures inconsistent with the General Agreement on Tariffs and Trade or not based on it is forthcoming. Contracting parties therefore undertake to adopt a rollback commitment in all areas of trade in goods, in order to phase-out within a specific timeframe barriers inconsistent with the GATT or not based on its provisions, in particular those which impinge upon products of export interest to developing countries.
6. Given the renewed determination to restore the credibility of GATT through the observance of standstill and rollback commitments and the widespread dissatisfaction with the inadequacies of certain fundamental GATT provisions, particular attention to the revision of disciplines governing the restriction of trade through safeguards is required as a guarantee against additional proliferation of protective measures.

7. The strengthening of the GATT by further efforts to liberalize trade through the reduction of existing barriers and the elimination of distortions in all areas of trade in goods should be addressed as a subsequent major objective in world trade and in strict observance of GATT jurisdiction.

8. The aims of liberalization and elimination of distortions should be pursued through a new round of multilateral trade negotiations in the area of trade in goods. The negotiations shall aim, inter alia, at securing additional benefits for the international trade of developing countries so as to achieve a substantial increase in their foreign exchange earnings, the diversification of their exports, the acceleration of the rate of growth of their trade, taking into account their development needs, an improvement in the possibilities for these countries to participate in the expansion of world trade and a better balance as between developed and developing countries in the sharing of the advantages resulting from this expansion, through, in the largest possible measure, a substantial improvement in the conditions of access for the products of interest to the developing countries and, wherever appropriate, measures to attain stable, equitable and remunerative prices for commodities.

9. Ministers recognized that, in order to ensure in any new round the effective application of the principle of differential and more favourable treatment embodied in Part IV of the General Agreement and in the decision of the CONTRACTING PARTIES of 28 November 1979 (L/4903), specific modalities be devised. Special attention should be given to the particular situation and problems of the least-developed among developing countries, taking into account, among others, the need for immediate implementation of the provisions of the Ministerial Declaration of 1982 in respect of facilitating trade of the least-developed countries.

10. In light of the above considerations Ministers adopted the following decisions:

A - Decision on Standstill, Rollback and Safeguards

B - Decision on the launching of a round of multilateral trade negotiations

C - Decision on Commodities

D - Decision on the need for parallel efforts in the monetary and financial fields
A

Decision on Standstill, Rollback and Safeguards

1. The CONTRACTING PARTIES, meeting in Punta del Este at Ministerial level, decide to approve, as a demonstration of their determination to halt and to reverse protectionism, the annexed Protocols on Standstill and Rollback, which shall be opened for signature by all contracting parties at the closing of this Ministerial meeting of the CONTRACTING PARTIES.

2. The GATT Council is hereby required to set up the appropriate machinery for the surveillance and monitoring of compliance with the Protocols on Standstill and on Rollback, which shall constitute Annexes I and II to this decision.

3. As a guarantee against additional proliferation of protective measures it is further agreed that the conclusion of an understanding on safeguards will represent a crucial contribution to the preservation and strengthening of the GATT system, and to this end CONTRACTING PARTIES undertake to expedite work on safeguards in accordance with the elements contained in Annex III to this decision.
ANNEX I - DECISION A

PROTOCOL ON STANDSTILL

I

Governments contracting parties to the GATT solemnly undertake, in order to halt protectionism, to observe strictly in their mutual trade relations, the following engagements:

i) Not to introduce restrictive import measures affecting trade in goods which are not based on specific provisions of the General Agreement on Tariffs and Trade.

ii) In the exercise of GATT rights, only to resort to restrictive import measures strictly in accordance with the provisions of the General Agreement on Tariffs and Trade, particularly with:

- Article VI on anti-dumping and countervailing duties;
- Article XII on restrictions to safeguard the balance of payments;
- Article XVIII on government assistance to economic development;
- Article XIX on emergency action on imports of particular products.

iii) In the exercise of the above-mentioned GATT rights, to avoid taking action going beyond what may be strictly necessary to remedy specific situations.

