Uruguay Round set to end in December 1990

TNC AGREES ON FINAL MINISTERIAL MEETING IN BRUSSELS

Already a firm commitment has been made to the dates and site for the final ministerial meeting of the Trade Negotiations Committee (TNC) which will conclude the Uruguay Round next year. At its meeting on 27 July, the TNC accepted an invitation from the European Community and Belgium that the location of the meeting should be Brussels. It also adopted a proposal that the meeting would take place within the period 26 November - 8 December 1990. For many delegates these decisions represented a definitive political commitment not merely on logistics but to conclude the Round on time with a substantial package of results which would benefit every participant.

"The political commitment to end the round on time is also a further positive sign to the private sector," said Arthur Dunkel, Chairman of both the TNC and the Group of Negotiations on Goods (GNG), at a press conference on the day of the TNC meeting. "It is the private sector which stands to benefit from the strong political signals to tackle the issues at stake in what are the most ambitious economic negotiations in the post-war period." Mr. Dunkel also outlined the phasing of work between now and the final ministerial meeting. He envisaged three phases, which are described in the TNC section, for the final 18 months of the negotiations.

Continued on page 2

GATT country reviews to start this year, Bolivia becomes 97th contracting party

The GATT trade policy review mechanism will become fully operational this year with Australia, Morocco and the United States the subjects of examination by the Council in December. The Republic of Bolivia has acceded as the 97th contracting party to the GATT. The panel report on Japan's tariff on spruce-pine-fir dimension lumber has been adopted while a dispute-settlement panel has been established to examine the European Communities' restrictions on export of copper-scrap. A working group will begin looking at the trade aspects of domestically-prohibited goods and hazardous substances. These are the highlights of the Council meeting held on 19 July.

The Council adopted the outline format, recently agreed in the Negotiating Group on the Functioning of the GATT System, for country reports under the new trade policy review mechanism.

The outline format provides guidelines that will assist governments in supplying, on a systematic basis, the information required to meet the objectives of the trade policy review mechanism. The mechanism aims to promote improved adherence by all members to GATT rules through achieving greater transparency in, and understanding of, the trade policies and practices of contracting parties.

The Council also adopted a programme of the reviews for 1989-1990. In Spring 1990, it will examine the trade policies of Sweden and Colombia; in the Summer: Canada, Hong Kong, Japan and New Zealand; and in the Autumn: the European Communities, Hungary and Indonesia. Continued on page 12
The Committee heard reports from its constituent bodies - the Surveillance Body, the Group of Negotiations on Goods and the Group of Negotiations on Services - and conducted a general review of progress.

Mr. M.G. Mathur, Chairman of the Surveillance Body, reporting on implementation of the standstill and rollback commitments, told the meeting that the implementation of these commitments would be essential to the preservation of a proper negotiating climate in the final 18 months of the Round. It would also become increasingly urgent for each participant to consider what action was necessary to bring non-GATT consistent measures into conformity with the General Agreement.

The Chairman of the GNS, Ambassador Felipe Jaramillo, reported on the work of the Services Group in recent months (see page 11) and told the TNC that after its meeting in September the Group would, in accordance with the decision by Ministers in Montreal, endeavour to assemble, by the end of the year, the necessary elements for a draft which would permit negotiations to take place for the completion of all parts of the multilateral framework on services.

The Chairman of the TNC, Arthur Dunkel, explained his perception of the necessary scheduling of work in the remaining period of the Round. He envisaged three phases. The first would begin in September and last until the end of the year. This would be the phase in which, as far as possible, delegations would complete the definition of national positions and have them tabled in the negotiating groups. During this period delegations should also begin to table compromise proposals. Thus, by December, the elements of an agreement in each area would be apparent. The bridges that would have to be built to overcome differences in positions would then be evident.

The second phase would last from January to July/August 1990 and the objective would be to reach broad agreement in every group. The final phase, until the November/December ministerial meeting, would be devoted to polishing the agreements and preparing the necessary legal instruments for final adoption.

This approach to the final stages of the Round was widely supported and welcomed by participants. Some delegations stressed the need to have sufficient time at the end of the process to adequately assess the total package at a national level. Several developing countries stressed the importance of the standstill and rollback commitments. A number emphasized that while they were ready to make concessions in the Round, there had to be an adequate response from their main markets in products which interested them. It was generally considered that the work of the groups had recently been proceeding well even if, in the view of some, there was still an imbalance in progress. The Chairman envisaged a continuous process of evaluation of progress.

The TNC accepted the invitation of the European Community and Belgium to host the final meeting of the Round, at ministerial level, in Brussels. The Community stressed the important political and symbolic nature of the decision. This was emphasized also by the delegates of Uruguay (which hosted the launch of the Round in 1986) and Canada (which hosted the Mid-Term Review in 1988) who both welcomed the decision. The TNC also decided that the final meeting would be held in the period 26 November - 8 December 1990.

The GNG met to review progress under Part I of the Punta del Este declaration. In an introduction, the Chairman, Mr. Arthur Dunkel, spoke of the recent acceleration of activity in the negotiating groups despite a rather slow start after the conclusion of the Mid-Term Review in April. Many new proposals had been tabled including some which represented the first efforts to reconcile different positions. Nevertheless, little time was left to the groups to complete their work and in the latter part of this year work would have to be intensified further. Mr. Dunkel stressed the need for national positions to be tabled by the end of the year in order that the phase of intensive negotiations could start in early 1990 with a full understanding of the difficulties to be overcome.

The Chairman also reported on recent activity related to the Mid-Term Review decision to seek a report from him, as Director-General of the GATT, on the possibilities for closer cooperation between the GATT, the International Monetary Fund and the World Bank. He indicated that the reports would be available in September in time for the next meeting of the Functioning of the GATT System group.

In the subsequent discussion, a number of participants pointed to what they saw as an imbalance in the progress being made by the negotiating groups. In particular, they saw issues of special interest to developing countries taking second place to the non-traditional areas of negotiation. They re-emphasized the importance of global balance in progress between and within the groups and stressed the need for a meaningful evaluation of Uruguay Round results, before their adoption, to ensure effective application of special and differential treatment as envisaged in the Punta del Este declaration. It was agreed that this issue should be kept in mind throughout the negotiations. It was also pointed out, however, that all participants were negotiating squarely on their own behalf and in their own economic interests and that special and differential treatment should be applied in a dynamic and positive manner.

The Group concentrated on a revised proposal by New Zealand concerning Article II:1(b). The proposal is designed to ensure greater transparency and security in tariff bindings by clarifying the other duties and charges (ODCs), in addition to ordinary customs duties, levied on imports.

The delegation of New Zealand pointed out that imports may be subject to a great variety of additional charges which do not appear in the schedules of bound tariff rates, even though such charges are also bound: an illustrative list of 21 ODCs, including import surcharges, fiscal taxes, stamp duties and landing taxes, was appended to its pro-
posal. The effect of the proposal would be that, in respect of each bound tariff item, the bound rates of any other duties and charges applied would be indicate separately in the schedules, thus making clear the total charges levied on bound items. Apart from the commitment to record other duties and charges in the tariff schedules, the proposal would involve no new obligation on contracting parties.

The proposal evoked considerable interest, and the discussion centred on its practicability and its possible legal implications. It was suggested that in the case of old bindings it might not be easy to identify the rates of ODCs levied at the time of the original tariff concession. Questions were also raised as to the legal implications of failure to record a bound ODC in a tariff schedule, or of faulty recording - i.e. at levels higher that the bound levels. The delegation of New Zealand responded that it would be understood that the inscription of ODCs would be without prejudice to their legal status. It was also pointed out that the proposal could have a bearing on the work in progress in the Negotiating Group on Tariffs, Non-Tariff Measures and Agriculture.

