URUGUAY ROUND

Surveillance body as well as negotiating structure and plans agreed

The negotiating structure and the negotiating plans for all the issues affecting trade in goods outlined by Ministers at the Punta del Este meeting in September were agreed on 28 January in Geneva. The programme for the initial phase of the negotiations on trade in services agreed at Punta del Este was likewise adopted. Also agreed was the nature of the surveillance mechanism which will oversee the 'standstill and 'rollback' commitments contained in the Punta del Este Declaration.

With these decisions, the mechanisms and procedures to carry forward the negotiations have been put in place.

The Group of Negotiations on Goods (GNG), the Group of Negotiations on Services (GNS) and the Trade Negotiations Committee (TNC), which oversees the conduct of the Uruguay Round, met on 28 January 1987. The TNC took the decision on the mechanism for the surveillance of standstill and rollback; it took note of decisions reached by the GNG on the negotiating plans and structure for negotiations on trade in goods and by the GNS on the programme for the initial phase of negotiations for services. The decisions taken are set out below, together with statements made by the Chairmen on the terms of their adoption.
Mechanism for Surveillance of Standstill and Rollback

The GNG recommends that the TNC decide to establish a mechanism as designated below for the surveillance of standstill and rollback commitments contained in Section C of Part I of the Ministerial Declaration:

Standstill

1. Any participant may bring to the attention of a Surveillance Body, open to all participants, through the GATT secretariat, any action or measure, taken by itself or another participant, which it believes relevant to the fulfilment of the standstill commitments. Any such notification will be deemed to have been submitted to the Surveillance Body upon its receipt by the secretariat.

2. The secretariat shall circulate promptly to all participants, and in no case later than 10 working days after receipt, a copy of all notifications addressed to the Surveillance Body. When notifications relate to actions by other participants (reverse notifications) the secretariat shall promptly inform the country to which they relate. Any comments and any other relevant factual material received within the above period of 10 working days will be circulated together with the notification. If any comments or further information become available subsequently, they will be circulated promptly.

3. The Surveillance Body will examine the relationship between the actions or measures notified and paragraphs (i), (ii) and (iii) of the standstill commitment contained in Section C of Part I of the Ministerial Declaration at its first meeting following the 10 working day period referred to in paragraph 2 above. The Surveillance Body will transmit a record of its proceedings to the next meeting of the TNC. (This record will be transmitted to the GNG for its information.)

Rollback

4. Any participant may bring to the attention of other participants, through the GATT secretariat, measures which it is applying or measures applied by another participant, which it believes should be subject to the rollback commitment. It will be open to any participant to notify to the Surveillance Body any omission by another participant which it believes to be relevant to the fulfilment of the rollback commitment.

5. Participants concerned shall consult in order to arrive at rollback undertakings. Timely notice of such consultations shall be sent to the secretariat for the information of all participants so that any affected participants may also take part in consultations if they so wish. Participants shall notify any undertakings resulting from these consultations to the Surveillance Body.

6. The Surveillance Body shall monitor the implementation of the undertakings resulting from the consultations referred to in paragraph 5 above and report to the TNC. (This report will be transmitted to the GNG for its information.)

7. In order to carry out the functions set out above, the Surveillance Body will meet at least three times a year. It may also meet at the request of any participant, in accordance with the usual GATT practices.

8. The TNC will meet at least every six months to carry out, on the basis of the records and reports transmitted to it by the Surveillance Body, a periodic evaluation of the implementation of the standstill and rollback commitments, and of its impact on the process of multilateral trade negotiations and in relation to the interests of individual participants.

Statements by the Chairman of the TNC Surveillance of Standstill and Rollback

(i) With reference to paragraph 5:
"It is my understanding that participants maintaining measures that may be subject to the rollback commitment shall inform the Surveillance Body by 31 December 1987 of rollback undertakings resulting from the first round of consultations under paragraph 5."

