Uruguay Round

TNC adopts four-track strategy to conclude the Round

"Do we agree to push the negotiating process forward so as to conclude the Uruguay Round quickly in the weeks ahead or do we concede that the stage reached last December do not provide the basis for an early conclusion?"

To this sole question posed at a pivotal meeting of the Trade Negotiations Committee on 13 January, countries responded with a firm "yes" to concluding the Uruguay Round in the weeks ahead based on the Draft Final Act tabled by the TNC Chairman, Mr. Arthur Dunkel, in December and on a four-track work plan. The Chairman, in posing the question, stressed that "our efforts today and in the weeks following have to be well coordinated and directed towards the sole objective of bringing the Uruguay Round to a successful and quick conclusion."

The Chairman noted the very high level of consensus in support of the Draft Final Act, emphasizing that the major part of the texts were "the results of protracted negotiations in the well-established tradition of give and take". He noted that "on some outstanding points, where arbitration and conciliation appeared unavoidable, the text is based on informed and conscientious decisions that I and my colleagues, the Chairmen of the former negotiating groups, had no alternative but to take." Reminding participants that they themselves had chosen this route, Mr. Dunkel reported that "I have no new—or better—solutions to offer on my own."

In proposing the work programme, the Chairman recalled that when he tabled the Draft Final Act in December, he had stated that the work in the Uruguay Round from January 1992 onwards would be based on a global approach and that being a single undertaking in accordance with the Punta del Este Declaration, the negotiations would be governed by the principle that "nothing is final until everything is agreed."

The work plan adopted by the TNC for the concluding phase of the Round consists of the following:

- **Track one:** Intensive, non-stop bilateral, plurilateral and multilateral negotiations on market access.

  "Substantial and meaningful results for all parties in this area are also necessary for final agreement by parties to the total package," the Chairman said.

- **Track two:** Intensive non-stop negotiations, again with continuous multilateral monitoring, on initial commitments in services.

  "Substantial and meaningful results for all parties in this area are also necessary for final agreement by parties to the total package," the Chairman said.

- **Track three:** Work to ensure the legal conformity and internal consistency of the agreements constituting the Final Act.

  "This process is important and unavoidable," the Chairman said, "though it should not lead to changes in the balance of rights and obligations established in the agreement."

(Continued on page 2)
The Draft Final Act

‘A promise given, a promise kept’

The following are excerpts from the statement made by the TNC Chairman, Mr. Arthur Dunkel, before submitting the “Draft Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations” to the TNC on 20 December 1991:

The purpose of the meeting is to ask you to take note of the fact that before the end of today, you will have available a complete and consolidated document bringing together the results of five years of effort. This document is the outcome both of intensive negotiation and or arbitration and conciliation: negotiation among you, the participants, and arbitration and conciliation by the Chairmen when it became clear that, on some outstanding points, this was the only way to put before you a complete, consolidated text. It represents the global package of results of this Round. Even more importantly, it offers us, for the first time, a concrete idea of the scope and scale of the benefits of broad-based liberalization and strengthened multilateral rules which are within our grasp. In short, a promise given, a promise kept.

Second, however, the Final Act needs to be completed in one very important respect. It lacks the schedules of commitments on trade in services. These results will become available only on the completion of the detailed and intensive negotiations in which delegations will have to engage early in the New Year...

Two further steps must be taken before the negotiations can be concluded. One is that the Group of Negotiations on Goods must conduct a final evaluation of the negotiations, in accordance with the mandate given by the Punta del Este Declaration. The other is that the entire body of agreements must be reviewed for legal conformity and internal consistency. This process is important and unavoidable - indeed, I am already aware that some technical corrections are required to ensure consistency in certain dispute settlement provisions. It should not, however, lead to substantive changes in the balance of rights and obligations established in the agreements.