The Group agreed to inaugurate immediately a period of intensive work on Article II:1(b). It also agreed on the organization of its work in the coming months: in October it will review the results achieved on Article II: 1(b) and will initiate intensive work on Articles XVII and XXVIII. In December it will initiate intensive work on the Balance-of-Payments Provision and Article XXIV.

Trade-Related Investment Measures 10-11 July

US, Switzerland proposes disciplines on TRIMs

Two proposals were presented to the group. The United States proposed drafting a comprehensive agreement on TRIMs which would include adequate disciplines to eliminate or minimize their adverse trade effects and to provide relief from such effects when they occur. Two categories of disciplines would be established: prohibition, for those TRIMs that inherently produce adverse trade effects, and other disciplines (including commitments to use TRIMs only on a non-discriminatory basis and in ways that do not produce adverse trade effects) for TRIMs that cause adverse trade effects in some but not all circumstances. Illustrative lists of TRIMs would be elaborated for both categories of disciplines. The disciplines would apply to all contracting parties, regardless of their level of economic development, but the United States considered that it might be appropriate to allow individual developing countries defined, time-limited derogations from certain disciplines. Other relevant issues which the United States proposed the group should consider at an appropriate time were transparency, enforcement and dispute settlement, and transitional arrangements.

Switzerland proposed establishing disciplines on TRIMs according to their typical trade effects in specific trade or macroeconomic circumstances. Three categories of discipline would be established: a prohibited category, a permitted category, and an actionable category. Negotiations would attempt to determine typical measures and conditions falling into the first two categories, using the criterion of whether the measures affected the investment decision only (in which case they would fall under the permitted category) or also the business behaviour of the investor during the production process (in which case they would be deemed inherently trade-distorting and would fall under the prohibited category). Measures and conditions on which no agreement on classification could be reached through negotiations (including a request and offer exchange of concessions) would fall under the actionable category and would be subject to complaint and to countermeasures by affected parties, based on normal GATT rules, disciplines and procedures. Since the classification process would be based on a non-exhaustive list of sample measures and conditions, a Committee would be established to which additional investment measures could be referred in the future for classification.

While some participants welcomed the two proposals as good basis for further negotiations, several maintained that work had not progressed yet to the point that proposals on new disciplines for TRIMs were called for and said in particular that the group had still to carry out a thorough examination of the extent to which the GATT already provided sufficient disciplines to avoid the adverse trade effects of TRIMs. Some rejected the application of a discipline of prohibition to TRIMs because it would intrude too much into national investment policy-making, and said that development considerations had so far been inadequately taken into account in the group’s work. Singapore added that for a TRIM to be trade restricting or distorting was not a sufficient basis for it to be subject to discipline; there had to be proof of material injury to another contracting party, and he suggested that the group should work on finding remedial measures, perhaps through a consultative mechanism, with the final option of leaving material injury to be established through dispute settlement procedures. Mexico proposed that the group adopt a testing procedure on pilot TRIMs to gain a better understanding of the issues and the problems in this field.
Focus on support measurement and ‘tariffication’

Discussion in the Negotiating Group on Agriculture was largely focused on the concepts of an aggregate measurement of support and on tariffication; new communications from the EEC and the United States illustrating these negotiating approaches were examined in detail.

The European Community said that its proposal on aggregate measurement of support was designed to clarify the concept and make it less abstract. The Community indicated how support could be calculated by using the support measurement unit (SMU) for a number of specific examples. In a first stage, support measurement would cover the elements which most influence the farmer’s decision to produce - market price support and direct payments; it could nevertheless be extended to other measures if necessary. Support would be measured over a five-year period starting in 1986. In order to measure support properly, an external reference price would be fixed; the Community suggested that it should be based on three years - 1984 to 1986 - so as to avoid excessive price fluctuations. The Community considered it imperative to develop an AMS method and to use it for negotiations in the main agricultural product sectors. Other sectors where support systems were less elaborate could be treated differently.

In general, the communication from the European Community was seen as a good illustration of how support measurement could be used. Some representatives nevertheless wondered how that technique would fit in with other negotiating techniques on subsidies and what type of commitments it would lead to. The United States drew attention to links with tariffication, pointing out that conversion of non-tariff barriers into tariffs would make aggregate measurement of support easier. Questions were also raised regarding the coverage of measures and products on which the support calculations would be based. Some representatives considered that a fixed external reference price would not eliminate the problem of fluctuating exchange rates and world prices. Some doubts were expressed concerning reference years, and it was pointed out that the results would differ very appreciably if other reference years were selected.

The working document presented by the United States explained the role of tariffication in negotiations relating to market access barriers, and the methodology and mathematical formula that could be used in order to calculate the ad valorem equivalent of a non-tariff barrier. In the view of the United States, tariffication would be the logical first step in an on-going process of liberalizing market access. Conversion of all non-tariff import barriers into tariffs would have a number of advantages: tariffs were the least trade-distortive type of import barrier, since they established a direct link between domestic and world market prices; they would make world market prices more stable and predictable and they would produce revenue for governments. Lastly, their reduction was more readily negotiable than that of non-tariff barriers. Tariffication would permit the elimination not only of all restrictive measures but also of waivers and other exceptions under which restrictions on access were being maintained. The United States indicated that at an appropriate point it would outline a method for tariff cutting and a schedule for implementation of the cuts.

The United States’ communication was generally viewed as a positive contribution to the discussions on possible techniques for reducing agricultural trade barriers. Some representatives underlined that if adopted, tariffication would be one of the elements of a set of techniques to be developed by the end of the negotiations, and that tariffication and aggregate measurement of support could be considered complementary. One country pointed out that tariffication would not allow concerns such as food security to be taken into account, others wondered whether it would be feasible to convert sanitary or phytosanitary barriers, or variable levies, into tariffs with equivalent effect. It was also asked whether the technique should cover all non-tariff barriers, whether or not permitted under GATT, and whether in a first stage such conversion might not result in a prohibitive increase in tariffs. Some technical questions were also raised, and the United States was invited to give concrete examples of the functioning of the concept.

In general, participants underlined that the support measurement and tariffication approaches were among a number of measures that would have to be implemented in order to attain the objectives of the agricultural negotiations.

There was a brief discussion of other elements of the Negotiating Group’s work programme, in particular sanitary and phytosanitary barriers and regulations. It was agreed that the Working Group on that subject would resume its deliberations on the basis of the work programme endorsed at the mid-term review. In addition, the Codex Alimentarius Commission, the International Plant Protection Convention and the International Office of Epizootics have been invited to co-operate as appropriate in the Working Group’s activities.
Trade-related aspects of intellectual property rights

3-4 July

The Group focused on three elements of its mandate: the applicability of the basic principles of the GATT and of relevant international intellectual property agreements; the provision of effective and appropriate means for the enforcement of trade-related intellectual property rights, taking into account differences in national legal systems; and the development of a multilateral framework to combat trade in counterfeit goods.

At the outset of the meeting a number of participants expressed concern about the establishment by the United States of "watch lists" under the "special" Section 301 provisions concerning intellectual property established under the United States Omnibus Trade and Competitiveness Act of 1988; they stressed the negative effects that persistence with such an approach would have on the multilateral negotiations.

