The following communication, dated 30 July 1986, has been received from the delegations of Colombia and Switzerland with the request that it be circulated to all members of the Preparatory Committee.

Following our letters dated July 17 and July 28, we would like you to circulate the enclosed document as PREP.COM(86)W/47/Rev.2. This document represents the culmination of intensive consultations among a large number of participants in the Preparatory Committee. We believe it has broad support to be the basis for discussion by Ministers at Punta del Este. We therefore request that it be forwarded to Ministers as the basis for their consideration.
DRAFT MINISTERIAL DECLARATION

CONTRACTING PARTIES meeting at Ministerial level

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

DETERMINED also to preserve the basic principles and to further the objectives of the GATT

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 within four years.

I. OBJECTIVES

Negotiations shall aim to:

(a) bring about further liberalization 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 role 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 facilitating necessary structural adjustment, enhancing the relationship of the GATT with the relevant international organizations; and taking account of changes in trade patterns and prospects, serious difficulties in commodity markets, the importance of an improved trading environment providing, _inter alia_, 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.
II. GENERAL PRINCIPLES GOVERNING NEGOTIATIONS

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

(b) The launching, the conduct and the implementation of the outcome of the negotiation shall be treated as parts of a single undertaking. However, agreements reached at an early stage may be implemented on a provisional or a definitive basis by agreement prior to the formal conclusion of the Negotiations. Early agreements shall be taken into account in assessing the overall balance of the negotiations.

(c) Balanced concessions should be sought within broad trading areas and subjects to be negotiated in order to avoid unwarranted cross-sectoral demands.

(d) CONTRACTING PARTIES 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. In the implementation of standstill and rollback, particular care should be given to avoiding disruptive effects to the trade of less-developed contracting parties.

(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. Expeditious implementation of the relevant provisions of the 1982 Ministerial Declaration concerning the least developed countries shall also be given appropriate attention.

III. STANDSTILL AND ROLLBACK

Commencing immediately and continuing until the formal completion of the Negotiations, each participant agrees to apply the following commitments:

Standstill

(a) not to take any trade restrictive or distorting measure inconsistent with the provisions of the General Agreement 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, that would go beyond that which is necessary to remedy specific situations, as provided for in the General Agreement and the Instruments referred to in (a) above;

(c) not to take any trade measures in such a manner as to improve its negotiating positions.

Rollback

(a) that all trade restrictive or distorting measures inconsistent with the provisions of the General Agreement or Instruments negotiated within the framework of GATT or under its auspices, shall be phased out or brought into conformity within an agreed timeframe not later than by the date of the formal completion of the negotiations, taking into account multilateral agreements, undertakings and understandings, including strengthened rules and disciplines, reached in pursuance of the Objectives of the Negotiations;

(b) there shall be progressive implementation of this commitment on an equitable basis in consultations among participants concerned, including all affected participants. This commitment shall take account of the concerns expressed by any participant about measures directly affecting its trade interests;

(c) there shall be no GATT-concessions requested for the elimination of these measures.
Surveillance of standstill and rollback

Each participant agrees 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.

IV. SUBJECTS FOR NEGOTIATIONS

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 taken in fulfilment of the rollback commitments.

Tropical products

Negotiations shall aim at the fullest liberalization 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.

CONTRACTING PARTIES 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 II(b).

Natural resource-based products

Negotiations shall aim to achieve the fullest liberalization 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 products]

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

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 liberalization of trade.]

Agriculture

CONTRACTING PARTIES agree that there is an urgent need to bring more discipline and predictability to world agricultural trade by correcting and preventing restrictions and distortions including those related to structural surpluses so as to reduce the uncertainty, imbalances and instability in world agricultural markets.

Negotiations shall aim to achieve greater liberalization 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 agriculture trade, including consideration of possible phased reduction within an agreed time-frame of the negative effects of direct and indirect subsidized competition on world markets;

(iii) minimising the adverse effects that sanitary and phytosanitary regulations and barriers can have on trade in agriculture, taking into account the relevant international agreements.

In order to achieve the above objectives, the negotiating group dealing with all aspects of agriculture will use the Recommendations adopted by the CONTRACTING PARTIES at their Fortieth Session, which were developed in accordance with the GATT 1982 Ministerial Programme and take account of the approaches suggested in the work of the Committee on Trade in Agriculture without prejudice to other alternatives that might achieve the objectives of the Negotiations.
GATT Articles

Participants shall review existing GATT articles, provisions and disciplines as requested by interested contracting parties, and, as appropriate, undertake 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 basic principles of the General Agreement;

- 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 should apply to all contracting parties.

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.

Subsidies and countervailing measures

Negotiations on subsidies and countervailing measures shall be based on a review 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. A negotiating group will be established to deal with these issues.

Dispute settlement

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

[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 Organization and elsewhere to deal with these matters.]

[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 developing 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 organizations.

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 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 that may be necessary to avoid adverse effects on trade.]
V. FUNCTIONING OF THE GATT SYSTEM

Negotiations shall aim to develop understandings and arrangements:

(i) to enhance the surveillance in 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;

(ii) to improve the overall effectiveness and decision-making of the GATT as an institution, including, inter alia, through involvement of Ministers;

(iii) to increase the contribution of the GATT to achieving greater coherence in global economic policy-making through strengthening its relationship with other international organizations responsible for monetary and financial matters.

VI. PARTICIPATION

(a) Negotiations will be open to:

(1) - all contracting parties,

(2) - countries having acceded provisionally,

(3) - countries applying the GATT on a de facto basis having announced, not later than 31 October 1986, their intention to accede to the GATT and to participate in the negotiations and,

(4) - countries that have already informed the CONTRACTING PARTIES, at a regular meeting of the Council of Representatives, of their intention to negotiate the terms of their membership as a contracting party.

(5) - developing countries that have, by 19 December 1986, initiated procedures for accession to the GATT, with the intention of negotiating the terms of their accession during the course of the negotiations.

(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.
VII. ORGANIZATION OF THE NEGOTIATIONS

A Trade Negotiations Committee, (TNC), is established to carry out the programme of negotiations contained in the Declaration and shall hold its first meeting not later than 31 October 1986. The TNC shall, inter alia:

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

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

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

(4) establish the following negotiating groups:

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

Because of the interrelationship of some issues and taking fully into account the general principles governing the negotiations as stated in paragraph II(c) it is recognized that aspects of one issue may be discussed in more than one negotiating group. Therefore each negotiating group should as required take into account relevant aspects emerging in other groups.

(5) also decide upon inclusion of additional subject matters in the negotiations;

(6) co-ordinate the work of the negotiating groups and to supervise the progress of the Negotiations. As a guideline not more than two negotiating groups should meet at the same time;

(7) meet, as appropriate, at Ministerial level. Such a meeting should take place in the course of the Negotiations to review progress made. 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 shall, before the formal completion of the negotiations, conduct an evaluation of the results attained therein in terms of the Objectives and the General Principles Governing Negotiations as set out in the Declaration, taking into account all issues of interest to less-developed contracting parties.

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