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LATIN AMERICA AND THE FORTHCOMING MULTILATERAL
TRADE NEGOTIATIONS

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Chapter I

GENERAL BACKGROUND

1. International action 1963-1970

1. At the close of the ministerial meeting of GATT held in May 1963, the Ministers adopted important conclusions and resolutions for the expansion of trade of developing countries, which constitute a useful starting point for the interpretation of the process of adjustments in the sphere of international trade which will culminate in the forthcoming multilateral negotiations. The "Programme of Action" in favour of the developing countries adopted by GATT on that occasion envisaged, inter alia: (i) the standstill provision; (ii) elimination or relaxation of quantitative restrictions; (iii) duty-free entry for tropical products; (iv) elimination of tariffs on primary products; (v) reduction and elimination of tariff barriers to exports of semi-processed and processed products; (vi) progressive reduction of internal fiscal charges and revenue duties; (vii) procedures for reporting on progress made in the implementation of the foregoing decisions; and (viii) the adoption of other measures designed to facilitate the efforts of less-developed countries to diversify their economies, strengthen their export capacity and increase their earnings from overseas sales. If this Programme of Action had been implemented as originally scheduled, it would have substantially improved conditions for the expansion of trade by the developing countries, but it did not secure the consensus of all the industrialized Contracting Parties, and there was not even a minimum of de facto implementation of it.

2. At the first and second sessions of UNCTAD an important set of general and special principles was adopted to govern economic relations and international co-operation conducive to development. A number of resolutions concerned with arrangements for specific measures to secure the fulfilment of these principles were also adopted. Once again, however, the failure - even by developed countries which had fully accepted them - to put many of the principles and measures agreed to into practical effect has led to a clear awareness in the developing countries of the need to strengthen international action designed to secure positive results from these principles. For instance, General Principle Seven adopted at the first session of UNCTAD states categorically that: "Developed countries shall progressively reduce and eliminate barriers and other restrictions

/that hinder

that hinder trade and consumption of products from developing countries and take positive measures such as will create and increase markets for the exports of developing countries". General Principle Eight states that: "New preferential concessions, both tariff and non-tariff, should be made to developing countries as a whole and such preferences should not be extended to developed countries". The principles and measures adopted by UNCTAD remain entirely valid, even though they have not been implemented. It is in the framework of the forthcoming trade negotiations within GATT that the political will of the developed countries to act in accordance with those principles will be put to the test, in the light of co-ordinated action by the developing countries to secure their implementation.

3. At the conclusion of the Kennedy Round of trade negotiations within GATT in June 1967, the participating developing countries noted, in a joint declaration, that the contracting parties which participated in the 1964-1967 Trade Conference had recognized that the following problems of major concern to the developing countries had not been solved satisfactorily during the negotiations: advance implementation of concessions in favour of developing countries; reduction or elimination of duties on products of particular export interest to the developing countries; tropical products; commodity agreements; compensation for loss of preferences; and removal of non-tariff barriers. In view of this situation, the developing Contracting Parties advocated the institution of new negotiations to promote the practical implementation of the conclusions and recommendations adopted at the 1963 and 1964 ministerial meetings and of the provisions of Part IV of the General Agreement. Subsequent trends in trade between the developing and developed countries have tended to justify the concern expressed by the former at the close of the Kennedy Round.

4. A few months after the conclusion of the Kennedy Round of negotiations, the secretariat of UNCTAD produced a document 1/ analysing and evaluating the results of those negotiations. The report showed that the tariff reductions applied only to a limited number of products of interest to the developing countries, that very little progress had been recorded in the dismantling of non-tariff barriers, that various sub-committees and working groups originally provided for did not work in practice, and that the concept of the principal supplier had led to an agreement among the big powers in the form of a package deal, while the negotiations with developing countries were carried out virtually on a bilateral basis

1/ "The Kennedy Round: estimated effects on tariff barriers" (TD/6/Rev.1).

and in terms of only relative "non-reciprocity", the interpretation of which was decided upon in practice by the developed countries themselves, since they generally withdrew offers or refused to negotiate with specific developing countries when they considered that they were not obtaining sufficient reciprocity from the latter.

5. The new part IV of the General Agreement, which should constitute one of the legal arms of the developing countries in trade negotiations within GATT, embodies a number of important aspirations of the developing countries in the field of international trade: the need for a rapid and sustained expansion of their export earnings; the need for efforts to ensure that less-developed countries secure a share in the growth of international trade and to ensure access to markets for primary products; diversification of the structure of the economies of the less-developed countries, and the need to give their manufactures and semi-manufactures access to the markets of developed countries. In order to give effect to these objectives, the developed Contracting Parties undertook, inter alia, to accord high priority to the reduction and elimination of barriers to products of interest to less-developed Contracting Parties, to refrain from introducing or increasing tariff or non-tariff barriers on those products, to refrain from imposing new fiscal measures, and to accord high priority to the reduction and elimination of fiscal measures which would hamper the growth of consumption of primary products.

6. The International Development Strategy for the decade 1970-1979 ^{2/} adopted unanimously by the Assembly, proposes the adoption by both the developed and the developing countries of various associated measures that are in line with a new conception of the international community as regards economic and social development. In the sphere of international trade, the strategy provides for the adoption of specific measures such as the conclusion of agreements or arrangements on commodities, the elaboration of an agreement on a set of general principles on pricing policy, the standstill principle, the reduction or elimination of tariff and other barriers to import of primary products, manufactures and semi-manufactures, measures to diversify the economies and exports of the developing countries, measures to solve the problems raised by synthetics and substitutes, and consultations on surplus disposal. Measures are also envisaged for the progressive elimination before 31 December 1972 of

^{2/} General Assembly resolution 2626 (XXV).

non-tariff barriers affecting developing countries trade in manufactures and semi-manufactures; the elaboration of a programme for assisting the adaptation and adjustment of industries in developed countries to facilitate the expansion of imports of manufactures from developing countries, and the identification of restrictive business practices affecting the trade of developing countries. In brief, the Strategy established a programme of action for the international community, aimed inter alia at modifying the structure of world trade to benefit the developing countries through measures to be implemented - for the most part - at the beginning of the decade.

2. The 1973 multilateral trade negotiations

7. Following the troubled period in the monetary and trade spheres which came to a head with the emergency measures adopted by the United States in August 1971, the major industrialized countries made considerable changes in their exchange parities and agreed to initiate efforts to achieve further progress in the multilateralization and liberalization of international trade relations. On 9 and 11 February 1972, two joint declarations, one by the United States and the European Economic Community, and the other by the United States and Japan, were formulated within GATT, expressing, in virtually identical wording, the need for a comprehensive review of international economic relations with a view to negotiating improvements in the light of the structural changes that have taken place in recent years. The review, it was stated, should cover all elements of trade, including "measures which impede or distort agricultural, raw material and industrial trade". At the same time, mention was made of the need to give special attention to the problems of developing countries.