II

The standstill commitments undertaken in this Protocol shall apply to all sectors of trade in goods, including textiles and clothing.

III

1. This Protocol shall enter into force provisionally among those having signed it on the date of its signature by at least two-thirds of governments of contracting parties.

2. Definitive entry into force of this Protocol shall become effective upon deposit of the instruments of acceptance by at least two-thirds of GATT membership with the Director-General of GATT.
IV

1. The original of this Protocol of which the English, French and Spanish texts are equally authentic, shall be deposited with the Director-General of the GATT, who shall inform the CONTRACTING PARTIES on the completion of the above-mentioned requirements for the entry into force of this Protocol.

2. IN WITNESS WHEREOF the undersigned Plenipotentiaries, being duly authorized thereto by their respective Governments, have signed this Protocol.

ANNEX II - DECISION A

PROTOCOL ON ROLLBACK

I

Governments of contracting parties to the GATT agree that, in order to reverse protectionism, it is necessary to phase-out all existing restrictive import measures inconsistent with the provisions of the General Agreement or with specific obligations under the General Agreement or not based on specific provisions of the General Agreement.

II

The rollback commitments undertaken in this Protocol shall apply to all sectors of trade in goods, including textiles and clothing.

III

Governments of contracting parties decide to implement individual phase-out programmes for the complete elimination of all respective existing restrictive import measures affecting trade in goods in accordance with the following time-schedule:

a) in a period not exceeding three years, all measures inconsistent with provisions of the General Agreement on Tariffs and Trade or with specific obligations assumed under the General Agreement;

b) in a period not exceeding four years, all measures not based on specific provisions of the General Agreement;

c) in a period not exceeding five years, all measures based on agreed suspension of obligations under the General Agreement.

IV

1. Governments of contracting parties accepting this Protocol shall notify to GATT all phase-out actions adopted for the implementation of the commitments hereby undertaken. Notification shall be sent to GATT not later than three months after the entry into force of this Protocol.

2. Governments of contracting parties accepting this Protocol will be entitled to counter-notify to GATT the non-implementation by other contracting parties of their obligations under this Protocol.
1. This Protocol shall enter into force provisionally among those having signed it on the date of its signature by at least two-thirds of governments of contracting parties.

2. Definitive entry into force of this Protocol shall become effective upon deposit of the instruments of acceptance by at least two-thirds of GATT membership with the Director-General of GATT.

VI

1. The original of this Protocol of which the English, French and Spanish texts are equally authentic, shall be deposited with the Director-General of the GATT, who shall inform the CONTRACTING PARTIES on the completion of the above-mentioned requirements for the entry into force of this Protocol.

2. IN WITNESS WHEREOF the undersigned Plenipotentiaries, being duly authorized thereto by their respective Governments, have signed this Protocol.

1. The question of safeguards is of the highest importance for the strengthening of the multilateral trading system as embodied in the GATT. It should be dealt with independently from the launching of the new round of multilateral trade negotiations or, at the very least, as a first stage of a round of MTNs, on the understanding that as soon as agreement on the issue of safeguards is reached such results should be put into effect independently of results in other areas.

2. The agreement on safeguards must be based on the MFN principle.

3. The agreement on safeguards must be comprehensive as foreseen in the Ministerial Declaration of 1982.

4. The agreement on safeguards must clarify and reinforce the disciplines of Article XIX and be an integral part of the General Agreement.
Taking into account the work done by the Preparatory Committee set up by the 41st Session of the CONTRACTING PARTIES in November 1985, the CONTRACTING PARTIES meeting in Punta del Este at Ministerial level hereby decide, in accordance with the provisions of the General Agreement on Tariffs and Trade, to approve the launching of a round of Multilateral Trade Negotiations covering all barriers to trade in the following areas of trade in goods, as elaborated in the corresponding negotiating plans annexed to this Decision:

a) Agriculture  
b) Tropical products  
c) Tariffs and tariff escalation  
d) Natural resource products

2. The Punta del Este round of Multilateral Trade Negotiations shall also be opened to the participation of developing countries which are not contracting parties to the GATT.