(ii) With reference to paragraph 7:
"It is the understanding of the Chairman that the relevant GATT practice is the one followed by the GATT Council. The Council meets at periodic intervals, but if a contracting party considers that a matter cannot wait for the next regular meeting of the Council and requires urgent consideration, it may request a meeting for this purpose. When such requests have been made, they have normally been met, once the Chairman has consulted with interested parties."

(iii) Date of the first meeting
"It is the understanding of the Chairman that the first meeting of the Surveillance Body will take place in the week beginning 23 February 1987."

Initials for Negotiations

For reasons of convenience, the bodies responsible for the negotiations are indicated here by the initials used by "insiders":

TNC = Trade Negotiations Committee
GNG = Group of Negotiations on Goods
GNS = Group of Negotiations on Services
DECISION ON "NEGOTIATING STRUCTURE"

In carrying out the programme of negotiations contained in Part I of the Punta del Este Declaration, the GNG shall discharge its functions in strict accordance with the provisions of Section G thereof, and will meet as frequently as necessary. The Negotiating Groups set up for the purpose of carrying out the work envisaged in the annexed Negotiating Plans will hold their initial meetings as set out below. Where the Negotiating Plans provide for an initial phase, this should in each case be completed by the end of 1987 at the latest.

Statement by the Chairman of the GNG related to the decision on the Negotiating Structure

It is my understanding that the Decision on the Negotiating Structure has been adopted on the basis of the following understanding:

1. Meetings of the Negotiating Groups will be arranged in the year 1987 on the calendar pattern set out in the Decision on the Negotiating Structure.
2. Each of the 14 Negotiating Groups will have its own chairman and will operate as a separate entity.
3. It will be open to two or more Negotiating Groups to hold joint meetings if they so decide.
4. A given person may be appointed to the chairmanship of more than one Negotiating Group.
5. It is envisaged that, subject to agreement on the persons in question, the same individual may be appointed for the initial phase to the chairmanships of Negotiating Groups 1, 2, 3 and 4. The same approach would be considered for Groups 7 and 8 and for Groups 13 and 14.
6. A meeting of Heads of Delegation to the GNG, to be held before 9 February, will approve a list of persons to be appointed as chairmen of the Groups.

NEGOTIATING PLANS

Tariffs

Negotiating Objective

"Negotiations shall aim, by appropriate methods, to reduce or, if 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."

Principal stages of the negotiating process

Initial Phase

- Submission of proposals by participants on:
  - a tariff-cutting approach/approaches, including elimination of tariffs;
  - the elimination or reduction of high tariffs and tariff escalation in appropriate product areas;
  - possible criteria to expand the scope of tariff concessions including the degree of tariff bindings.
- Broadening and updating of factual basis (Tariff Study files, Harmonized System data bank).
- Factual notes by secretariat and/or participants, as required, on issues to be negotiated.

Subsequent Negotiating Process

- Agreement on a common negotiating basis comprising the issues listed under the Initial Phase above.

Non-Tariff Measures

Negotiating Objective

"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."

Principal stages of the negotiating process

Initial Phase

- A first examination of the issues to be covered, including the relationship between the negotiations in this area and other areas of the negotiations. Establishment of an adequate data base for negotiation. Participants would also present proposals setting out the particular problems that they want to address and the techniques which they consider should be used to deal with them (bilateral, plurilateral or multilateral). Paper by the secretariat on the data base and relevant work already undertaken in the GATT on techniques for negotiating on quantitative restrictions and other non-tariff measures.
- The proposals by participants would be examined with a view to reaching a common understanding on appropriate

(Continued on page 4)
techniques and procedures (bilateral requests and offers, subject to procedures to ensure transparency; multilateral approaches) and on subjects to be dealt with multilaterally.

Subsequent Negotiating Process
- Tabling of detailed requests for bilateral or plurilateral negotiations on specific measures and of specific texts relating to any issues to be dealt with multilaterally.
- Negotiations will proceed on the common basis.

Tropical Products

Negotiating Objective
“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.
The 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 BR II of the Ministerial Declaration.”