8. The two joint declarations (USA/EEC and USA/Japan) are in accord in proposing that the multilateral negotiations advocated should be conducted "on the basis of mutual advantage and mutual commitment with overall reciprocity" and should cover agricultural as well as industrial trade. The declarations both indicate the intention to initiate and support in 1972 an "analysis and evaluation in the GATT of alternative techniques and modalities for multilateral negotiations of long-term problems affecting all elements of world trade" and state that their signatories will "seek to utilize every opportunity in the GATT for the settlement of trade problems, the removal of which would lessen current trade distortions, and will strive for further progress with respect to those matters now being discussed in the GATT Committee on Trade in

/Industrial Products

Industrial Products and the GATT Agricultural Committee". It is further stated that progress in this field could pave the way in GATT for "a new major initiative for dealing with longer-term trade problems". A point of disagreement in the joint United States/European Economic Community declaration is that the Community states that the conclusion of international commodity agreements is one means of achieving the expansion and liberalization of world trade, while the United States takes the view that "such agreements do not offer a useful approach to the achievement of these aims". The United States Centre explained that it held this view only in the case of temperate zone products. Since other contracting parties were invited to associate themselves with the declarations, the GATT Council, at a meeting held last March, accepted the proposal that multilateral negotiations should be initiated in 1973 and entrusted a special group with the task of making the necessary preparatory study. For their part, the developing member countries of GATT stated that, before they could decide whether to participate in the negotiations, they would have to know precisely what the terms of their participation would be.

9. The multilateral trade negotiations were widely discussed during the third session of UNCTAD in Santiago in April/May 1972 in which the Latin American countries played an active role. Both in the resolution adopted by consensus (82/III) and in the statement issued by the Group of 77, the developing countries drew attention to a set of principles which should be taken into account when formulating, with the full participation of the said countries, the modalities, techniques and basic rules for the negotiations. The following are the principles suggested:

- "(a) The developing countries, collectively or individually, shall not suffer, directly or indirectly, adverse or prejudicial effects as a result of these negotiations. On the contrary, the negotiations shall provide the developing countries with additional benefits that represent a substantial and meaningful improvement of their position in international trade, so that they secure an increasing share in the growth in international trade commensurate with the needs of their economic development on the basis of non-reciprocity, non-discrimination and preferential treatment;

/(b) If

- (b) If the preferential advantages enjoyed by developing countries are adversely affected by the results of these negotiations, the developed countries shall take additional measures to compensate the developing countries so affected;
- (c) Developed countries should provide more favourable and acceptable conditions of access to the products of developing countries and ensure for these products a larger share of the markets of developed countries, and where appropriate devise measures designed to attain stable, equitable and remunerative prices for their products;
- (d) All developing countries shall be entitled and enabled to participate fully, effectively and continuously in these negotiations in all their stages so that their interests are fully taken into account;
- (e) All the concessions which may be exchanged by developed countries among themselves should automatically be extended to all developing countries;
- (f) Concessions granted by the developed countries to developing countries need not be extended to developed countries;
- (g) In the negotiations among developing countries the tariff and other concessions which they may negotiate among themselves shall not be extended to the developed countries;
- (h) The negotiations should as a matter of priority secure significant concessions for the products of particular interest to least developed countries;
- (i) Utmost priority shall be accorded to the removal of all barriers to the products of export interest to developing countries in the markets of developed countries;
- (j) Concessions agreed upon in the negotiations in favour of developing countries shall be made available to them immediately and will not be phased."

10. In December 1972, the United Nations General Assembly adopted two resolutions connected with the problem of the multilateral trade negotiations in GATT. The first of these 3/ invites all Contracting Parties to GATT to give priority attention to the economic and development needs of developing countries during the preparatory work as well as in all stages of the multilateral trade negotiations and, accordingly, to re-examine those objectives of the developing countries in the multilateral trade negotiations that were not included in the summing-up by the Chairman of the Contracting Parties at its last session (November 1972), such as an increased share for the developing countries in world trade, an improvement in the conditions of access of their exports to the markets of the industrialized countries, and new rules for the international trade of those countries. It further declares that the negotiations should contribute effectively to a more equitable international division of labour. With slight modifications, the resolution reiterates the principles defined in UNCTAD resolution 82 (III) and invites the Contracting Parties to study and adopt: (i) new rules fully recognizing the right of developing countries to non-reciprocity, non-discrimination and preferential treatment; such rules to be incorporated in the General Agreement; (ii) objectives aimed at ensuring the acceleration of the economic development of developing countries and at defining in the trade negotiations specific goals, both global and sectoral, on a product-by-product basis; and (iii) measures to ensure the full participation in the negotiations of all developing countries, whether or not members of GATT. The resolution invites the GATT preparatory committee to study ways and means of arranging economic and financial compensation for any loss incurred by developing countries as a result of these negotiations. The resolution, which was adopted by 83 votes to 20 (all the members of Group B) with 6 abstentions, recommends inter alia that the negotiations should secure significant concessions in respect of primary commodities, including processed and semi-processed products, for the least developed among the developing countries 4/, with a view to improving substantially their exports of these products, and should secure the liberalization of tariff and non-tariff barriers on a preferential basis for the exports of developing countries, whether or not contracting parties to GATT.

3/ Resolution 3040 (XXVII).

4/ The special action or measures in favour of the least developed countries must guarantee that the interests of the other developing countries do not suffer in any way.

The second resolution adopted by the General Assembly 5/ welcomes resolutions 82 and 84 adopted at the third session of UNCTAD on multilateral trade negotiations and the international monetary situation, respectively, and takes note of the conclusions reached by the Trade and Development Board on the subject. It refers to the securing of additional benefits for the international trade of the developing countries so as to achieve a substantial increase in their foreign exchange earnings and the diversification and acceleration of their exports. It also invites the States members of UNCTAD to continue to pursue their efforts to include other fundamental objectives, such as the improvement of the conditions of access to markets and the solution of the problems caused by pricing policies. As regards assistance to developing countries, the resolution invites UNCTAD and the regional economic commissions to collaborate in the various stages of the negotiations and to give the highest priority to requests for assistance formulated by their member States.

5/ Resolution 3041 (XXVII).