3. A Negotiations Committee of the Punta del Este round of Multilateral Trade Negotiations is hereby set up with the following mandate:

   a) to elaborate and put into effect detailed negotiating plans and to establish appropriate negotiating procedures, including those foreseen in Annex I to this Decision;

   b) to supervise the conduct of the negotiations, establishing dates for the start and for the conclusion of the Multilateral Trade Negotiations;

   c) to submit to the CONTRACTING PARTIES the results of the Multilateral Trade Negotiations.

4. The CONTRACTING PARTIES shall examine the results of the Multilateral Trade Negotiations and shall take appropriate action to incorporate such results into the GATT through the adoption of Protocols as necessary.
ANNEXES TO DECISION ON THE LAUNCHING OF A ROUND OF MULTILATERAL TRADE NEGOTIATIONS

(Decision -B-)

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ANNEX I

SPECIAL PROCEDURES FOR LDCS

1. The CONTRACTING PARTIES reaffirm that the principle of differential and more favourable treatment embodied in Part IV of the General Agreement and in the Decision of the CONTRACTING PARTIES of 28 November 1979 (L/4903) is an integral and inalienable part of the GATT and the MTN codes, and should be strictly adhered to in any future round of multilateral trade negotiations.

2. Developed countries do not expect reciprocity and they shall not seek, nor shall LDC's be required to make concessions that are inconsistent with the latter's development, financial and trade needs. In this context developed countries shall give particular consideration to problems of foreign debt, poverty and the critical economic situation of developing countries.

3. Special attention should be given to the particular situation and problems of the least-developed among the developing countries, taking into account, among others, the need for immediate implementation of the provisions of the Ministerial Declaration of 1982 in respect of facilitating trade of the least-developed countries.

4. In order to ensure the full implementation of GATT provisions on differential and more favourable treatment for developing countries in concrete situations, it is agreed that specific modalities be devised to quantify to the extent possible the application of these provisions. Such modalities could include criteria as regards, inter alia, trade coverage, type of concessions, extent of reduction of trade barriers and timing of implementation of concessions exchanged.

5. In order to ensure effective application of differential and more favourable treatment there is need to strengthen the monitoring mechanism.
NEGOTIATING PLAN ON AGRICULTURE

1. It is a matter of vital importance and high priority that all elements which restrict access for or distort international markets of agricultural products should be treated in full from the start of the proposed round of multilateral trade negotiations, and that they be effectively included in the strengthened disciplines of GATT.

2. The priority objective of negotiations on agriculture should be: to substantially improve conditions of access through the liberalization and expansion of trade in all its forms, in such a manner that trade in these goods may develop on a secure and stable basis, unhindered by distortions in trade and the displacement of efficient producers from their traditional markets or by excessively low prices.

3. Further to the commitments to standstill and rollback on measures not in conformity with the GATT (Annexes I and II), it is agreed that participants in the negotiations on agriculture will avoid new measures and dismantle existing ones that, while taken in the exercise of GATT rights or in the absence of GATT obligations limit or distort trade in agriculture.

4. Contracting parties undertake to gradually phase-out export subsidies, according to a programme and timetable to be agreed. Contracting parties also undertake a commitment to the greater liberalization of tariff and non-tariff measures and, as a starting point, to minimum levels of access to markets for all products falling within the agricultural sector.

5. Contracting parties commit their governments to adjust progressively national policies so as to eliminate all obstacles to full integration of this sector within the GATT rules.

6. Contracting parties agree to take into account the special needs of the developing countries in the light of GATT provisions for differential and more favourable treatment for such countries.

