DRAFT MINISTERIAL DECLARATION

The following communication, dated 17 July 1986, has been received by the Chairman of the Preparatory Committee from the delegations of Colombia and Switzerland with the request that it be circulated to all members of the Preparatory Committee.

Following intensive consultations with a large number of delegations we would like you to circulate as a formal document of the Preparatory Committee the enclosed Draft Ministerial Declaration.
DRAFT MINISTERIAL DECLARATION

THE MINISTERS /
CONTRACTING PARTIES

DETERMINED to halt and reverse protectionism and to remove distortions to trade

DETERMINED also to develop a more open, viable and durable multilateral trading system

CONVINCED that such action would promote growth and development

DECIDE to enter into Multilateral Trade Negotiations (MTN's) within the framework and under the aegis of the General Agreement on Tariffs and Trade and to conclude these Negotiations in ....[1989]...

OBJECTIVES

Negotiations shall aim to:

(a) bring about further liberalisation and expansion of world trade to the benefit of all countries, especially less developed contracting parties, including the improvement of access to markets by the reduction and elimination of tariffs, quantitative restrictions and other non-tariff measures and obstacles;

(b) strengthen the rôle of GATT, improve the multilateral trading system based on the principles and rules of the GATT and bring about a wider coverage of world trade under agreed, effective and enforceable multilateral disciplines;

(c) increase the responsiveness of the GATT System to the evolving international economic environment, inter alia, through enhancing the relationship of the GATT with the relevant international organisations; and taking account of changes in trade patterns and prospects, serious difficulties in commodity markets, the importance of an improved trading environment for the ability of indebted countries to meet their financial obligations, and the need for complementary and effective action in the interrelated areas of money, finance and trade.
GENERAL PRINCIPLES GOVERNING NEGOTIATIONS

(a) Negotiations should be conducted in a manner consistent with the objectives and commitments agreed and with the principles of the General Agreement in order to ensure mutual advantage and increased benefits to all participants.

(b) [The negotiations should be considered one undertaking. However, to the extent practicable, balanced concessions should be sought within broad trading areas and subjects to be negotiated in order to avoid unwarranted cross-sectional demands. Furthermore, agreements reached during the negotiations may be implemented on a provisional basis. [The negotiations should aim to achieve early results in as many areas as possible, in particular in safeguards, tropical products, agriculture, dispute settlement, counterfeit trade and natural resource products.]]

(c) The negotiations shall respect the principle of transparency.

(d) [Ministers] agree that the principle of differential and more favourable treatment embodied in Part IV and other relevant provisions of the General Agreement and in the Decision of Contracting Parties of 28 November 1979 on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries applies to the negotiations and to the standstill and roll-back.

(e) The developed countries do not expect reciprocity for commitments made by them in trade negotiations to reduce or remove tariffs and other barriers to the trade of developing countries, i.e. the developed countries do not expect the developing countries, in the course of trade negotiations, to make contributions which are inconsistent with their individual development, financial and trade needs. Developed contracting parties shall therefore not seek, neither shall less-developed contracting parties be required to make, concessions that are inconsistent with the latters' development, financial and trade needs.

(f) Less-developed contracting parties expect that their capacity to make contributions or negotiated concessions or take other mutually agreed action under the provisions and procedures of the General Agreement would improve with the progressive development of their economies and improvement in their trade situation and they would accordingly expect to participate more fully in the framework of rights and obligations under the General Agreement.

(g) Special attention shall be given to the particular situation and problems of the least developed countries and to the need to encourage positive measures to facilitate expansion of their trading opportunities.
STANDSTILL AND ROLLBACK

Commencing immediately and continuing until the formal completion of the Negotiations, each participant agrees to apply the following commitments on standstill and rollback [on trade in goods]:

Standstill

I  (a) not to take any trade restrictive or distorting measure inconsistent with [or not based on] the provisions of the General Agreement [and/or] the Instruments negotiated within the framework of GATT or under its auspices;

(b) not to take any trade restrictive or distorting measure in the legitimate exercise of its GATT rights, which would go beyond that which is necessary to remedy specific situations as provided for in the General Agreement and the Instruments referred to in I(a) above.

II Participants agree not to take any measures with a view to improving negotiating positions.

Rollback

Each participant agrees that all measures inconsistent with [, or not based on,] the provisions of the General Agreement or Instruments negotiated within the framework of GATT [and/or] under its auspices, shall be phased out or brought into conformity within an agreed timeframe not later than the formal completion of the negotiations [, taking into account multilateral agreements, undertakings and understandings, including strengthened rules and disciplines, reached in the course of the negotiations]. There shall be progressive implementation of this commitment on an equitable basis under a programme agreed in consultations among participants concerned, including all affected participants. The development of the programme shall take account of measures raised by affected participants. There shall be no concessions requested for the elimination of these measures.