Chapter II

STATE OF THE NEGOTIATIONS

1. Action within GATT

11. At the close of the Kennedy Round (November 1967), GATT put into effect a co-ordinated programme of work aimed at breaking new ground in the liberalization of world trade. To that end, it initiated a comprehensive review of residual tariff barriers, identification of non-tariff barriers, and examination of the principal problems affecting trade in agricultural products. This review consisted basically of the following tasks:

- (i) Study of the tariffs applied by the major developed countries in various sectors, with special regard to the problem of tariff differentials;
- (ii) Identification of non-tariff barriers (standards, licenses, restitutions, subsidies, quotas, etc.) and possible forms of action (negotiation on a product-by-product basis, codes of conduct, agreed principles, etc.);
- (iii) Identification and analysis of the instruments used to protect or encourage agricultural production and of the measures and machinery employed in respect of imports and exports; and
- (iv) Analysis, on a product-by-product and case-by-case basis, of the restrictions affecting trade in products of special interest to the developing countries.

12. The technical work done by the Committee on Trade in Industrial Products, the Agriculture Committee and the Committee on Trade and Development, as well as by various special groups, covered the following fields:

/(a) Tariffs

- (a) Tariffs and trade: analysis of the tariffs imposed by the developed countries, examination of their structure by sectors and stages of processing, and tabulation of products of particular interest to developing countries. A list was made of the products subject to high tariffs and duties and/or high tariff differentials in which those countries had a large share of trade;
- (b) Non-tariff barriers: classification of the notifications by contracting parties (quantitative restrictions, government acquisitions, subsidies, minimum support prices, customs valuation practices, standards, licensing, sanitary measures, etc.), and initiation of a discussion regarding solutions and possible agreements to eliminate or reduce the impact of such barriers on trade. Some developing countries took up special positions on such matters as elaboration of codes of conduct, priority reduction of restrictions, elimination by developed countries of duties on licences for products originating in developing countries, quota increases, reduction or elimination of internal duties (particularly when such duties are standardized in the EEC), etc;
- (c) Agricultural products: identification of the instruments of protection used by the Contracting Parties, classification of these instruments (production incentives, import regulations, promotion of research activities, sanitary measures, etc.) and consideration in the Agriculture Committee of the approach to be adopted to the procedure to be followed in each case, taking into account the particular interests of the developing countries.

13. The preparatory work within GATT, particularly in connexion with the techniques and modalities of negotiation, is essentially being carried out by the Ad Hoc Working Group of the Agriculture Committee, the Committee on Trade in Industrial Products and its different working parties (working party on tariff study, and working parties 1 to 4 on non-tariff barriers), and the Committee on Trade and Development. In the agricultural sector, the study has thus far covered:

- direct and indirect techniques for eliminating or limiting aid to exports;
- techniques and modalities of negotiation on customs duties, variable duties and other special charges;
- techniques and modalities in respect of quantitative restrictions;
- health and sanitary regulations, marketing norms and the licensing system; and
- techniques and modalities of negotiation on production measures.

The GATT secretariat prepared a working document on negotiating techniques and modalities for industrial products which incorporates most of the techniques in respect of tariff and non-tariff barriers used or advocated in negotiations up to the present. This document was subsequently complemented by a preliminary review of the implications for the developing countries of the different techniques and modalities for the trade negotiations. This latter document places special emphasis on the advantages or disadvantages over the Generalized System of Preferences of the various techniques in the field of tariffs, such as negotiation on a commodity-by-commodity basis, the continuation of the reductions which emerged out of the Kennedy Round, the introduction of exemptions from duties, across-the-board reduction, and the harmonization and combination of these techniques. However, it does not refer to differences in tariff treatment according to degree of processing, nor does it envisage priority action to eliminate restrictions on products of special interest to developing countries, or the elimination by the developed countries of duties or charges on non-competitive products.

14. The activities of the Agriculture Committee and the Working Group on Techniques and Modalities has thus far been of an exploratory nature, since the participants have not committed themselves as regards the choice of or preference for specific methods or techniques applicable to the agricultural sector within the context of the negotiations. This work was hampered throughout 1972 by the failure to arrive at a definition of the general objectives of the negotiations and the particular objectives in the agricultural field. In this respect, some delegations mentioned the need to guarantee stable markets for agricultural products, ensure the regular expansion of trade in these commodities, promote co-operation between exporters and importers, give special consideration to the developing countries' interests and make significant progress towards removing the barriers to international trade in agricultural products. A document prepared by the secretariat of GATT on the possible implications for the developing countries of the proposed techniques and

/modalities in

modalities in the agricultural sector is to be extensively analysed in the near future. At meetings of the Committee, representatives of several developing countries referred to some points of particular interest to them, such as: the elimination of the scaling up of duties on processed and semi-processed agricultural products according to the stage of processing; the implementation of the objectives envisaged in Part IV of the General Agreement (article XXXVI), the value of linking the question of access to that of obtaining remunerative prices; the elimination of barriers on a preferential non-reciprocal basis; the adoption of the criterion of the "developing countries' share of trade" instead of the "principal supplying interest" and "substantial interest" concepts; the priority elimination of export subsidies for products of interest to the developing countries; and the possibility of additional technical assistance for adapting certain rules (sanitary regulations or other non-tariff barriers) so as to take account of the particular problems of the developing countries.

15. The Committee on Trade in Industrial Products also stressed its need for guidelines concerning the forthcoming multilateral negotiations in order to continue its work on the identification of techniques and modalities applicable to those negotiations. The developing countries which participated in the Committee's discussions agreed that it was urgently necessary to adopt specific objectives on the basis of which "special techniques and modalities for solving the export trade problems of developing countries" could be established. To that end, they considered it desirable to reduce the nominal and real tariff protection for products of export interest to them, and to take advantage of the negotiations to enlarge the area of products covered by the Generalized System of Preferences (GSP), increasing and consolidating the margins of preference and extending the GSP to the non-tariff field. They also suggested the need to obtain duty-free treatment for their exports, the elimination of the practice of establishing scaling tariffs according to the stage of processing, the advance application on a preferential basis of all gradual reductions in duties for products not covered by the GSP, and the granting of non-reciprocal concessions and special non-tariff treatment by the developed countries. In a different context, the developing countries stressed that the negotiations should not delay the implementation of the GSP by those developed countries which had not already put it into effect, or the elimination of restrictions not compatible with the General Agreement. They also raised the possibility of the advance unilateral elimination or reduction of tariffs or the elimination of non-tariff restrictions in order to benefit the developing countries, pointing out that such concessions could be taken into account at the end of the negotiations.