7. It is understood that the technical work carried out in the Committee on Trade in Agriculture and the 1984 recommendations, approved by the Committee and by the CONTRACTING PARTIES, will form the negotiating framework on agriculture.
ANNEX III

TROPICAL PRODUCTS

1. The CONTRACTING PARTIES recognise the importance of improving the conditions of access to world markets for tropical products to a large number of developing countries and agree that negotiations in this area should receive special and priority attention.

2. The negotiations should aim at the fullest liberalization of trade in tropical products, including in their processed and semi-processed forms and should cover both tariff and non-tariff measures including internal taxes and tariff escalation.

3. The negotiations on tropical products should comply fully with the provisions of Part IV of the General Agreement and be completed at an early date and their results implemented immediately.
ANNEX IV

TARIFFS

1. Having regard to the fact that high tariff rates and tariff escalation remain in force for products of export interest to less-developed contracting parties and that in many such sectors extensive import quantitative restrictions have been applied causing asymmetry in international trade, tariff negotiations should be conducted with the aim of the elimination or substantial reduction of tariffs on industrial and agricultural products, with particular regard to the resolution of problems created by the existence of tariff escalation and of high tariffs rates which affect products of current or potential export interest to developing countries.

2. Due account shall be taken of the principles and provisions on differential and more favourable treatment for developing countries, as provided for in Part IV of GATT and in the Decision of the CONTRACTING PARTIES of 28 November 1979 (L/4903).

3. The negotiations should also include an examination of the adequacy of the provisions of Article XXVIII, in particular as they relate to the definition of supplier's rights, stability of tariff concessions and rules for compensation.
1. The CONTRACTING PARTIES, recognizing the importance of improving conditions of access to world markets for natural resource products to a large number of contracting parties, especially developing contracting parties, and bearing in mind that the Working Party on Natural Resource Products has done considerable work on identifying the problems of trade in such products, agree that the negotiations will aim at:

- achieving maximum liberalization of trade in natural resource products, including in their semi-processed and processed forms;
- eliminating tariff escalation as well as other tariff and non-tariff measures;

2. The negotiations coming within the sphere of competence of the General Agreement, on natural resource products, will be carried out in a negotiating group.

3. The negotiations on natural resource products should comply fully with the provisions of Part IV of the General Agreement and be completed at an early date and their results implemented immediately.
C

Decision on Commodities

1. Reaffirming the principles, objectives and commitments in Part IV of the General Agreement on Tariffs and Trade in the area of commodities;

2. Recognising the continued dependence of many less-developed contracting parties on the exports of a limited range of commodities;

3. Conscious of the need to devise measures designed to improve and stabilize the conditions of the world commodity markets;

4. CONTRACTING PARTIES meeting in Punta del Este at Ministerial level decide to take urgent and adequate multilateral action in the appropriate fora to implement measures designed to improve conditions of world commodity markets and to stabilise the prices for commodities at equitable and remunerative levels, including the bringing into operation of the Common Fund for Commodities and other measures agreed upon in the Integrated Programme for Commodities in UNCTAD.
Decision on the Need for Parallel Efforts in the Monetary and Financial Fields

1. Recognizing the linkage between development, trade money and finance CONTRACTING PARTIES express grave concern over the decline in the flow of financial resources to developing countries, the debt situation, the high level of interest rates, the misalignment and volatility of exchange rates and stringency in liquidity, on account of which the economic and financial situation in developing countries remains severely constrained.

2. Conscious of the fact that solutions to imbalances whose origin lies in the monetary and financial areas cannot be found in trade negotiations and that determined and concerted action is, therefore, required in the monetary and financial fields, CONTRACTING PARTIES agree:

   a) to start a parallel process to review and reform the international financial and monetary system to be conducted in appropriate fora to be agreed upon by all interested countries;

   b) to examine in depth in GATT all the effects of exchange rate fluctuations on international trade.