In regard to the applicability of basic principles, the Group had a preliminary discussion of an open-ended list of suggestions relating to national treatment, mfn/non-discrimination, transparency, special and differential treatment, safeguards, dispute settlement, reciprocity/non-reciprocity, public interest, balance of rights and obligations, and exceptions. For example, in the definition of "national treatment" the Group agreed that the obligations concerning the provision of direct border intervention by customs authorities. Much of the discussion concerned the extent to which the proposal takes account of differences in national legal systems, since there is a wide view in the Group that the results in this area should not require fundamental changes to national legal systems. Some participants considered that the Community proposal constituted a good starting point for negotiations on enforcement. Some believed that an adequate set of commitments in this area would require further elaboration in certain areas, for example relating to the gathering of evidence and criminal procedures. Another view was that the Community proposal was too detailed and that the work of the Group should be aimed at laying down more general principles that national enforcement systems should conform to. Some delegates stressed the need to go further in providing safeguards to ensure that procedures and remedies for the enforcement of intellectual property rights do not give rise to impediments of developing countries to legitimate trade. Concerns were expressed by some delegations finding difficulty with the specificity of the obligations in certain areas, for example with the gathering of evidence.

In connection with trade in counterfeit goods, a number of countries stressed the importance that they attached to this matter being discussed separately from the issue of enforcement since they envisaged the possibility of a separate agreement on it. There was also some discussion about the definition of counterfeit goods for the purposes of the work in this area, in particular whether it should extend beyond goods infringing trademark rights to include goods infringing copyright and geographical indications. Some participants consider the problem of trade in counterfeit goods deals with as part of an overall TRIPS agreement.

12-14 July

In the course of three days of highly intensive meetings, the Group concentrated on norms and principles concerning intellectual property rights, their scope and their application. Four further communications were submitted by Australia, India, the Nordic countries and Switzerland. Following a general discussion of these new proposals, the Group reviewed the eight intellectual property rights that had been mentioned by the participants, namely, copyrights, neighbouring rights, trade marks, geographical indications (including appellations of origin), industrial designs, patents, topographies of integrated circuits and trade secrets.

The approach followed in the new communications from Switzerland, Australia and the Nordics is similar to that in the proposals submitted previously by the United States, Japan and the European Community in the sense that, in general, they define the subject matter to be protected, the criteria for benefiting from such protection and the scope of the protection. Where applicable, they also cover the extent to which the right should be circumscribed in certain circumstances and the duration of protection.

In India's view, only restrictive or anti-competitive practices of the owners of intellectual property rights that distorted or impeded international trade should be the subject of negotiations by the Group. The Indian approach emphasized the special and more-favourable treatment to be granted to developing countries in respect of patents and trade marks by proposing that such countries should be left free to adapt their domestic legislation to their economic development and other public and technological requirements and interests.

The detailed discussion which took place on the various negotiating proposals before the Group revealed that the views of the participating countries varied considerably, not only on specific matters (such as the term of protection) but also on whether the standards set out in international conventions dealing with various aspects of intellectual property were satisfactory or if they needed to be strengthened. On the other hand, certain delegations indicated that they were prepared to modify some of the practices followed by their countries as a positive contribution to the negotiations.

MTN Agreements and Arrangements 17 and 19 July

The Group addressed the Anti-dumping Code, the Agreement on Technical Barriers to Trade and the Government Procurement Code. Submissions by Hong Kong and Japan on the Anti-dumping Code called, among other things, for stricter rules to stop governments from acting against normal price competition and for more precise ways of calculating anti-dumping margins. Hong Kong also sought remedies to thwart anti-dumping action against companies that were not included in anti-dumping investigations, and Japan proposed detailed rules for arriving at
the constructed value of goods. More generally, Hong Kong argued that the main problems arose from the different perception of rules, sometimes with respect to the original purpose and spirit of the Code; a unilateral creation of rights in national legislations in spite of the negotiated balance of rights and obligations agreed upon; and a tendency to use anti-dumping beyond its intended purpose, by way of technical rules. Many delegations shared these concerns. However, some delegations noted in particular, that while the application of anti-dumping measures could, if abused, undermine the principle of comparative advantage, it should also be acknowledged that in today's international economy, dumping practices could have adverse effects on trade and the efficient use of resources. The European Community said further remedies are needed to cope with particularly injurious dumping practices, such as a surge of imports in anticipation of anti-dumping action, and on the circumvention of anti-dumping duties through "screwdriver" assembly plants. The United States said it would make a submission later in the year. Although it continued to believe that a major revision of the Code was both unnecessary and unadvisable, it noted that remedies for recidivist and diversionary practices were needed. Although different delegations emphasized different aspects, it appeared to be a generally shared view that a balanced approach was necessary and that this required recognition of the interests of both exporters and importing countries.

In the discussion on the Agreement on Technical Barriers to Trade, the European Community put forward a proposal for a code of good practice for non-governmental bodies at the local, national or regional level. The EEC also tabled, for information, some ideas on a mechanism for transitional membership on the Government Procurement Code.

- Tariffs 18 July

The European Communities and Japan, in separate proposals, both advocated cutting tariffs across-the-board through the use of a mathematical formula with a "harmonizing effect" (the higher the rate, the higher the percentage reduction). Under the EC proposal, industrialised and more advanced developing countries would lower tariffs of 40 per cent or more down to a ceiling rate of 20 per cent. Customs duties below 40 per cent would be reduced by between 21 and 50 per cent. For other developing countries, the EC suggested reducing rates of more than 35 per cent to a ceiling rate of 35 per cent; lower rates would be dealt with through bilateral negotiations. The least-developed countries would contribute within the limits of their capabilities. Japan, expressing the hope that the Group will soon agree on a common negotiating approach, proposed a formula like that used in the Tokyo Round to cut tariff levels by a third as implied in the Montreal decisions; developing countries would make cuts in accordance with the general principles of the Punta del Este declaration and increase their tariff bindings to the highest possible level. Further cuts are to be negotiated through the request-and-offer procedure. Japan, noting the limited time remaining in the negotiations, proposed that participants submit their lists of tariff-cut offers by the end of January 1990.

In welcoming the new proposals, many participants reiterated their support for a formula approach. Many also generally agreed that the focus should be on industrial goods. Several members underlined the need for special and differential treatment for developing countries, as called for in the Punta del Este declaration. The United States reiterated its intention to pursue the request-offer procedure in the tariff negotiations. In this connection, it announced it was presenting request lists to some 14 participants. The Chairman drew attention to the need for an agreement on a framework for negotiations and the group is expected to focus on this subject at its next meeting on 27 September.

- Dispute Settlement 20 July

The group discussed the subject of implementation of rulings, decisions and recommendations under Article XXIII:2. The group briefly discussed a proposal by Switzerland on the use of arbitration as an option of settling trade disputes within the multilateral GATT framework. It postponed discussion of compensation in the context of GATT dispute settlement rules and procedures, non-violation complaints under GATT Article XXIII and proposals by the least-developed countries for special provisions facilitating their effective use of the GATT dispute settlement mechanism.

- Textiles and Clothing 24 July

The group had before it new proposals by the European Community and Switzerland. In its submission, the EC addressed a general framework for a transition towards the integration of the textile and clothing sector into a strengthened GATT. The EC emphasized that the framework must include the progressive elimination of existing restrictions and the implementation of strengthened GATT rules and disciplines. Its spokesman said that a transitional arrangement was required. While the arrangement should be progressive in nature, it would also have to be gradual and consist of intermediate
steps. The number, duration and content of these steps would still have to be agreed upon. The EC also proposed a transitional safeguard mechanism to be established during the period of integration so as to avoid the disruption of markets during the continuing restructuring of the sector.

In regard to strengthened GATT rules, the EC said that market opening, to which all participants should contribute, would comprise actions on tariffs and non-tariff measures, as well as on the derogations for balances of payments and infant industry reasons. The EC said the creation of fair competitive conditions should include improved disciplines for anti-dumping and anti-subsidy actions, access to raw materials and the protection of intellectual property. The third major area of concern was the need to have a revised and improved permanent safeguard mechanism.