/16. The

16. The Committee on Trade and Development devoted particular attention to the work of the Group of Three and to the urgent need to adopt certain measures in connexion with tropical products. It considered the proposals of the sub-groups which had been concerned with the question of measures for the provision of assistance in the adjustment of certain regulations and in the elimination of residual restriction. As regards the commitments involved in Part IV, the Committee stressed the need for further progress before initiating the multilateral negotiations. It underlined the urgent need for the implementation of the GSP by some developed countries which had not yet done so, the expansion and improvement of the systems already adopted, and the necessity of safeguarding the interests of the developing countries when enlarging the European Communities. The developing countries attached fundamental importance to the early liberalization of trade in tropical products, to easier access to markets for certain temperate-zone products, and to the provision of assistance in complying with some technical rules, in line with their possibilities.

The Group of Three, in a report which reflects the broad consultations held with developed countries, recommended the adoption of the following measures:

- (i) the urgent implementation of their GSP schemes by the United States and Canada;
- (ii) the abolition by France and the Federal Republic of Germany of the discriminatory country classification;
- (iii) improvement of the GSP schemes through the inclusion of further agricultural products;
- (iv) elimination of import restrictions in respect of all products included in the GSP;
- (v) adoption of positive measures, in consultation with the developing countries, to facilitate the expansion of certain exports (fruit, vegetables, flowers, etc.) to developed markets; and
- (vi) the possible execution of a background study of the world textile market.

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On the operative side the Committee recommended the reorientation of the activities of the Joint Working Group on Residual Restrictions, the establishment of a small group in the vegetable oils and oilseeds sector, and the improvement and expansion of the terms of reference of the Group in connexion with the implementation of Part IV. Without prejudice to the Committee's increasingly important role in GATT activities connected with the participation of developing countries in the multilateral negotiations, there was consensus that the Committee and the Group of Three should continue to comply fully with the tasks assigned to them under their respective terms of reference.

17. The Contracting Parties of GATT, at the twenty-eighth session (November 1972), had before them an agenda primarily concerned with the 1973 multilateral trade negotiations. In opening the session, the Chairman of the meeting recalled that the last session of the Contracting Parties (November 1971) had been held at the time of a serious monetary crisis and that Governments had since been making efforts to resolve immediate disorders and to prepare a new framework of co-operation in the monetary sphere. In the world of trade, he mentioned as outstanding events the expansion of the European Communities and the agreements between the EEC and six European countries to create free trade areas. The Contracting Parties took note of the reports submitted by their principal organs and adopted the following main conclusions:

- (a) Committee on Trade in Industrial Products: The activities of the Working Group on Tariff Studies continued; the illustrative list of non-tariff measures was reviewed; the work programme proposed for specific non-tariff measures was implemented; the discussion on safeguards was followed up, and the review of the consequences for the developing countries of the different techniques and methods to be used in the forthcoming negotiations was intensified.
- (b) Agricultural Committee: Suggestions were taken from various delegations on the actual working methods and approaches to be used by the Committee, including the use of combined techniques which would make it possible to influence imports, exports and production at one and the same time, indications connected with the aims to be achieved in agriculture, the possibilities for creating codes or principles to be generally applied on certain matters, and the introduction of pilot studies to review the techniques applicable to actual cases, giving high priority to the products of special importance to the developing countries.

/(c) Trade

- (c) Trade and Development Committee: This Committee agreed to concentrate its attention in the future on problems of importance to the developing countries in the forthcoming negotiations, including the preparatory work on techniques and methods being done by other committees and organs of GATT.
- (d) Group of Three: This Group decided to continue its work in accordance with its present mandate and seek ways of applying the recommendations made.
- (e) Special Group on Trade in Tropical Products: Emphasis was placed on the need for the forthcoming trade negotiations to give special attention to tropical products, in view of their importance for many developing countries.

The developing countries insisted on the urgent need for further guidance on the principles and aims of the forthcoming negotiations, with a view to preparing the techniques and methods for their participation. In his summary, the Chairman noted the following general agreements: that the negotiations should take in all the agricultural and industrial products of importance in international trade and all relevant elements, including, in the case of specific agricultural products, price and production policies; the participation in the preparatory work and in the actual negotiations of all the Governments interested, including developing countries which are not members of GATT and the need for a new orientation and consequent progress in the work of the three main committees connected with the negotiations (Industrial Products, Agriculture and Trade and Development).

18. The Chairman's summary of the review of international economic relations, which did not reflect the consensus of all the Contracting Parties ^{1/}, gave the main conclusions which, in his opinion, had resulted from the discussion:

The Chairman said that a number of the Contracting Parties, representing a substantial percentage of world trade, had confirmed their intention of initiating and actively supporting in 1973, within the GATT, subject to due authorization at the national level, multilateral trade negotiations which would cover tariffs, non-tariff barriers and other measures which hinder or distort trade flows. These countries had agreed that the negotiations

^{1/} In addition to observations from a large number of developing countries as regards aims, Argentina, Chile, Cuba and Peru finally put forward formal reserves.

should include both industrial and agricultural - including tropical - products, and that the need of finding solutions to the problems of the developing countries, including the least developed among them, should particularly be taken into account. They had also agreed to review the adequacy of the multilateral system of safeguards. These countries welcomed the participation of other Contracting Parties and developing countries which were not contracting parties in the work of preparing for the negotiations. They earnestly hoped that these countries would take part in the negotiations and that the latter could be completed in 1975.

The Chairman went on to say that the Contracting Parties had recognized the importance of the proposed multilateral negotiations and had agreed that the best way to achieve their declared aims of a growing expansion and liberalization of world trade and the improvement of the levels of living of the peoples of the world was through co-ordinated efforts directed at the just solution of the trading problems both of the developed and of the developing countries.

The Chairman said that it had been agreed that the multilateral trade negotiations should aim to ensure additional benefits for the international trade of the developing countries so as to achieve a substantial increase in their exchange income, the diversification of their exports and an acceleration of the growth rate of their trade, taking into account their developmental needs.

The Chairman went on to say that the representatives of the developing countries, of whom some were contracting parties and others not, had declared their interest in the trade negotiations and in participating in their preparation, with technical assistance from the secretariat, and had expressed the hope that the work of defining the principles and guidelines of the negotiations would advance rapidly so that the developing countries could come to a timely decision with respect to their participation in them.

He said that the Contracting Parties had confirmed their desire to achieve the conditions necessary - bearing in mind the interest at stake - to begin new multilateral negotiations of considerable scope in 1973, under the auspices of GATT. It was with this aim, he went on to say, that all the Contracting Parties and developing countries which were not contracting parties had agreed to work together to prepare the negotiations and to set up a Preparatory Committee to this end. The Committee would analyse and interpret together the basic facts of the situation and prepare methods and procedures for the negotiations with the full and active support of the three existing committees and in co-ordination with them. He pointed out

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that all the Contracting Parties and the developing countries which, although not contracting parties, desired to take part in the preparatory work of the negotiations could form part of the Committee, and invited the Director-General to convene the first meeting for a date to be fixed after consultation with the delegations.