Principal stages of the negotiating process
Initial Phase
This phase would cover the following work:
(a) exchange of views on work done so far in GATT in this area;
(b) compilation of background material for negotiations;
(c) submission of initial proposals and other inputs by participants aimed at achieving the agreed objectives of negotiations in this area;
(d) agreement on techniques and modalities as a common basis for negotiations, including the tabling of initial requests/offers.

Subsequent Negotiating Process
Negotiations will proceed as early as possible in 1988 on the basis of the work in the previous phase with the aim of achieving concrete results and their implementation at the earliest possible date in the light of the provisions of Section B (ii) of the Ministerial Declaration.

Monitoring of Progress
Throughout the negotiations on tropical products, special attention at the appropriate level will be given to the task of reviewing the progress achieved.

Natural Resource-Based Products

Negotiating Objective
“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.”

TEXTILES AND CLOTHING

Principal stages of the negotiating process
Initial Phase
- Examination of techniques and modalities for achievement of the objectives set out in this area in the light of proposals made by participants.
- Negotiations aimed at achieving the Negotiating Objective in this area.

Agriculture

Negotiating Objective
“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, taking into account the general principles governing the negotiations, by:
In order to achieve the above objectives, the negotiating group having primary responsibility for all aspects of agriculture will use the Recommendations adopted by the Contracting Parties at their Forty First 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."

**Principal stages of the negotiating process**

**Initial Phase**

Identification of major problems and their causes, including all measures affecting directly or indirectly agricultural trade. "Taking into account, inter alia, work done by the CTA, and elaboration of an indicative list of issues considered relevant by participants to achieving the Negotiating Objective. The concurrent submission of supplementary information on measures and policies affecting trade in agriculture, including the phased reduction of their negative effects and dealing with their causes."

**Subsequent Negotiating Process**

Within this process, further examination as appropriate of proposals and initiation of negotiations. Negotiations with a view to reaching agreement on (a) comprehensive texts of strengthened and more operationally effective GATT rules and disciplines; (b) the nature and the content of specific multilateral commitments to be undertaken including, as appropriate, implementation programmes and transitional arrangements; (c) any other understandings which could also be deemed necessary for the fulfilment of the Negotiating Objective; and (d) exchange of concessions, as appropriate.

**GATT Articles**

**Negotiating Objective**

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

**Principal stages of the negotiating process**

**Initial Phase**

Requests by interested contracting parties for review of GATT Articles, provisions and disciplines, indicating why they consider that these should be the subject of negotiations. Factual background papers by the secretariat on these Articles, provisions and disciplines. Review, following requests by participants, of GATT Articles, provisions and disciplines, with a view to determining issues on which negotiations are appropriate.

**Safeguards**

**Negotiating Objective**

"(i) A comprehensive agreement on safeguards is of particular importance to the strengthening of the GATT system and to progress in the Multilateral Trade Negotiations."

**MTN Agreements and Arrangements**

**Negotiating Objective**

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

**Principal stages of the negotiating process**

**Initial Phase**

Suggestions by participants indicating the issues that they wish to raise with respect to individual MTN Agreements and Arrangements. Factual background paper by the secretariat on (Continued on page 6).
these issues. Examination of the proposals made by participants, with a view to clarifying issues on which negotiations are appropriate, having regard to work in the relevant Committees and Councils established under the MTN Agreements and Arrangements. In the light of the issues identified, agreement on the negotiating techniques and modalities for the subsequent stages.

**Subsequent Negotiating Process**
- Submission of specific texts by interested participants on issues identified for negotiation. Review and analysis of the proposals.
- Negotiations on the basis established.

**Subsidies and Countervailing Measures**

**Negotiating Objective**

“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.”

**Principal stages of the negotiating process**

**Initial Phase**
Submission of proposals by participants, together with any background notes, on issues to be taken up in the negotiations, and on negotiating techniques. Factual background notes by the secretariat. Examination of the proposals and the documentation.