In its submission, Switzerland suggested three different approaches for arriving at modalities for the progressive elimination of MFA restrictions. The first two envisaged the progressive elimination of restrictions or the transformation of restrictions into global quotas, tariffs or tariff quotas which would then be progressively reduced. Switzerland said a third approach would be to allow governments to choose the appropriate methods for eliminating MFA restrictions, according to the market conditions in their own industry. Switzerland, like the EC, called for participants in the group to evaluate whether GATT rules and disciplines, as they relate to the textiles and clothing sector, have been sufficiently strengthened in other negotiating groups, such as the groups on safeguards, subsidies and countervailing measures and intellectual property. The group could then determine whether a balance of concessions had been achieved with regard to increased market access opportunities in the textile and clothing sector for all participants.

● Tropical Products

24-26 July

The Republic of Korea formally submitted a comprehensive contribution consisting mainly of tariff reductions on some 238 tropical products (including coconuts, bananas, pineapples, coffee, cocoa beans, jute, rubber, and certain tropical woods). The duty cuts would be staged over a five year period which started at the beginning of this year. Korea would also eliminate import licensing measures on some products like dates, mangoes, cigarettes, fruit juices, tapioca, pineapples and bananas. The ASEAN countries welcomed the contribution, noting Korea's inclusion of many products absent from the contributions submitted by developed countries. Malaysia announced that as an additional contribution, it had cut its tariffs on yarn fibres and jute from 20-30 per cent to a new rate of 2 per cent effective 20 April 1989.

The group completed its review, which started in June (see Focus No. 63), of the tariff and non-tariff situation in this sector after the Mid-Term Review. Participants examined the remaining product groups: tropical fruits and nuts; tropical wood and rubber; and jute and hard fibres. Colombia, pointing out the priority accorded to this group by the Punta del Este Declaration as well as the Mid-Term Review decisions, proposed that as from 1 January 1991, developed contracting parties should: eliminate all duties on unprocessed tropical products, eliminate or substantially reduce duties on semi-processed and processed products and eliminate or reduce all non-tariff measures affecting trade in this sector. Procedures to this effect would be negotiated by April 1990. In the light of the agreements reached developing countries would then indicate contributions which they would be prepared to make both within the tropical products sector and/or in other market access negotiating groups. A number of participants, emphasizing the need to accelerate work, expressed general support for the Colombian proposal. Its feasibility, however, was questioned by the European Communities and the United States. The Chairman suggested that the group focus at its next meeting on 19-20 October on establishing techniques and modalities for the further conduct of negotiations, and on further refining the identification of trade barriers which are to be the subject of negotiations. He urged participants to conclude preparations for the final stage of negotiation by the end of 1989 and resume effective negotiations as early as possible in 1990 in order to produce maximum results by the end of the Round.

● Non-Tariff Measures

26 July

At this resumed meeting, the Chairman, pointing out that the Mid-Term Review agreement has instructed the Group to establish a framework and procedures for future negotiations, presented his revised suggestion on the subject, which constituted an attempt to

Continued on page 11
NATURAL RESOURCE-BASED PRODUCTS – I

Natural resources - mineral resources, fish and fisheries products, and forestry products - are unevenly distributed worldwide. For that reason, international trade in products based on those resources is substantial, whether in the form of raw materials, processed or semi-processed products. For minerals alone (this category includes fuels and non-ferrous metals), exports represent close to one-fifth of total world trade.

Natural resource-based products are a significant source of revenue for many producing countries, including developed countries like Canada and Australia. And for some developing countries, particularly in Latin America and Africa, this is a crucial area: non-ferrous ores, minerals and metals account, for example, for more than half of the exports of Chile, Peru, Jamaica, Togo, Zaire, Niger and Zambia.

However, trade in these products encounters a series of tariff and non-tariff obstacles, including restrictive trade practices and discriminatory trade arrangements, which distort the conditions of competition. In general, import barriers increase in line with the degree of processing of products; many producers are keen to develop the processing industry rather than remain material suppliers. On the other hand, some consumer countries are seeking improved access to natural resources.

At Punta del Este, it was agreed that the Uruguay Round of negotiations “shall aim to achieve the fullest liberalization of trade in natural resource-based products including in their processed and semi-processed forms ... [and] to reduce or eliminate tariff and non-tariff measures, including tariff escalation”.

The negotiating group on natural resource-based products is concerned not only with this objective of liberalization, but also with matters of procedure and negotiating techniques - in particular, the links established with negotiations in other groups, such as those on tariffs, non-tariff measures and subsidies, where trade barriers are examined horizontally. Until now, these aspects have slowed down progress in the Group. At the meeting of the Group of Negotiations on Goods and the Trade Negotiations Committee on 27 July, which reviewed progress in the various areas of the negotiations (see article on page 2), a number of developing countries expressed concern regarding delays in this area and their adverse effects on the overall balance of the negotiations.

Situation of the various product groups

During the Mid-Term Review in December 1988, Ministers of countries participating in the Uruguay Round noted that the work on natural resource-based products was well advanced in the three areas mentioned and agreed that effective negotiations should begin as soon as possible. They also agreed to “continue their examination of issues brought forward to date, without prejudice to additional products and issues participants may yet propose”.

Non-ferrous metals and minerals

The background study shows that, as regards aluminium, most bauxite is mined in tropical zones (primarily in developing countries and Australia) and largely processed to alumina and aluminium in developed countries, close to large consumers. Nevertheless, in the past decade there has been a marked shift to smelting in developing countries, in particular oil producers. About one-half of world mine production of copper and just over one-quarter of primary refined production is in developing countries. As regards nickel, following a marked shift towards developing countries, the latter now account for about one-third of world output. Lead and zinc are commonly used in association and output is concentrated in developed countries. In contrast, tin production at the mining and smelting stages is concentrated in developing countries.

Year-to-year demand and prices for the six major non-ferrous metals have varied widely since the first energy crisis of 1973-74. After having fallen to a post-war low during the first half of the 1980s, prices have recently recovered following the recovery of world economic activity.

Diversity of trade barriers

Post-Tokyo m.f.n. tariffs are in general lower in developed countries - the majority from 0 to 8 per cent - than in developing countries where most of them range between 10 and 40 per cent. In the majority of countries, these rates increase with a higher degree of processing, thereby providing tariff protection to domestic smelting and refining industries and to industries producing intermediate products on metal manufactures.

Developed countries grant duty-free or preferential rates - sometimes accompanied by quota or exclusion provisions - on imports from developing countries under their GSP schemes and under regional agreements.

The degree of tariff binding - hence of commitment on tariffs - is generally much higher in the developed countries than in the developing ones.

Trade in non-ferrous metal and mineral products is hindered by a range of non-tariff measures: import prohibition or embargo, discretionary licensing, quantitative restrictions, government procurement practices, exchange control, prior import deposits and taxes. Measures on exports largely take the same forms: licensing, restrictions, taxes, export prohibition or embargo. In addition, subsidies, governmental or intergovernmental loans, fiscal measures, pricing policies, assistance for research etc., can have a protective effect on production and marketing of these products.

At present, the bulk of international trade in non-ferrous metals and minerals takes place in the form of ores and concentrates and unwrought metal. Trade in semi-manufactures is of less importance and takes place mostly within the same geographic region and under preferential arrangements. Major suppliers of non-ferrous semi-manufactures and manufactures are developed countries.
The working party devoted considerable protection afforded to domestic indus­
lation according to the degree of value attention to the problem of tariff esca­
tries at the various stages of processing; added and the resulting effective rate of
'Mineral exports account for one-fifth of world trade'

The working party devoted considerable attention to the problem of tariff escala­tion according to the degree of value added and the resulting effective rate of protection afforded to domestic indus­tries at the various stages of processing; estimates by the working party indicate that the effective rate of protection is in general higher than the nominal rate itself.