The Chairman said that, on the basis of the foregoing, there was also a consensus in favour of convening a meeting at the ministerial level in September 1973 to review the report of the Preparatory Committee, set up a Trade Negotiations Committee and give the directives necessary for the negotiations, while appropriate provisions would be made for holding the meeting.

19. A Latin American country (Argentina) participating in the meeting requested that the transcription of the Chairman's speech should contain an addition, to be inserted after the third paragraph. This would state that one Contracting Party expressed that it could not fully agree with the general objective mentioned in connexion with the developing countries, since it omitted reference to the improving of the conditions of access to the markets of the industrialized countries for the export products of developing countries, to the increase in the participation of developing countries in world trade and to the need to modify the rules which would govern future international economic relations at the end of the negotiations. Only a general objective incorporating these elements could guarantee that, in the course of the preparatory work, techniques and methods of negotiation would be established to ensure the developing countries a differential treatment compatible with the requirements of their trade, finance and economic development.

A considerable number of developing countries expressed agreement with this observation 2/, while at the request of Chile, some modifications were inserted in the original text as regards problems of price policies, basic commodity agreements, structural change in the agricultural policies of the developing countries and the deterioration of the terms of trade, expanding on the idea of the increased relative share of the developing countries in world trade.

2/ Inter alia, Chile, Brazil, Uruguay, Peru, Nigeria, Pakistan, Cuba, Colombia, Mexico, Guatemala (speaking for Central America), Madagascar, Senegal, Zaire, Malaysia, Egypt, Sri Lanka, Ecuador and Jamaica.

Owing to the absolute refusal of the United States and the European Communities, supported by a large number of developed countries, to modify the version submitted by the Chairman, considering that the paragraph submitted as a declaration of a large number of developing countries members and non members of GATT distorted the consensus of the original text, the majority of the Contracting Parties accepted the transfer of the paragraph with the observations transcribed to the summary records of the sessions, on the understanding that the question of the general objective of the negotiations, especially those relevant to the developing countries, would be re-considered by the Preparatory Committee set up by the Contracting Parties.

The most important points regarding the trade negotiations that were covered at the recent meeting of the Contracting Parties of GATT include the following:

- (a) Recognition of the importance of the participation of developing countries non members of the GATT in all stages of the negotiations and of the fact that the decisions of the latter with regard to possible commitments would only be taken at the end of the negotiations.
- (b) Acceptance of the concept of special objectives for developing countries, such as additional benefits designed to ensure a substantial increase in their foreign currency earnings, diversification of their exports and acceleration of their trade growth rate, bearing in mind their developmental needs. The subsequent definition of other objectives for developing countries is to take place in the Preparatory Committee.
- (c) Technical support from the GATT and UNCTAD secretariats so that developing countries can have access to all relevant information in connexion with their participation in the preparatory and actual stages of the negotiations.
- (d) Establishment of a Preparatory Committee to determine the methods and procedure to be used in the negotiations, with the support of and in co-ordination with the three existing committees.
- (e) Decision to convene a ministerial meeting in September 1973 with a view to formally deciding on the negotiations, with the establishment of a Committee on Trade Negotiations and adoption of appropriate guidelines and rules for the negotiations.

2. Objectives and targets

20. As indicated in the joint USA/EEC and USA/Japan declarations and the declaration of the Council of Ministers of GATT at its meeting in March 1972, the developed countries are approaching the 1973 multilateral negotiations with the objectives of achieving "the expansion and the ever greater liberalization of world trade and improvements in the standard of living of the people of the world", through the "progressive dismantling of obstacles..." and "the improvement of the international framework for the conduct of world trade". To date, however, no definition has yet emerged of the actual goals or scope of the negotiations. For example, as regards tariffs, it is not known whether the idea is to continue or speed up the process of tariff cuts which was the fundamental purpose of the Dillon Round and the Kennedy Round, or rather to deal with the complete elimination of tariffs in pre-established stages. Moreover, nothing is known about the targets to be achieved in the agricultural sector or as regards non-tariffs barriers, nor even what products or barriers are to be negotiated.

21. If the developing countries decide to participate in the 1973 trade negotiations, it may happen that the general objectives and specific goals they wish to pursue do not coincide exactly with those announced by the developed countries when they stated their intention of initiating the negotiations. Consequently, the expansion and liberalization of world trade through the elimination or reduction of obstacles will only have any validity for the developing countries if they respond to certain specific objectives which will lead eventually to a new and more equitable international division of labour. These objectives can be classified as follows:

(a) Legal objectives. The aim is to ensure that during or upon completion of the negotiations 3/ rules are incorporated into the General Agreement that genuinely respond to the urgent need to restructure the existing system of world trade, with a view to securing achievement of the goals and objectives identified by the international community in the International Development Strategy for the Second Development Decade. The

3/ "The forthcoming negotiations will, in fact, constitute an effective review and suggest possible improvements in GATT rules and procedures. Action on any such changes should therefore be kept in abeyance until the negotiations have shown what adaptation may be necessary".
Statement by Mr. Long on 19 April 1972 (GATT/1108).

General Agreement should include precise rules governing non-reciprocity, non-discrimination among developing countries and preferential treatment, on a more comprehensive and positive basis and not case by case as in the past.

(b) Economic objectives. In general terms, the negotiations should help to speed up the growth of the developing countries, diversify their economies, increase their share in world trade, and solve their external sector problems through the expansion and diversification of their exports and markets.

(c) Commercial objectives. The aim is to achieve certain specific overall and sectoral goals, which must be identified at the national, regional and world levels, for the expansion and diversification of exports. Account will have to be taken, where appropriate, of the goals the developed countries set themselves for the negotiations, which will have to be examined in the light of the particular problems and interests of the developing countries.

3. The basic rules of the negotiations

22. There is a direct relationship between the objectives and goals decided upon for negotiations, the basic rules governing the negotiations themselves, and the techniques and modalities used during the negotiations. This is why it has so far been difficult within the GATT to consider and select the most suitable techniques and modalities.

With respect to the major ground rules or basic principles that the industrialized countries intend to apply to the 1973 negotiations, it is necessary to refer once again to the Joint Declarations which state that the negotiations will be conducted "on the basis of mutual advantage and mutual commitment with overall reciprocity". Furthermore, the developed countries are apparently prepared to continue applying in the negotiations the fundamental ground rules of the General Agreement, in particular the "most-favoured-nation clause".

