

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED  
Spec(85)61  
11 November 1985

## GROUP OF SENIOR OFFICIALS

### Draft Report to the CONTRACTING PARTIES

1. At their Special Session held on 30 September-2 October 1985, the CONTRACTING PARTIES took the following Decision on 2 October 1985 (L/5876):

"The CONTRACTING PARTIES meeting in Special Session agree that:

- a preparatory process on the proposed new round of multilateral trade negotiations has now been initiated;
- in order to further this process, a group of senior officials, open to all contracting parties, is established; it will meet for the first time on 14 October;
- this group will report to the CONTRACTING PARTIES at their November session;
- at that session of the CONTRACTING PARTIES, a decision will be taken on the establishment of a Preparatory Committee to prepare the basis for the launching of a new round.

It is understood that:

- the senior officials' group will examine the subject matter and modalities of the proposed negotiations in the light of the GATT Work Programme and priorities for the 1980's as contained in the Ministerial Declaration of 1982 and the continuing consideration of changes in the trading environment so as to ensure that the GATT is responsive to these changes;
- the work of the senior officials' group will not prejudice the ongoing work of the GATT in terms of the 1982 Work Programme, and

will not prejudice the work on services in terms of the 1982 and 1984 decisions and agreed conclusions of the CONTRACTING PARTIES; the November session will also receive reports on this ongoing work."

2. In pursuance of this Decision, the Group of Senior Officials met on 14, 15, 16, 22, 23, 30 and 31 October and 1, 8, [...] November 1985 under the Chairmanship of Ambassador F. Jaramillo (Colombia).

3. The Group had a wide-ranging exchange of views with regard to the proposed new round of negotiations.

4. As agreed by the Group, as part of its report, a full record of the statements and observations made would be prepared and issued by the secretariat before the Forty-first Session of the CONTRACTING PARTIES. The Group noted that, in their statements in the Group's meetings, a number of delegations had referred to the explanations of their positions given in written communications and statements<sup>1</sup> by them with regard to the proposed new round of negotiations, as well as to relevant statements made by them in the Council debates on 5-6 June and 17-19 July 1985 (C/M/190 and C/M/191 respectively) and in the special Session of the CONTRACTING PARTIES held on 30 September - 2 October 1985 (4SS/SR/1-5). The Group also agreed that note should be taken, in reviewing the records of its discussions, of the fact that some delegations had frequently refrained from intervening in these discussions because they felt that their positions had been adequately set out in the communications, statements and records referred to above, or had been expressed by another delegation.

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<sup>1</sup>Developing countries L/5647 and L/5744, 24 Developing countries L/5818 and Add.1, ASEAN countries L/5848, Australia L/5842, Austria L/5849, Brazil L/5852, Canada L/5834 and L/5836, Chile L/5850, EFTA countries L/5804, European Communities L/5835, Japan L/5833, Korea L/5851, New Zealand L/5831, Nordic countries L/5827, Switzerland L/5837 and L/5883 (originally issued as Spec(85)(52), United States L/5838 and L/5846.

5. The Group first discussed the general objectives of the proposed new round of multilateral trade negotiations.

6. The Group then proceeded to discuss, in turn, a large number of elements included in the Work Programme established by Ministers in November 1982. These elements were standstill and rollback, the treatment and contribution of developing and least-developed countries, trade in agriculture, safeguards, dispute settlement, textiles, tropical products, non-tariff measures, tariffs, the MTN agreements and arrangements, structural adjustment, trade in counterfeit goods, exports of domestically prohibited goods, export credits for capital goods, problems of trade in certain natural resource products, exchange rate fluctuations and their effects on trade, and services. In discussing all these matters, the Group paid due regard to the understandings included in the CONTRACTING PARTIES Decision of 2 October 1985, reproduced in paragraph 1 of the present report. In the discussion of services, in particular, delegations recalled that the work of the Group must not prejudge the work on this subject taking place in terms of the 1982 and 1984 Decisions and agreed conclusions of the CONTRACTING PARTIES.

7. Following discussion on the preceding topics, views were expressed on a number of other topics not mentioned in the Work Programme. These were the possible desirability of reviewing certain provisions of the General Agreement, improvement and strengthening of the GATT system, compensatory trade, trade in high-technology goods, trade-related investment measures, and the relationship of trade with monetary and financial issues. In the view of some delegations, examination of these topics was necessary in the light of the continuing consideration of changes in the trading environment, so as to ensure that the GATT is responsive to these changes. In the view of some other delegations, some of these issues did not fall within the scope and competence of the GATT.