Surveillance of Standstill and Rollback

Participants agree that the implementation of these commitments on standstill and rollback shall be subject to multilateral surveillance so as to ensure that these commitments are being met. The Trade Negotiations Committee will decide on the appropriate mechanisms to carry out the surveillance, including periodic reviews and evaluations. Any participant may bring to the attention of the appropriate surveillance mechanism any actions or omissions it believes to be relevant to the fulfilment of these commitments. These notifications should be addressed to the GATT Secretariat which may also provide further relevant information.
SUBJECTS FOR NEGOTIATIONS

Safeguards

(i) A comprehensive agreement on safeguards is of particular importance to the strengthening of the GATT System and to progress in the MTN's.

(ii) The agreement on safeguards:

- shall be based on the principles of the General Agreement [and in particular Article I];

- shall contain, inter alia, the following elements: transparency, coverage, objective criteria for action including the concept of serious injury or threat thereof, temporary nature, degressivity and structural adjustment, compensation and retaliation, notifications, consultation, multilateral surveillance and dispute settlement; and

- shall clarify and reinforce the disciplines of the General Agreement and be binding on all contracting parties.

Subsidies and countervailing measures

Negotiations on subsidies and countervailing measures shall be based on a review [and/or interpretation] of Articles VI and XVI and the MTN agreement on subsidies and countervailing measures with the objective of improving GATT disciplines relating to all subsidies and countervailing measures that affect international trade, [particularly to the reduction and elimination of export subsidies].

GATT Articles

Participants shall review existing GATT provisions and disciplines as requested by interested contracting parties, and, as appropriate, undertake negotiations.

[Services

Negotiations in this area shall aim to establish a multilateral framework of principles and rules for trade in services with a view to increasing transparency and liberalizing trade, having regard to the growth and development concerns of less developed countries.

Negotiations shall also aim to elaborate possible disciplines for various service sectors, taking into account both the general objectives of national and international laws and regulations applying to services and the work of other relevant international organisations.
When the framework of principles and rules referred to above has been established, the CONTRACTING PARTIES shall take a decision regarding its incorporation into the GATT System.

[Trade Related Aspects of Intellectual Property Rights, including Trade in Counterfeit Goods]

In order to reduce distortions and impediments to international trade arising from the lack of adequate and effective protection of intellectual property rights, negotiations shall aim:

- to promote a more effective and generalized application of existing international standards in intellectual property matters;

- to ensure that measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade; and

- to clarify and elaborate rules and disciplines with respect to these matters.

Negotiations shall aim to develop a multilateral framework of principles, rules and disciplines dealing with international trade in counterfeit goods, taking into account work already undertaken in the GATT.

These negotiations shall be without prejudice to other complementary initiatives that may be taken in the World Intellectual Property Organisation and elsewhere to deal with these matters.

MTN Agreements and Arrangements

Negotiations shall aim to improve, clarify, or expand, as appropriate, agreements and arrangements negotiated in the Tokyo Round of Multilateral Negotiations.

[[Trade Related Investment Measures]
[Trade Related Aspects of Foreign Direct Investment]]

Negotiations should examine the adequacy of existing GATT rules related to the trade restrictive and distorting effects of investment measures and elaborate, as appropriate, further disciplines which may be necessary to avoid adverse effects on trade.

Agriculture

[Ministers] agree that there is an urgent need to bring more discipline and predictability to world agricultural trade by correcting and preventing restrictions and distortions so as to reduce the uncertainty, imbalances and instability in world agricultural markets.
Negotiations shall aim to achieve greater liberalisation of trade in agriculture and bring all measures affecting import access and export competition under strengthened and more operationally effective GATT rules and disciplines, by:

(i) improving market access through, inter alia, the reduction of import barriers; and

(ii) improving the competitive environment by increasing discipline on the use of all subsidies affecting agricultural trade [including the phasing out in an agreed timeframe of export subsidies.]

[Negotiations shall include an examination of the causes of structural surplus stocks and the means of resolving the problem of their disposal in a manner which does not distort international markets, and of preventing their recurrence.]

[Negotiations shall ensure a balance of rights and obligations, and take into account the special needs of the developing countries, the specific characteristics and problems in agriculture and the need to base trade on comparative advantage.]

[The 1984 recommendations of the CONTRACTING PARTIES which were developed in accordance with the 1982 Ministerial Declaration shall form a basis for the negotiations on agriculture, taking into account, inter alia, the approaches elaborated in the work of the Committee on Trade in Agriculture.]