Fish and fisheries products

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ver the past decade there have been substantial developments in this sector, as a result inter alia of over-fish­ing of many stocks and re-allocation in terms of catch opportunities following the almost generalized extension of exclu­sive economic zones to 200 miles. Although many fisheries products continue to have high nominal tariffs in major import markets, weighted m.f.n. tariff averages of developed countries for fish and fisheries products were reduced from 6.5 to 4.1 per cent following the Tokyo Round. In fact, the bulk of trade takes place under m.f.n. arrangements. Tariff cuts have been slightly more signi­ficient on unprocessed products than on processed products; for many coun­tries, tariff escalation is still perceived as a key problem. The proportion of tariffs bound is high. Preferential access is granted for some preserved or processed fisheries products under GSP schemes or under bilateral or multilateral agreements. Imports are affected by certain non-tar­iff measures: tariff quotas, quantitative restrictions (whether or not seasonal), import levies, sanitary regulations, labelling and marking regulations, internal taxes, and minimum price sys­tems. Exports too are affected by various forms of distortion such as subsidies, various types of favourable credit for exports and in some countries export licensing or export restrictions. The rôle of State-trading operations or State­controlled agencies has tended to in­crease in recent years, following inter al­ia the proliferation of bilateral agree­ments between coastal and foreign fish­ing States, basically resulting from the extension of territorial waters. The working party was unable to reach a

The idea of an integrated approach is not new

A

t the time of the Tokyo Round, a number of countries held the view that one should seek to liberalize trade in closely related product groups by tackling simultaneously all tariff and non-tariff barriers affecting trade in those products. This would be an auxili­ary technique designed to achieve a greater measure of liberalization than would result from negotiating those ob­stacles on a horizontal basis. The main advocate of this sectoral ap­proach, Canada, was particularly interested in its use in respect of certain minerals, metals and metal manufac­tures, wood products and paper. This approach was also attractive to develop­ing countries whose exports were tend­ing to concentrate on certain sectors. They were mainly interested in its use for fish and fisheries products, leather and leather manufactures, wood pulp and paper products, copper and handi­craft products. The supporters of this approach considered that it would allow liberalization of the products concerned at all stages of production, and would solve the problem of tariff escalation, i.e. the progressive raising of tariff levels according to the degree of processing. The implementation of this approach gave rise to a number of problems. Furthermore, some participants were not convinced that it would yield adequate results. Ultimately, it was not adopted. Meeting at ministerial level in 1982, the Contracting Parties agreed that an examination should be made of prob­lems relating to trade in three groups of products - non-ferrous metals and min­erals, forestry products, and fish and fisheries products - including in their semi-processed and processed forms, falling under the competence of the General Agreement relating to tariffs, non-tariff measures and other factors affecting trade, with a view to recom­mending possible solutions. Detailed background documentation was prepared, and a working party was established by the Council in March 1984 to examine problems in those areas and possible solutions that might be proposed. The working party concluded that elim­i­nation of obstacles would be conducive to trade liberalization, would facilitate the adjustment of production to market conditions, favour greater stability in prices and help create a stronger base for further development of industries concerned with natural resource-based products. It considered that the best means of obtaining that objective was through a new round of multilateral trade negotiations.

1 Among the non-ferrous metals, lead, zinc, aluminium, copper, tin and nickel were studied; GATT has published background studies on the first three of these.
consensus as to what should be done in this sector; one of the main stumbling blocks is the question of access to fisheries resources, to which some countries attach great importance: they point out that many agreements concluded following the extension of the zone to 200 miles include trade clauses and establish a direct link between trade liberalization and access to their fisheries resources. In the view of those countries, it would be unrealistic to hope for satisfactory results in negotiations if no account is taken of all the factors that affect trade. On the other hand, some members of the working party considered that access to resources was outside the purview of GATT and that the best way to deal with the problem would be to avoid establishing any link between access to markets and access to fishery resources.

**Forestry products**

This is an extremely diversified sector - there are some 500 different wood-species varieties which are of actual or potential significance in trade - and forest products can be put to a multitude of uses, whether in agro-forestry, industry and even pharmaceuticals. The working party limited itself to studying international trade issues as they relate to wood and cork, and to manufactures thereof, and to one of the main wood derivatives - pulp.

Only about 10 per cent of world output of forestry products moves into international trade. Exports of wood and cork and manufactures thereof, and of wood pulp from all sources account for 1.7 per cent of world exports of all commodities. Both silviculture and the wood processing industries have undergone major technical and structural changes which are still continuing at a rapid rate. Technical innovations have favoured the use of certain types of wood to the detriment of others, stepped up competition which was already very keen in this sector, and brought changes in trade flows. Export trade in tropical timber has developed sharply, from approximately 7 million cu. m. of log equivalent in the 1950s comprising only a few dozen tropical wood species to some 70 million cu. m. in a recent year, made up of several hundred different species. In addition, expansion of consumer markets - hence of packaging requirements - and explosive growth in the needs of the printing and publishing media have spurred a steep increase in production of wood pulp and derivatives thereof.

This sector is also characterized by a substantial degree of co-operation between developed and developing countries, as well as between developed countries and between developing countries. This has taken the form of joint ventures for forest resource exploitation, accompanied by processing industries, and international marketing support measures as well as transnational investment.

**Preferential trade**

As a result of various regional integrative schemes and preferential arrangements, the successive Lomé conventions and the generalized system of preferences, a large part of export of wood and wood products is admitted duty-free into many market-economy countries. In fact, imports on an m.f.n. basis represent only a limited percentage of all imports; a large part of international trade in these products, including between developing countries, takes place on preferential terms.

In general, m.f.n. tariffs have been reduced substantially by the developed countries in successive rounds of negotiations, while developing countries are still applying tariffs that are high and can even exceed 100 per cent in some Asian countries. Although tariff escalation has been reduced substantially in many countries, it continues to hamper import growth of certain products. Competition is so keen that a very slight price difference can have a decisive impact on trade. Where tariffs are applied, one can also find less-favourable tariff treatment for wood and wood products depending on origin, and even differentiation in tariff treatment for given products having the same use but made from different woods. This situation is giving serious concern to a number of countries. Among non-tariff measures, sanitary and phytosanitary measures are prominent together with technical obstacles relating to required product characteristics and performance - these are sometimes complex and not well-known. Since forestry resources are to a substantial extent State-owned, a broad range of support measures can be taken by the public authorities in regard to the use and development of those resources. Trade flows can also be affected by procurement practices and tax treatment. Import controls, licensing and quantitative restrictions are other obstacles frequently mentioned. As regards measures affecting exports, some developing countries resort to tariff escalation that is inverse to that applied on imports, so as to encourage the export of manufactures: the tariff is high for raw materials, lower for semi-manufactures and zero for manufactures. This encouragement can be supplemented by specific incentives and regulations favouring processing activities. Certain countries enter into voluntary export restraint arrangements or price commitments. The working party identified these various types of barriers and recognized that other elements - such as changes in technology, for example - could affect trade flows and their potential development. On the other hand, participants could not reach a consensus to examine trade in paper and paper products in the working party. While some were of the opinion that certain tariff and non-tariff obstacles exist in this sub-sector, others pointed out that the degree of manufacturing of paper and paper products was too advanced for these products to be considered in the category of natural resource-based products.