**Subsequent Negotiating Process**
- Development of a common negotiating basis for improving GATT disciplines relating to all subsidies and countervailing measures that affect international trade.
- Tabling of specific drafting proposals by participants.
- Negotiations on the basis of specific drafting proposals.

**Dispute Settlement**

**Negotiating Objective**

“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.”

**Principal stages of the negotiating process**

**Initial Phase**
- Submission by participants of their analyses of the functioning of the GATT dispute settlement process and of their views on matters to be taken up in the negotiations. Factual background papers by the secretariat as required. Review of the dispute settlement process with a view to identifying issues on which negotiations are appropriate.
- Tabling of specific proposals by participants on issues identified for negotiation.

**Subsequent Negotiating Process**
- Review and analysis of proposals.
- Negotiations on the basis established.

**Trade-Related Aspects of Intellectual Property Rights, including Trade in Counterfeit Goods**

**Negotiating Objective**

“In order to reduce the distortions and impediments to international trade, and taking into account the need to promote effective and adequate protection of intellectual property rights, and to ensure that measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade, the negotiations shall aim to clarify GATT provisions and elaborate, as appropriate, new rules and disciplines.

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.”

**Principal stages of the negotiating process**

**Initial Phase**
- Trade-related aspects of intellectual property rights: Identification of relevant GATT provisions and examination of their operation on the basis of suggestions by participants for achieving the Negotiating Objective and examination of the specific suggestions and of the procedures and techniques that might be used to implement them.
- Trade in counterfeit goods: Examination of the matters to be dealt with in this area on the basis of the report of the Group of Experts (L/5878), of other work already undertaken in the GATT and of papers by participants setting out their suggestions for achieving the negotiating objectives. Other factual information as required.
- Consideration of the relationship between the negotiations in this area and initiatives in other fora. Collection of information from relevant sources.

**Subsequent Negotiating Process**
- If necessary, further examination of the specific suggestions and of the procedures and techniques that might be used to implement them.
- Tabling of specific texts by interested participants, as appropriate. Examination of these texts with a view to the establishment of a common negotiating basis.
- Negotiations on the basis established.
Trade-Related Investment Measures

Negotiating Objective
“Following an examination of the operation of GATT Articles related to the trade-restrictive and distorting effects of investment measures, negotiations should elaborate, as appropriate, further provisions that may be necessary to avoid such adverse effects on trade.”

Principal stages of the negotiating process

Initial Phase
Identification and examination of the operation of GATT Articles related to the trade-restrictive and distorting effects of investment measures, on the basis of submissions by participants and with the assistance, as appropriate, of background documentation by the secretariat.

Subsequent Negotiating Process
- Definition of areas in which negotiations may be required to elaborate, as appropriate, further provisions that may be necessary to avoid restrictive and distorting effects of investment measures on trade, on the basis of proposals by participants.
- Negotiations on the basis established.

Functioning of the GATT System

Negotiating Objectives
“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.”

Principal stages of the negotiation process

Initial Phase
- a first examination of issues on the basis of proposals by participants;
- any background documentation required from the secretariat;

Subsequent Negotiating Process
- Establishment of common working texts on which to base any understandings and arrangements which are to be negotiated.
- In this stage, final texts will be agreed upon as appropriate, containing understandings or specifying arrangements relating to those aspects of the functioning of the GATT system referred to in Section E of the Ministerial Declaration.

GROUP OF NEGOTIATIONS ON SERVICES

Programme for the Initial Phase of Negotiations

Report by the Chairman
Discussions in the Group have focused on the initial phase of negotiations and on identifying a number of elements which should be addressed in 1987 in conformity with the negotiating objectives. These elements are listed below. It is understood that this list is non-exhaustive, and that no particular significance attaches to the way in which the items are formulated; there will be opportunity to give greater precision to their content in due course. It is also understood that neither the formulation of the items nor the order in which they are listed prejudice the relative importance of any of them, or imply any ordering for negotiating purposes.