23. As regards the major rules or basic principles that should be applied in the negotiations in order to promote the specific objectives and goals that the developing countries intend to pursue, the following may be mentioned by way of example:

/(i) The

- (i) The developing countries should obtain additional benefits and their trade or economic development should not be injured as a result of the negotiations. Should undesirable injury be caused, the developing countries should, jointly or severally, adopt special measures to compensate any developing country affected;
- (ii) The concessions granted by the developed countries to each other should be extended immediately and without limitation to all the developing countries;
- (iii) Priority in favour of the elimination of tariff and non-tariff barriers hampering or limiting exports to developed countries' markets of products of export interest to the developing countries having regard to the need to ensure the continuation and expansion of general non-discriminatory preferential treatment and to the special situation of the least advanced among the developing countries;
- (iv) The exclusive advantages granted by the developing countries to each other should not be granted to the developed countries, nor should developed countries normally be eligible for the concessions granted by developed to developing countries;
- (v) Non-reciprocity, in the sense of implicit reciprocity on the part of the developing countries and non-reciprocity as regards concessions granted by the developed countries under the most-favoured-nation clause.

24. Under another head, it should be borne in mind that the nature and scope of the commitments which are defined in the multilateral trade negotiations will be largely determined by the safeguard clauses adopted and by the "escape wording" introduced in the final text and in the General Agreement. Hence, the negotiation of safeguard clauses, together with tariff and non-tariff questions, constitutes a principal area of interest to the developing countries, since these factors may limit the value of the concessions obtained, and in certain circumstances may, in a preferential or differential manner, dictate the treatment established in the negotiations.

4. Techniques and modalities

25. Reference was made above to the work that has been going on for almost a year now within GATT ^{4/} on the question of the techniques and modalities applicable to the negotiations in the agricultural and industrial sectors. With respect to the issues identified so far for inclusion in the negotiations (tariffs and non-tariff barriers), it is considered that in principle the special techniques and modalities for the negotiations that are of particular interest to the developing countries in the field of tariffs should be worked out at three different levels:

- (a) Negotiations on products included in the generalized system of preferences;
- (b) Negotiations on products not included in the generalized system of preferences;
- (c) Negotiations dealing specifically with the question of tariff scales.

26. The techniques and modalities of negotiations on non-tariff barriers for industrial and agricultural products should take into account a number of special regulations which favour the interests of the developing countries, in particular, the following:

(a) The developed countries should give priority to suppressing non-tariff barriers on products of special interest to the developing countries; more particularly, they should not apply non-tariff barriers to products included in the generalized system of preferences when they are imported from developing countries;

(b) Preferential treatment should be given to the developing countries as regards non-tariff barriers which continue to affect products not included in the generalized system of preferences;

(c) Since their economic growth requires stimulus, there should be some elasticity in the application of non-tariff barriers to developing countries. This means: (i) that the developed countries should not demand reciprocity of non-tariff barriers from the developing countries; and

^{4/} See paragraphs 13 and 14.

(ii) that the developing countries should be exempted from some of the obligations which may result during the negotiations from principles or codes relating to trade barriers.

5. Some activities within UNCTAD and FAO

27. At the second and especially the third session of UNCTAD (Santiago, Chile, April-May 1972) the UNCTAD secretariat presented a series of special studies (sectoral analyses, trade figures, operation of agreements, problems of access, non-tariff barriers, restrictive business practices, etc.) which contain a vast amount of information and data that, if properly sifted and systematized, would be of great assistance to the developing countries as regards their participation in the forthcoming multilateral trade negotiations. Furthermore, the preparatory work being undertaken within UNCTAD should be properly co-ordinated with that being done by GATT, so as to comply with the provisions of resolution 82 (III) as regards documentation and assistance for the developing countries 5/.

28. In the field of commodities, the third session of UNCTAD failed to reach agreement on two draft resolutions submitted by the developing countries on access to markets and pricing policies for commodities, and decided to transmit them to the Trade and Development Board. It also decided (resolution 83 (III)) to convene a special session of the Committee on Commodities open to all Governments (Geneva, 27 February to 9 May 1973) to organize intensive intergovernmental consultations, including the possible setting up of ad hoc groups on agreed commodities "with the aim of reaching concrete and significant results on trade liberalization and pricing policy early in the 1970's".

29. The developing countries have been emphasizing that the multilateral trade negotiations should not prejudice the results that may be forthcoming from the application of the GSP, and that they should rather serve to strengthen and expand the benefits of the system. In accordance with resolution 76 (III), the UNCTAD Special Committee on Preferences will meet in April 1973 to consider several documents currently being prepared by the UNCTAD secretariat on the following: (i) the revision of certain preferential schemes in application (European Common Market, United Kingdom and Japan); (ii) special problems deriving from the application of the GSP, in particular the difficulties encountered by developing countries in meeting certain requirements as to origin of goods; (iii) studies on certain

5/ See paragraph 9 and the report submitted by the Secretary-General of UNCTAD to the Trade and Development Board (TD/E/145).

matters relating to the GSP, such as the impact of the expansion of the EEC, and the special situation of certain developing countries, principally African and Caribbean countries; and (iv) the dynamic implementation of the GSP in the next five or six years, with particular reference to the problems of the least developed among the developing countries and the possible impact of the possibility of the elimination of customs duties advanced by certain industrialized countries.

30. One of the basic elements that sets the 1973 negotiations apart from earlier rounds of negotiations within GATT is the declared aim of the principal developed countries, which was confirmed at the recent meeting of the Contracting Parties, to negotiate the elimination or liberalization of non-tariff barriers. Both GATT and UNCTAD have been working intensively in recent years on this issue. The UNCTAD secretariat plans to submit the following to the UNCTAD Committee on Manufactures at its meeting in August 1973: (i) a complete inventory of all the non-tariff barriers affecting the products of greatest export interest to the developing countries; (ii) studies on the effect of the application of licensing or quota systems on the trade of the developing countries; and (iii) studies on the impact of non-tariff barriers on trade, with an indication of the likely expansion of the developing countries' exports should such barriers be reduced or eliminated.

31. At its meeting in November 1972, the FAO Committee on Commodity Problems (CCP) reached a set of decisions on the multilateral trade negotiations, referring, inter alia, to:

- the desire that FAO should participate actively in preliminary arrangements for the multilateral trade negotiations of the GATT and in the consultations on commodities of UNCTAD (resolution 83 (III));
- the importance of developing quantitative aspects in analyses and studies on the agricultural trade projects of developing countries and of methods employed to ensure that national policies are compatible with agricultural readjustment objectives;
- the possibility of FAO's studies on commodities including aspects of new techniques that would be useful for the negotiations, for which purpose the secretariat of FAO should maintain close contact with the GATT and assign appropriate priorities;

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- taking advantage of the experience with commodities which FAO has acquired in the intensive consultations to be held by UNCTAD (FAO has already collaborated in GATT negotiations in the course of the Kennedy Round).