**Additional products**

Although there is agreement to proceed with negotiations on non-ferrous metals and minerals, fish and fisheries products, wood and wood products, discussions have begun in the Group on the possible inclusion of other natural resource-based products in the negotiations. Participants have made proposals in this sense, in particular in respect of energy and energy-related products - petroleum, gas, coal, petrochemicals - iron and steel, fertilizers, other non-ferrous minerals and metals, etc.

The Group has begun discussion on these products, without prejudice to any decision to include them in the negotiations. The GATT secretariat and certain delegations have already furnished documentation to the Group on crude Petroleum, Coal, Natural Gas, Petrochemicals, Fertilizers, Other Non-Ferrous Minerals and Metals, analysing the situation in respect of these products and the tariff and non-tariff barriers encountered in their international trade.

(to be continued)

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1. Trade in non-ferrous metals takes place in five product groups at various stages of production: ores and concentrates, unwrought metals, intermediate products, chemicals and finished metal manufactures.

2. The negotiations on tropical timber are taking place in the negotiating group on tropical products.

Issues arising in the negotiations as such will be examined in the next FOCUS.
reach a compromise between differing positions. A large number of participants expressed general support for the draft framework and others put forward amendments concerning transparency provisions and aspects relating to special and differential treatment for developing countries. The Group agreed to consider the subject again at its next meeting on 28 September.

● Trade in Services
17-21 July

The GNS had the second of its sectoral discussions in which the implications of applying the so-called "Montreal principles" - which might be included in the framework agreement on services - were considered for specific sectors. On this occasion, the Group considered transport services and tourism services.

The discussion of transport was confined largely to the air transport and maritime sectors although surface transport and multimodal transport were also discussed. Background material by the GATT Secretariat showed that, in 1988, the United States was by far the largest provider of scheduled air services carrying passengers, freight and mail. The US was followed by the Soviet Union, then Japan, the United Kingdom and France. The scheduled air services sector, noted many participants, was highly regulated and subject to many bilateral agreements. These agreements, negotiated under the 1944 Chicago Convention, dictate airline access to routes and airports and are founded on the principle of national sovereignty over airspace. Many air fare structures are negotiated through the International Air Transport Association (IATA) while air services are also subject to a high degree of national regulation (safety etc).

Many delegations argued that principles like non-discrimination or national treatment could not be applied within the present system. They argued that the bilateral agreements were, in any case, becoming more liberal and should not be challenged or undermined by new multilateral disciplines. However, some delegations felt that the current system was too restrictive and, while it could not reasonably be challenged in the short term, air services should not be indefinitely ruled out of coverage by a services agreement. There was, nevertheless widespread agreement that some aspects of the air transport industry did lend themselves to the application of the Montreal principles. These included ground handling services, charter aviation, and computer reservation systems.

The Group also noted the high degree of regulation affecting the maritime transport sector. Here, a mixture of liner conferences (groups of companies fixing tariffs on regular shipping routes), the UNCTAD Liner Code (sharing freight business between pairs of developed and developing countries) and cabotage (reservation of coastal shipping for national flag carriers and, often, crews and ships of national origin) again made the application of all or most of the Montreal principles problematical. Some participants pointed out that the high level of regulation reflected concern to promote national shipping capacities, standards of safety and national security interests. Again, some delegations considered that the present system best represented the interests of the shipping sector and its users while others believed the system to be restrictive, inefficient and liable to lead to unnecessarily high transport costs. These latter countries believed that the application of liberal, multilateral principles should not be ruled out for the long-term.

Taken to include all travel services, the tourism sector has been estimated to represent the largest industry in the world with total sales, in 1987, of US$1.9 trillion. Since governments go out of their way to attract tourists it is a less regulated trade than others with which the group has dealt. Nevertheless, there exist regulations which affect individual tourists (visa or currency restrictions for instance) and the activity and ownership of enterprises (tour operators and travel agents as well as hotels and catering services). The question of the movement of personnel across borders was raised in the Group as were restrictions on the ownership of tourism institutions. The Group spent some time discussing the promotion of tourism in developing countries.

In the remaining part of its meeting, the Group continued to discuss individual principles and elements outlined in the Montreal agreement. The principles of national treatment, most-favoured nation/non-discrimination and market access were the subjects covered. At the same time, the European Community and Canada both tabled new ideas on the application of the principle of progressive liberalization. The European Community also presented a proposal on the principle of transparency.
Council (Continued from page 1)

Accession Protocol, review format approved

Bolivia: “An act of faith”

A draft protocol setting out the terms of Bolivia's accession to the GATT was approved by the Council, thus paving the way for the country's entry as the 97th contracting party. The contracting parties, through postal ballot, are expected to approve Bolivia's accession. The Council also adopted the report of the Working Party which recommended favourably on the country's application to the GATT.

Bolivia said that more than anything else, its forthcoming accession to the General Agreement would be an “act of faith” in the multilateral trading system and in the GATT. It pledged to add to the efforts of the contracting parties to uphold the principles of the General Agreement. It considered that the binding of its whole tariff schedule was a generous concession and requested that in the context of the Uruguay Round, other contracting parties would give equivalent concessions to Bolivia.

Many countries warmly welcomed the imminent accession of Bolivia. The United States congratulated the country for its economic programme initiated in 1985, and its decision to bind its tariffs. Uruguay, the European Communities, Brazil, Colombia, Peru, Chile, Romania, Mexico, Canada, Argentina, Egypt, the Nordic countries and Australia all expressed support for Bolivia's accession.

See related story on page 16

OUTLINE FORMAT FOR COUNTRY REPORTS

A. TRADE POLICIES AND MEASURES

(i) Objectives of trade policies
Objectives of national trade policies. Where particular sectoral trade policies have evolved, an explanation should be provided of their economic goals and significance.

(ii) Description of the import and export system
Summary description of the system, and its relationship to the general and sectoral objectives indicated in A(i).

(iii) The trade policy framework
(a) Domestic laws and regulations governing the application of trade policies.
(b) Summary description of the process of trade policy formulation and review, as well as responsibilities and institutional functioning of bodies primarily involved in this process and with the administration of trade policies.
(c) Bilateral, multilateral, regional or preferential trading agreements, their scope, duration and goals,

(iv) The implementation of trade policies
(a) Trade policy measures used by the contracting party, their implementation during the period under review, including developments in different sectors, and comparison with their use in earlier periods. Where possible, quantitative estimates of the trade coverage of each policy instrument should be provided.
(b) Developments during the period under review in the agreements referred to in A(iii)(c) above.
(c) Programmes in existence for trade liberalization, including those agreed in the context of structural adjustment and/or debt negotiations.
(d) Prospective changes in trade policies and practices to the extent these changes are already announced or can be made known.

B. RELEVANT BACKGROUND AGAINST WHICH THE ASSESSMENT OF TRADE POLICIES WILL BE CARRIED OUT: WIDER ECONOMIC AND DEVELOPMENTAL NEEDS, EXTERNAL ENVIRONMENT.

(i) Wider economic and development needs, policies and objectives of the contracting party concerned

(ii) The external economic environment
(a) Major trends in imports and exports.
(b) Developments in the terms of trade and commodity prices.
(c) Important trends in the balance of payments, reserves, debt, exchange and interest rates, and other such issues.
(d) International macroeconomic situation affecting the external sector of the contracting party concerned.

(iii) Problems in external markets
Problems of market access facing exports: existing significant barriers to trade including (VERs and OMAs) as well as developments since the last review.

APPENDIX: STATISTICAL AND TABULAR INFORMATION

(i) Trade flows by product and country/geographic area
Total exports and imports in value and volume, their commodity composition, and the principal countries/geographic areas of origin and destination.