Negotiating objectives
“Negotiations in this area shall aim to establish a multilateral framework of principles and rules for trade in services, including elaboration of possible disciplines for individual sectors, with a view to expansion of such trade under conditions of transparency and progressive liberalization and as a means of promoting economic growth of all trading partners and the development of developing countries. Such framework shall respect the policy objectives of national laws and regulations applying to services and shall take into account the work of relevant international organizations.”

Elements
- Definitional and statistical issues
- Broad concepts on which principles and rules for trade in services, including possible disciplines for individual sectors, might be based
- Coverage of the multilateral framework for trade in services
- Existing international disciplines and arrangements
- Measures and practices contributing to or limiting the expansion of trade in services, including specifically any barriers perceived by individual participants, to which the
conditions of transparency and progressive liberalization might be applicable. It is understood that, at the first meeting, a general debate structured around the above elements will take place. A periodic overview of progress would take place. Such general debate and overview should, *inter alia*, facilitate determination of the technical support to be provided by relevant international organizations. There will be a stock-taking at the end of 1987 in order to determine how to carry forward the negotiating programme.

**Schedule of Meetings for 1987**

There will be a total of twelve days of meetings in the first half of 1987.

**Meeting dates**

<table>
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<th>Agenda</th>
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<tr>
<td>23–25 February</td>
<td>General debate, elements</td>
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**Following meetings**

Some press reports noted at Geneva

negotiations at Punta del Este last September and their effective start on 9 February when the first negotiating group is scheduled to meet. For the Tokyo Round the same phase has lasted over two years.

*(La Tribune de Genève)*

The Uruguay Round of world trade negotiations can get under way in good conditions after the agreement reached last week dispelled the threat of a trade war between the United States and the European Community. This is the opinion, in any case, of many participants in the Davos Symposium.

*(Le Journal de Genève)*

In what delegates for the United States and the European Community termed a fair compromise concerning agriculture, negotiators agreed to a formula for a broad range of trade talks beginning here 9 February.

*(International Herald Tribune)*

At Geneva on Thursday, the States participating in the eighth round of multilateral trade negotiations defined the detailed structure and work plans for the coming negotiations....

What is the immediate significance of this agreement? Firstly, it is now certain that notwithstanding one month's delay in defining procedures for the Uruguay Round, the substantive negotiations will begin as scheduled in February with the initial phase of preparing the bases of discussion, which is to last one year. Secondly, the process of multilateral negotiations launched at Punta del Este last September has shown that it has its own dynamics and will proceed notwithstanding serious tensions in international trade. Thirdly, it must be recognized that while bilateral trade conflicts have political repercussions on the multilateral negotiating process and sometimes affect it, mainly for tactical reasons, the Uruguay Round has been designed for the long term and resulting progress must be evaluated in relation with its specific criteria.

*(Frankfurter Allgemeine Zeitung)*

Lastly, the partners have reached agreement on a formula allowing progress in all areas of negotiation. In an initial phase, running until the end of 1987, negotiating themes will be defined and analysed and the partners will present proposals or requests. Thereafter, having regard to timing and circumstances, it will have to be decided when and how to launch the negotiations proper, i.e. exchange of concessions and elaboration of texts. The various negotiating groups can meet as much as two or three times a year, at ministerial level if necessary, to intervene and if necessary give a fresh political impetus.

**Coming GATT activities**

Programme of meetings for March not including meetings of Uruguay Round groups, which have already been mentioned in the Decisions.

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<td>Council on Technical Barriers to Trade</td>
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<td>Textiles Surveillance Body</td>
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<td>Working Party on Israel/US Free-Trade Agreement</td>
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<td>Committees on Milk Powders, Milk Fats and Cheeses</td>
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<td>International Dairy Products Council</td>
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<td>Committee on Trade in Civil Aircraft</td>
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**April**

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**GATT FOCUS**

Newsletter published 8 times a year in English, French and Spanish by the GATT Information Service

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ISSN 0256-0119