6. The Preparatory Committee on the Trade
Negotiations of GATT

32. At the twenty-eighth session, the GATT Contracting Parties set up a Preparatory Committee on the Negotiations, in which the participating countries (including developing countries that are not members of GATT) undertook to work jointly on the preparation of the negotiations and to analyse and interpret jointly the basic elements of the situation. The Committee, after formulating methods and procedures for the negotiations with the support of and in co-ordination with the three existing committees, is to submit a report to the ministerial meeting to be held in September 1973 in Tokyo, which will establish the Committee on Trade Negotiations and draw up appropriate guidelines and rules for the negotiations. At its first meeting (31 January to 1 February 1973), the Preparatory Committee agreed informally to orient its work in the direction suggested by the GATT secretariat, in line with the topics to be included in its final report to the Council of Ministers.

Chapter III

PRINCIPAL RELATED ISSUES

1. Negotiations between developing countries

33. The December 1971 Protocol placing trade negotiations between developing countries within GATT on a formal basis, in respect of whose implementation the contracting parties granted a waiver of the principle of the unrestricted application of the most-favoured-nation clause, constitutes an important conceptual advance in trade negotiations despite the small scope of the concessions exchanged and the limited number of participating developing countries. It represents the practical implementation of a principle already accepted in UNCTAD and within GATT itself, namely, that concessions or advantages granted by the developing countries among themselves, outside the context of the arrangement covered by Article XXIV of the General Agreement, may not necessarily be extended to the developed countries. Furthermore, the extension of concessions to other developing countries is made subject to the acceptance of agreements concluded with the latter on the terms envisaged in the Protocol.

2. The Generalized System of Preferences

34. The relation between the 1973 trade negotiations and the Generalized System of Preferences raises the following important questions: (a) the impact of the negotiations on the present system of preferences or on its effects, and (b) the possibility of consolidating or broadening the scope of the preferences in the course of the negotiations.

35. In view of the genuine risk that the tariff reductions agreed on between the developed countries may dilute the preferential advantages enjoyed by the developing countries, it seems advisable to establish a general rule that the developed countries must not reduce their customs tariffs on products included in the GSP, or else all reductions must be accompanied by a corresponding reduction in the residual tariff so as to maintain the margin of preference. Presumably, however, the negotiations are bound to affect, either directly or indirectly, the real or potential benefits deriving from the GSP. It is therefore necessary to provide for appropriate compensation which could take the forms of granting: (a) non-tariff preferential treatment for products directly or indirectly affected by the tariff reductions; (b) preferential treatment for products which are currently excluded and which are of interest to the developing countries; or (c) financial compensation.

36. The adoption of additional general preferences could represent one of the primary aims of the developing countries in the trade negotiations, since the international community could thus fulfil its fundamental commitment to speed up the economic development of the developing countries, and this would constitute a minimum pledge to avoid the deterioration of the present Generalized System of Preferences.

3. Expansion of the European Communities

37. One of the results of the admission of four new countries - United Kingdom, Ireland, Norway and Denmark - to membership of the EEC has been the initiation in GATT of a dual process involving, on the one hand, the examination of the compatibility of the Treaty of Accession with article XXIV and, on the other, the preparation of negotiations over paragraph 6 of the same article so as to determine what compensation is due to the Contracting Parties affected by the enlargement of the EEC, particularly following the adoption by the new member countries of its Common External Tariff and agricultural regulations.

38. Although the Joint Working Group on Accession to the European Communities has been working intensively since March 1972, so far no significant progress has been made because of difficulties in obtaining the pertinent official documentation and the failure to agree on the methodology for the review envisaged in paragraph 5 of article XXIV. As regards the documents required for the review of the Treaty and Protocols of Accession, the European Communities declined to provide information on consolidated preferences, certain agricultural questions, the assessment of variable levies (prélèvements) and trade regulations, supplying data only on quantitative restrictions, government trade and production subsidies.

39. At the twenty-eighth session of the Contracting Parties of GATT, the European Communities announced their intention of officially opening the renegotiations envisaged in paragraph 6 of article XXIV of the General Agreement early in January 1973. After completion of the necessary technical work, the actual renegotiations would start on 1 March 1973 and would last for a period of 4 to 5 months. Subsequent to this announcement, however, the Joint Working Group on Accession to the European Communities ran into new difficulties over such basic issues as the EEC position in the agricultural sector and its refusal to evaluate customs duties and other existing trade regulations as a whole.

4. The monetary problem

40. The close link between the problems of monetary reform and those of trade and aid for development became clear when the developed member countries of the Group of Ten completed some fundamental arrangements on parities and monetary behaviour.^{1/} At the same time, the two main world trading powers announced their intention of implementing without delay several partial trade agreements. The interrelationship between monetary and trade problems was fully recognized by the countries taking part in the third session of UNCTAD when they took note, in the resolution on the international monetary situation, of "the interdependence between problems of trade, development finance and the international monetary system", and pointed out "that decisions taken in any one of these fields will have repercussions on others". The International Monetary Fund, in its decision to set up a committee for the reform of the monetary system (Committee of Twenty), pointed out the interdependence between the specific matters with which the Committee will deal and present and future agreements on trade, movements of capital, investment and development finance.

41. Despite the recognition of the right of the developing countries to take part in the discussion and adoption of action decisions in all questions concerning the international monetary system, these countries have so far been cut off from sharing in the important decisions affecting the development of the world economy, and more especially their own economies. It is likewise obvious that although the international monetary crisis has had a particularly harsh impact on the developing countries, they have had no share in the financial and trade events which precipitated or aggravated this crisis. The recent decision of the United States to devalue the dollar in relation to gold for the second time in fourteen months has intensified the need to find more stable solutions in the international monetary field. Past experience strengthens the conviction that the developing countries should, at every opportunity and on all occasions when these problems are being debated, reaffirm their right to full and continuing participation in the negotiations and decisions. In this respect it is to be hoped that the 1973 multilateral trade negotiations will make it possible to overcome some of the main harmful effects of the monetary situation on the developing countries' economies - especially the deterioration of their external trade relations due to the fall in the international prices of their main basic export commodities and the simultaneous rise in the prices of the imports (goods, services, licenses, etc.) needed for their economic and technological development. Similarly, it is to be hoped that the restructuring of

^{1/} Smithsonian Agreement of 18 December 1971.

international monetary and financial relationships (including the creation of additional and long-term liquidity for development) will lead to the creation of appropriate conditions of monetary stability which will allow the trade negotiations to follow a normal path, free from the unknown quantities and risks which could prejudice their success, especially with respect to solving the problems of the developing countries.