(ii) Macroeconomic indicators and other information considered relevant
(Governments are encouraged to add a brief “executive summary” to their reports.)
Laboratory control in a pharmaceuticals plant: some harmful products can be banned on the domestic market but are still exported. A GATT group will look at possible trade disciplines.

Group to examine exports of domestically-prohibited goods and hazardous substances

The Council agreed to establish a working group to examine trade in domestically prohibited goods and other hazardous substances. The group will consider the need for new disciplines to regulate export of goods (pharmaceuticals, pesticides and other chemicals, for instance) which may be barred for sale in the domestic market of the producing country on the grounds that they are dangerous to human health or safety but which are nevertheless exported. It will also examine the discipline that could apply to exports of products which are severely restricted or controlled in the domestic markets of the producing countries. The Group’s work would cover trade-related aspects of the disposal of toxic waste.

The group is to complete its work by 30 September 1990, and to submit a progress report to the 45th session of the Contracting Parties late this year. The group’s membership is open to all contracting parties. The Council decision emphasizes the need to avoid duplicating the work in these areas of other international organizations.

Nigeria welcomed the decision but pointed out that it just signified the start of work; progress would require the cooperation of other GATT members. Uruguay, Côte d’Ivoire, Tanzania and India underlined the importance of the subject for developing countries.

On another request for the establishment of a working group, that on the establishment of a streamlined mechanism for reconciling the interests of contracting parties in the event of trade-damaging acts, the Chairman informed the Council that he plans to hold further consultations. He noted that in informal consultations held on this subject in May and June, there was a consensus that the matter is of interest to a large number of contracting parties. However, some delegations have expressed reservations about actually setting up a formal mechanism in the GATT.

Lumber report adopted

The Council considered for the third time the panel report on Japan’s tariff on spruce-pine-fir (SPF) dimension lumber. The panel, which introduced its report in May, found no violation of GATT provisions.

Canada reiterated its concern that the panel had failed to address the main issue of trade discrimination, and questioned the panel’s interpretation of “like products” (see Focus Nos. 62 and 63).

Brazil, the Nordic countries, New Zealand, Argentina, India and Australia, which had expressed reservations over the panel findings at the previous meeting, indicated that, while remaining doubtful about the panel’s interpretation of Article I, they would not stand in the way of the report’s adoption.

Canada reserved its right to further pursue the examination of this issue but the Council adopted the panel report.

Copper-scrap panel established

Observing the deadlines in GATT’s strengthened dispute-settlement procedure, the Council granted the request by the United States, made at the previous meeting, for the establishment of a panel to examine the Community’s restraints on exports of copper scrap (see Focus No. 63).

The United States claimed that the EC quotas on the amount of copper scrap and copper alloy scrap that may be exported by each Community member contravene Article XI:1 of the General Agreement which bars “prohibitions or restrictions other than duties, taxes or other charges ... on the exportation or sale for export of any product destined for the territory of any other contracting party”.

The Community maintained its measures are justified under Article XI:2(b) which exempts “import or export prohibitions or restrictions necessary to the application of standards or regulations for the classification, grading or marketing of commodities in international trade”. However, it would not stand in the way of the establishment of a panel. Canada and Australia indicated they would make submissions to the panel.
Korea reiterates concerns about beef report

For the second time, the Council considered the three panel reports which concluded that the restrictions maintained by the Republic of Korea on beef imports were not consistent with the provisions of the General Agreement. The reports addressed, respectively, the complaints lodged by the United States, Australia and New Zealand (see Focus No. 63).

Korea underlined the sensitivity of the issue to its farmers. It continued to have grave concerns that the panel report would render GATT Article XVIII (Governmental Assistance of Economic Development) partly meaningless and obsolete. It questioned whether a dispute-settlement panel should be allowed to pass judgement on the balance-of-payments situation of a contracting party. However, Korea indicated its willingness to start, without delay, consultations with Australia, New Zealand and the United States. It announced that its beef imports would be raised to the level existing before 1984-85, the years when Korean beef restrictions were intensified.

Australia, the United States and New Zealand urged Korea to reconsider its position. Canada, Chile, the European Communities, Argentina and Uruguay supported the adoption of the report. Brazil and Egypt stressed that the report should not affect the application of the balance-of-payments provisions of the GATT but would not stand in the way of the adoption of the report.

Korea said the implications of the panel reports were so far-reaching that it needed more time. The Council agreed to revert to this matter at its next meeting.

The Council also received a report from the Committee on Balance-of-Payments Restrictions on its ongoing consultations with the Republic of Korea. The Committee reported that it started consultations with Korea on 27 June, and that it will resume the process in October.

Canada, the European Communities, the United States and New Zealand expressed strong disappointment that the Committee could not come to a decision at its June meeting. They expressed the hope that, in the light of its strong external position, Korea would soon disavow the GATT balance-of-payments cover for its trade restrictions.

US assessing Section 337 report

For the sixth time, the Council considered the panel report which examined the Community's complaint against Section 337 of the US Tariff Act of 1930. The EC asked the United States to unblock the adoption of the report.

The United States reported that the matter was being thoroughly reviewed at the highest level in Washington. US Trade Representative Carla Hills had been in contact with the US Congress regarding to what extent and in what context the United States would be prepared to adopt the panel report. It might be able to convey to the Council a definitive position by Fall. The United States said it was mindful of the intellectual property rights issue in the Uruguay Round, and suggested that other contracting parties should be mindful as well.

The Council agreed to revert to this matter at the next meeting.

Canada draws up retaliation list

Canada reported to the Council that it had prepared a list of products to be affected by a possible withdrawal of equivalent concessions in response to the inability, so far, of the United States to implement the Superfund panel report. This list would soon be circulated to the contracting parties. Canada indicated that it would seek authority for raising tariffs at the next Council meeting, on certain US products, if by then no substantial progress would have been made on this issue.

The United States reported that legislation was before the US Congress and should, if passed, accomplish the necessary changes in US law. It suggested that actions now contemplated by Canada would be inappropriate and might damage the legislative environment.

On another panel report, on Japan’s restrictions on imports of certain agricultural products (report adopted by the Council in February 1988), Australia claimed that Japan had not completely implemented the panel’s recommendations. It stressed its substantial interests in certain dairy products, and reserved its right the pursue the matter further. The European Communities and New Zealand supported Australia. The Japanese delegation said its authorities would be informed of the Australian concerns.

Hungarian trade reforms commended

The Council received the report of the Working Party which conducted the seventh consultation with Hungary, as provided for in that country’s Protocol of Accession to the GATT.

The Chairman of the Working Party reported that members acknowledged the importance of the reform process taking place in Hungary. It was recognized that a supportive external economic environment was essential to its success, and that the conclusion of the Uruguay Round would make a contribution in this respect. The significance of the recently concluded bilateral agreement between Hungary and the European Communities on trade, commercial and economic cooperation was stressed. Some delegations supported the country’s wish that the EC should consider speeding up the elimination of quantitative restrictions maintained against Hungary.

After the introduction of the report, Hungary noted that trade barriers were still affecting its exports. It stressed the importance it attached to a well-functioning multilateral trading system and to the successful and timely conclusion of the Uruguay Round negotiations. It noted that its recent agreement with the Community could mark the beginning of the end for quantitative restrictions on Hungarian exports. It also described as a decisive step the proposal of US President George Bush to grant most-favoured-nation status to Hungary on a permanent basis. Hungary said its current efforts could lead to a market economy, and expressed the hope that as a result of the changes, Hungary would soon be treated on an equal footing with other contracting parties.