**Dispute settlement**

Negotiations shall aim to improve and strengthen the rules and the procedures of the dispute settlement process, while recognizing the contribution which would be made by more effective and enforceable GATT rules and disciplines. They shall include the development of adequate arrangements for overseeing and monitoring of the procedures that would facilitate compliance with adopted recommendations and ensure prompt and effective resolution of disputes to the benefit of all contracting parties.

**Tariffs**

Negotiations shall aim, by appropriate methods, to reduce or, as appropriate, eliminate tariffs including the reduction or elimination of high tariffs and tariff escalation. Emphasis shall be given to the expansion of the scope of tariff concessions among all participants.

**Non-tariff measures**

Negotiations shall aim to reduce or eliminate non-tariff measures, including quantitative restrictions, without prejudice to any action to be taking in fulfilment of the rollback commitments.
Textiles and Clothing

[Negotiations in the area of textiles and clothing shall aim to formulate modalities that would permit the eventual integration of this sector into GATT on the basis of strengthened GATT rules and disciplines, thereby also contributing to the objective of further liberalisation of trade.]

Tropical products

Negotiations shall aim at the fullest liberalisation of trade in tropical products, including in their processed and semi-processed forms and shall cover both tariff and all non-tariff measures affecting trade in these products.

[[Ministers] recognize the importance of trade in tropical products to a large number of less developed contracting parties and agree that negotiations in this area shall receive special attention, including the timing of the negotiations and the implementation of the results as provided for in page 3, (b).]

Natural Resource Based Products

Negotiations shall aim to achieve the fullest liberalisation of trade in natural resource based products, including in their processed and semi-processed forms. The negotiations shall aim to reduce or eliminate tariff and non-tariff measures, including tariff escalation.

[High Technology

Negotiations shall aim to reduce or eliminate tariff and non-tariff barriers to trade in high technology products.]

FUNCTIONING OF THE GATT SYSTEM

Negotiations shall aim to develop arrangements:

- to enhance the surveillance by the GATT to enable regular monitoring of trade policies and practices of contracting parties and their impact on the functioning of the multilateral trading system;

- to improve the overall effectiveness and decision-making of the GATT System, inter alia, through the involvement of Ministers; and

- to strengthen the relationship of GATT with international organisations which are responsible for monetary and financial policies to ensure the coherence of global economic policies.
PARTICIPATION

(a) [Ministers] agree that the Negotiations will be open to all contracting parties, countries having acceded provisionally, countries applying the GATT on a de facto basis having expressed an interest to participate in the negotiations not later than [1986], interested countries in the process of acceding finally or provisionally, [and] interested countries whose current status as a contracting party is under consideration [and other [developing] countries having expressed an interest to participate in the negotiations not later than [1986]].

(b) Participation in negotiations relating to the amendment or application of GATT provisions or the negotiation of new provisions will, however, be open only to contracting parties.

ORGANISATION OF THE NEGOTIATIONS

A Trade Negotiations Committee is established to conduct the programme of negotiations contained in the Declaration, inter alia:

(1) to elect its Chairman and to organize its programme of work

(2) to elaborate and put into effect detailed trade negotiating plans [prior to 19th December 1986]

(3) to designate the appropriate mechanism for surveillance of commitments to standstill and rollback

(4) to establish negotiating groups on the following issues:

Negotiating Group 1: (........)
Negotiating Group 2: (........)
Negotiating Group 3: (........)

[Because of the important and complex problems of the agricultural sector] negotiations on [all aspects of] agricultural trade will be conducted [primarily] in a [single] negotiating group under the authority of the TNC, [recognizing that any other negotiating group may take up issues related to agriculture].

(5) to coordinate the work of the negotiating groups and to supervise the progress of the Negotiations

(6) [to meet, as appropriate, at Ministerial level]

The Trade Negotiations Committee shall hold its first meeting not later than [31st October] 1986.
[Ministers] agree to meet in the course of the Negotiations to review progress made [and to this end, request the Chairman of the CONTRACTING PARTIES, in consultation with the Chairman of the Trade Negotiations Committee and the Director-General to fix a date], preferably at the end of 1987. The review of the results to date shall be carried out taking account of the objectives and commitments set out in the Declaration.

In order to ensure effective application of differential and more favourable treatment [the TNC], before the formal completion of the negotiations, shall conduct an evaluation of the results attained therein in terms of the objectives and negotiating principles set out in the Declaration, taking into account all issues of interest to less developed countries.

When the results of the negotiations in all areas have been established, the CONTRACTING PARTIES shall take a decision regarding the incorporation of the respective results into the GATT System.