Chapter IV

THE PARTICIPATION OF THE DEVELOPING COUNTRIES

1. Position of the developed countries

42. In the joint declarations by the United States, the European Economic Community and Japan the desire is expressed that the 1973 multilateral negotiations should involve the active participation of as many countries as possible, and it is stated that "special attention shall be given to the problems of developing countries". The declaration by the Group B countries at the third session of UNCTAD, for its part, indicates that such declarations were made in the spirit of recognizing "the need to ensure effective participation by the developing countries in the forthcoming negotiations in 1973". Pursuing the same line of thought, the developed countries of Group B point out that: (i) many developing countries are at present Contracting Parties to GATT, thus ensuring their participation in the above-mentioned negotiations; the countries of Group B state their firm intention of taking account of the interests of the developing countries from the outset of the preparation and throughout the negotiations, examining formulas with such countries which would enable them to participate effectively in the negotiations; (ii) it is hoped that those developing countries which are not Contracting Parties to GATT will participate in the negotiations and see that their interests would be served by becoming Contracting Parties to GATT after the conclusion of the negotiations. To that end the Group B countries will request the Contracting Parties to make "adequate arrangements, in practical terms, for their full and active participation in the negotiations".

2. Position of the developing countries

43. The developing countries have repeatedly declared, as one of their basic principles for the multilateral negotiations, that "all developing countries shall be entitled to participate fully, effectively and continuously in these negotiations in all their stages so that their interests are fully taken into account", reiterating that they will not commit themselves to take part in the negotiations "until techniques and modalities which will adequately take into account their interests and aspirations are evolved with their full participation". In connexion with the participation of the developing countries, UNCTAD resolution 82(III) expresses the consensus of all the member countries

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to the effect that: "special techniques, modalities and ground rules should be established for the negotiations to ensure that special attention is given to the interests of the developing countries; all developing countries should be given the opportunity to participate fully, effectively and continuously in the negotiations in all their stages so that their interests are fully taken into account. To this end the Contracting Parties of GATT are invited to make adequate arrangements". Under the terms of an agreement which the GATT Council reached in June 1972, all the developing countries not members of GATT are invited, where appropriate, to notify their interest in participating in the trade negotiations so that the necessary steps can be taken. So far a considerable number of countries have shown a desire to take part in the preparatory stage of the negotiations and have assigned representatives to the latest meeting of the Contracting Parties and to the various committees and working groups responsible for examining possible negotiating techniques and modalities in respect of agricultural and industrial affairs, tariffs and non-tariff barriers.

3. The Co-ordinating Group of the Group of 77

44. When the resolution on multilateral trade negotiations was approved in plenary session at the third session of UNCTAD, the Group of 77 issued a declaration in which, as well as reiterating certain fundamental principles that should be borne in mind during such negotiations, they announced their decision to set up a co-ordinating group in Geneva which will serve as a forum for co-ordinating the participation of the developing countries in the preparatory stages of the negotiations, especially with regard to techniques, modalities and basic rules. In the light of the results of this preparatory work, the Group of 77 will then decide on whatever future joint action is considered necessary.

45. The Co-ordinating Group of the Group of 77 held its inaugural session in Geneva around mid-July. Its President is the President of the Group of 77 and it has six vice-presidents, two for each regional group^{1/}. The Secretary-General of UNCTAD and the Director-General of

^{1/} The Latin American Group decided that its two vice-presidential posts would rotate among the countries so as to maintain constant representation of one member country and one non-member country of GATT.

GATT, who were the special guests of the Co-ordinating Group, referred to the action of both organizations to facilitate the participation of the developing countries in the negotiations, co-ordinate their respective activities and co-ordinate the activities of both organizations with the work of the IMF. With regard to the role of UNCTAD and its permanent machinery, mention was made of the establishment of an inter-disciplinary technical group to provide secretariat support and there was talk of establishing an independent group of experts to advise the developing countries, beginning with a study of aspects of outstanding interest to all such countries, without prejudice to the subsequent treatment of individual requests.

4. Towards a Latin American Strategy

46. The Latin American Governments members of CECLA submitted jointly to UNDP a draft prepared by ECLA at their request on co-operation in trade policy matters connected with the multilateral trade negotiations. The approved draft became effective on 1 November 1972 and covers a period of eighteen months, i.e., up to April 1974. A second part of the project is scheduled to last roughly up to the end of 1975 when the negotiations are completed, and will require the adaptation of the co-operation afforded in the effective stage of the negotiations; the extent of this adaptation will depend both on the way the negotiations develop and on the number of Latin American countries that decide to continue participating and the manner of their participation. For the present preparatory stage, the programme contemplates a plan of work that will progressively be adapted to the guidelines and deadlines that are decided upon as the substantive aspects of the negotiations are defined, concentrating basically on:

- (a) studies on the objectives and targets to be achieved by the Latin American countries at the negotiations;
- (b) study of reciprocity and saving clauses;
- (c) processing and analysis of data on trade, trends, effects of trade barriers, etc.;
- (d) identification of products (temperate and tropical zone agricultural products, non-agricultural primary products and manufactures), together with research - at the level of the sector, groups of products - into the negotiating techniques and procedures best suited to Latin America's targets and objectives;

/(e) studies

- (e) studies on tariff nomenclatures and classifications and identification of non-tariff barriers restricting or preventing the access of Latin American products to the markets of the developed countries participating in the negotiations; analysis of techniques and procedures for the negotiations on existing tariff and non-tariff barriers;
- (f) study of negotiating techniques and procedures in GATT in respect of the enlargement of the European Communities and the establishment of free trade areas with other Western European countries;
- (g) study of the effect of the negotiations on the generalized system of preferences and compensatory formulas in the event of the reduction or removal of preference margins.

47. Without prejudice to these and any other studies that may be deemed appropriate, and depending of the way the negotiations develop during the preparatory stage, the programme allows for the provision of advisory services and information to interested Latin American countries or groups of countries on aspects of trade and tariff policy and on the creation or improvement of national negotiation units. Government officials and heads of negotiations units will be invited to periodic meetings to exchange views on the progress of the negotiations; moreover, a group of high-level government experts will be responsible for supervising and co-ordinating the studies and other activities carried out under this project.

As regards the co-ordination of the ECLA secretariat with the other international and intergovernmental organizations, the ECLA/UNCTAD/UNDP programme indicates the need for co-ordination with GATT, UNCTAD, IMF and, where appropriate, with the regional and sub-regional integration agencies, in connexion with the preparation of the basic elements for carrying out the work requested by CECLA.