The Council adopted the report of the Working Party.
GATT reviews a busy year

Available in late-August, GATT Activities 1988 reviews what was one of the busiest years for the GATT. This year's 176-page report is the longest to date since "GATT Activities" first appeared in May 1960 - reflecting intense activity like the Uruguay Round's Mid-Term Review in Montreal and the unprecedented amount of trade complaints lodged before the GATT.

GATT Director-General Arthur Dunkel, in his introduction to the report, juxtaposes the various facets of GATT's work against the background of developments in the international trading system and the continuing Uruguay Round of negotiations. Trade restrictions, subsidies, the dangers of unilateralism, trade imbalances and developing country debt are areas of great concern to the health of the trading system, writes Mr. Dunkel. Furthermore, unresolved trade disputes involving relatively small amounts of trade, continue to provide a public perception of a worsening international trade environment. Nevertheless, 1988 did see record growth in world trade equal only to the 8.5 per cent reached in 1984, and witnessed significant progress in the Uruguay Round negotiations. The period between the decision of February 1988 to hold the Mid-Term Review at a Ministerial-level meeting of the Trade Negotiations Committee in Montreal in December to the end of the Review processes in April 1989, brought the GATT and the world's trading nations more progress in the Uruguay Round than previously thought possible. While the TNC decisions adopted in April 1989 pose extremely difficult challenges, Mr. Dunkel states that the deadlines on concluding the Uruguay Round negotiations will act as a spur to progress.

Course Continued from page 16

The courses have a practical orientation and are designed to help officials prepare themselves for the tasks awaiting them in their own administrations. Activities include the preparation of practical work, participation in seminars, group discussions, a workshop on negotiation techniques, simulated negotiations and attendance at official meetings.

During the Course, participants will undertake a study tour in a foreign country which will include visits to industries and institutions connected with foreign trade. There will also be a short study tour of a similar nature in Switzerland.

In addition to GATT Secretariat officials, many guest lecturers are invited to contribute, including senior officials of government delegations and international organizations as well as academics.

The GATT Secretariat organizes two courses in Geneva each year: between February and June, and between August and December. The courses are in English, French or Spanish.

GATT Activities 1988 includes a full annex of all the Mid-Term Review agreements in the 14 negotiating groups on goods and on the group on services negotiations. It also covers every aspect of analysis, discussion and negotiations in the GATT, starting with a chapter which links developments in the world economy, trade policy decisions and general trade issues to the detailed work of the organization.

It describes the significant developments during 1988 in the Uruguay Round negotiations and provides a background on the major issues and proposals in each of the negotiating groups. The annual review also covers important continuing work in the GATT, including detailed accounts of the 22 trade disputes referred to the Council of Representatives and other GATT bodies during the year. It summarizes the activities of the committees and councils overseeing the various Tokyo Round agreements on non-tariff measures, the Textile Committee which oversees the Multifibre Arrangement, and the Committee on Balance-of-Payments Restrictions.

The publication covers regional and other special trading arrangements, the trade-development aspect of GATT's work, including reports on the activities of the Committee on Trade and Development, and the achievements of GATT's technical-assistance programme and the International Trade Centre, UNCTAD/GATT.

The English and French editions of GATT Activities 1988 were published on 31 August; the Spanish edition will be available in September. Requests should be made to the GATT Secretariat, Centre William Rappard, 154, rue de Lausanne, 1211 Geneva 21, or through booksellers; in the United Kingdom, orders should be placed with HMSO, P.O.Box 276, London SW8 5DT, and in the United States with BERNAN-UNI-PUB, 4611-F Assembly Drive, Lanham, MD 20706-4391. Price Sw F 12.-.

The following is a tentative programme of meetings for September and October 1989:

**September**
- 11-13 NG on Trade-Related Aspects of Intellectual Property Rights (TRIPS)
- 11-12 & 14 NG on Safeguards
- 14-15 NG on Trade-Related Investment Measures (TRIMS)

**Week of 18, 20**
- Group of Negotiations on Services
- NG on MTN Agreements and Arrangements
- Committee on Milk Powders, Milk Fats and Cheeses
- Textiles Surveillance Body (TSB)
- Committee on Technical Barriers to Trade
- International Dairy Products Council
- Committee on Import Licensing
- NG on Textiles and Clothing
- Working Group on Sanitary and Phytosanitary Regulations and Barriers (NG on Agriculture)
- NG on Agriculture
- NG on Subsidies and Countervailing Measures
- NG on Tariffs
- Sub-Committee on Trade of Least-Developed Countries
- NG on Dispute Settlement
- NG on Non-Tariff Measures
- NG on Natural Resource-Based Products

**October**
- 4-5 Working Group on Government Procurement
- 6 Committee on Government Procurement
- 9 Textiles Committee
- 10 Committee on Customs Valuation
- 10-12 TSB
- 11 COUNCIL
- 12-13 NG on the Functioning of the GATT System
- 16-18 NG on MTN Agreements and Arrangements
- 16-18 NG on GATT Articles
- 16-17 Committee on Balance-of-Payments Restrictions
- 18 Committee on Trade in Civil Aircraft
- 19-20 NG on Subsidies and Countervailing Measures
- NG on Tropical Products

**Week of 23-26**
- Group of Negotiations on Services
- Committee on BOP Restrictions
- Ad Hoc Group on Anti-Dumping
- NG on Tariffs
- 24-25 Committee on Anti-Dumping Practices
- NG on Non-Tariff Measures
- 25-26 NG on Agriculture
- 26-27 Committee on Subsidies and Countervailing Measures
- NG on TRIMS
- 30 NG on Safeguards
- 30-31 NG on TRIPS
- Committee on Trade and Development
- 31 NG on Textiles and Clothing
BOLIVIA SIGNS PROTOCOL OF ACCESSION TO GATT

Bolivia's Protocol of Accession to the GATT was signed on 4 August at GATT Headquarters in Geneva by Ambassador Raúl Esapa-Smith, Permanent Representative of the Republic of Bolivia to the United Nations Office at Geneva and other international organizations.

Accession would take effect in 30 days, subject to ratification by the Bolivian parliament. Bolivia would then become the 97th Contracting Party to the GATT.

The terms of the Protocol were negotiated in a working party whose report was approved by the GATT Council on 19 July 1989. The decision on Accessions was subsequently taken by GATT member states in a postal ballot. The necessary two-thirds majority of Contracting Parties - 64 affirmative votes - was attained in less than three weeks.

On becoming a contracting party to the General Agreement, Bolivia will be able to participate fully in all GATT's work, including the Uruguay Round of multilateral trade negotiations, which was launched in 1986 and is to conclude in December 1990. It will benefit from all tariff concessions negotiated by GATT contracting parties since the inception of the General Agreement in 1948 and will enjoy other benefits of GATT membership, including the possibility of recourse to the dispute settlement procedures.

GATT Trade Policy Course opens in Geneva

Twenty-four officials from as many developing countries are taking part in the sixty-eighth GATT Trade Policy Course which began on 14 August and will end on 5 December 1989. The course, to be conducted in English, will emphasize the issues under consideration in the Uruguay Round of trade negotiations.

Since the programme began in 1955, the GATT trade policy courses have benefited 1,122 officials from 114 countries and ten regional organizations. The courses are aimed at giving participants greater understanding of trade policy matters, the work being done by GATT, major problems of international trade and agreements which have resulted from past multilateral negotiations in GATT.

Fellowships are open to officials from developing countries (including those which are not members of GATT) who have, or may in the future have, responsibilities in the formulation and conduct of foreign trade policies. Governments are regularly invited to nominate candidates for the courses.

Continued on page 15