8. Finally the Group discussed possible modalities of the proposed new round of multilateral trade negotiations. In doing so it reverted to certain issues, such as standstill and rollback, and the treatment and contribution of developing and least-developed countries which, although discussed earlier, were considered by some delegations to be essential elements in the discussion of modalities.

9. The Group agreed that the discussions it had held had been a useful and necessary part of the preparatory process which had been initiated on the proposed new round of negotiations. The elaboration and clarification of individual positions had permitted delegations to make their own views known, and to form a clearer understanding of the interests and concerns of other contracting parties. The contributions from all speakers in the discussions pertaining to the objectives, subject matter, and modalities concerning the new round had thus greatly facilitated the task of the Group in carrying out the mandate given to it at the special Session of the CONTRACTING PARTIES.

10. It was noted that no participant had opposed the launching of a new round of negotiations in principle.

11. There was a very broad measure of agreement in the Group that the general objectives of the proposed round should be to strengthen the multilateral trading system and GATT, and to promote a further liberalization and expansion of world trade.

12. Some delegations felt that these goals were best served through a significant enlargement of access for developing-country exports to developed-country markets which, in turn, would enable the former to expand their capacity to absorb higher levels of imports from the latter and thus lead to a mutually beneficial expansion of world trade.

13. Some delegations considered that account would have to be taken of the commercial and trade interests of all contracting parties if the proposed multilateral negotiations were to be successful. Stress needed also to be laid on adapting the trading system to meet changing circumstances.

14. It was noted that delegations had made proposals and indicated priorities in respect of specific subjects to be included in the proposed new round. The inclusion of very many of the subjects proposed was not questioned, even if there were widely varying assessments of the scope for action on some of these subjects.

15. With respect to a number of subjects, however, support was less general, and in some cases, reservations were expressed. In particular, several delegations expressed strong reservations as regards the inclusion of certain subjects which in their view were outside the competence of the General Agreement, and whose discussion would, they believed, divert attention from problems outstanding in GATT's traditional areas which demanded priority attention.

16. With regard to these latter subjects, a number of other participants did not agree with the views of those delegations which had reservations. They felt, moreover, that there were critical problems in these areas which needed to be addressed urgently, and that unless GATT addressed them, it would not be responding to the challenges created by a changing international economic environment.

17. Some delegations suggested that difficulties in approaching some of these subjects might be eased by distinguishing three categories of issues: those which formed a normal part of work in the context of GATT, those which might involve changes in the content or scope of the General Agreement itself, and those which were outside GATT, but in relation to which GATT ought to take a view.

18. In the context of the discussion of modalities for the proposed negotiations, the Group noted that while some specific suggestions had been forthcoming on the questions of the timing and duration of the proposed new round of negotiations, and of the participation in these negotiations of non-contracting parties, a large number of participants had not stated their positions on these points.

19. Some delegations considered that, in order to broaden support for the proposed new round of negotiations, further clarification would be necessary as to the treatment of certain issues. It was their view that positive and constructive responses would be necessary from their trading partners to their specific proposals in areas of priority concerning standstill and rollback, safeguards and the special and differential treatment to be provided for developing countries, as well as on tropical products, quantitative restrictions and other non-tariff measures.

20. A number of these delegations said that, before a decision could be taken on establishment of a Preparatory Committee for the proposed new round of negotiations, it would be necessary in particular that firm and credible individual commitments be undertaken by all participants on a standstill on protective action and with regard to negotiations on safeguards. Moreover, in their view it was essential, before a new round of negotiations was actually launched, that similar understandings be reached as regards a number of other issues, and in particular that of rollback by developed countries of existing protective measures.

21. Some delegations noted that standstill commitments, in particular, were a technical necessity for negotiations.

22. A number of other participants considered that preconditions should not be established for the negotiating process. However, they recognized the concerns expressed, and agreed that it was important to address them in the context of the proposed negotiations, to which end the establishment of a Preparatory Committee appeared to them to be the logical next step.

23. A number of delegations, referring to the concerns expressed in paragraphs 19 and 20, continued to believe that it was necessary to enlarge the area of consensus among contracting parties before moving ahead on proposals for a new round of negotiations. Many delegations, however, maintained that the solutions to many of the problems brought up in the discussion on subject matter and modalities could best be found in the larger context of the proposed new round of negotiations and that the Group could not prejudice the work of a Preparatory Committee or the results of the negotiations. They accordingly urged that at the November Session of the CONTRACTING PARTIES a decision should be taken to establish a Preparatory Committee to prepare the basis for the launching of a new round of multilateral trade negotiations.