All this means that our work from January onwards will therefore have to be based on a global approach. And this means that the negotiating groups under the GNG now cease to exist. One exception will be the Market Access Group, since it is charged with the specific task of providing an obvious missing element of the Final Act. The Group of Negotiations on Services, of course, will remain in place and continue its responsibilities including the conduct of the negotiations on initial commitments in services...

The Punta del Este Declaration clearly describes the Uruguay Round negotiations as a “single undertaking”. As such, these negotiations are governed by the principle that nothing is final until everything is agreed.

Once again, I am deeply grateful to my fellow chairmen for their support, and for their expertise and courage in carrying out this task. My appreciation and thanks also go to all my colleagues in the Secretariat without whom all this would not have been possible. As to the results, no one is infallible, and I would not for a moment expect all participants to be fully content with all the decisions which I have had to make. Nevertheless, you chose this route yourselves, in full awareness of the possible consequences involved, and there is no going back. As I have repeatedly stressed, the document I have tabled today forms a single package, and it is as a package that it should be judged. Your evaluation should not therefore be hasty but well-considered and measured, looking to the future of the multilateral trading system and the opportunity it holds out for all our countries. I am confident that, if we continue to share the vision which brought us together in Punta del Este five years ago, your governments will judge the package favourably.

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Four-track approach

(Continued from page 1)

- **Track four: Work at the level of the TNC**
  with a view to examining whether and if it is possible to adjust the package in certain specific places.

The Chairman stressed that “this exercise must be very precise and concentrated entirely on what we all can collectively agree to without unravelling the package.”

Mr. Dunkel underscored that the Draft Final Act was “the expression of the most informed and conscientious evaluation of the level of consensus achievable after a one-year extension of the deadline for finalizing this Round.” He expressed readiness to serve as “honest broker” in the resolution of outstanding differences should this be considered necessary.
A delicate balance

Some 40 participants spoke largely in support of the work plan despite their concerns with certain areas of the draft. Morocco, speaking on behalf of the developing countries, reiterated a firm commitment to the rapid conclusion of the Uruguay Round. While the developing countries felt that the different texts contained in the draft had not sufficiently reflected their interests, they believed that the success of the Round was “an absolute necessity” which would provide a much-needed impetus for economic growth and world prosperity.

The United States said it saw much to be gained from the agreement now emerging: a reduction of trade-distorting subsidies and tighter disciplines in this area; a new regime for agriculture; prohibition of certain trade-distorting investment policies; a more credible institutional framework for resolving trade disputes based on international rules. On the other hand, it found that in some cases, the text did not go far enough in reducing barriers, setting rigorous standards, or providing strong disciplines and remedies against unfair behaviour.

The United States urged a rapid conclusion to the negotiations, quoting President Bush as recently saying that: “I am urging the world’s trading nations to join with us in making GATT Director-General Dunkel’s proposed draft agreement the basis for the successful conclusion of the Uruguay Round. While all of us have problems with portions of that draft, none of us can afford to let the progress it represents slip away into the past. Now is the moment for a strong collective response.”

Any changes to the draft, the United States said, should only serve to strengthen disciplines or lead to greater market liberalization. Without good results in market-access and services negotiations, it would not find the overall package acceptable. It underlined that “the next few weeks will be critical—if differences persist beyond that time-frame, we will not be able to meet the target for implementation.”

The European Community declared it was ready to continue and complete the negotiations according to the programme and timetable proposed by the Chairman in order to achieve a fair and balanced outcome. It said the draft posed difficulties to each participant—above all to those which already have very open markets. It pointed out that the Community was the largest importer in the world both for industrial and agricultural products. It said that it was well-known that the Community faced, in particular, very serious difficulties in the area of agriculture where the text would have to be greatly improved upon, and in certain rules on trade in goods. It said the results of the market-access and services negotiations would determine its complete and final judgement regarding the draft package.

Japan said no other agenda was more important in the current international economic and trading system than the early.

Market-access negotiations in decisive phase

The Negotiating Group on Market Access, on 17 January, agreed to continue negotiations based on a work programme aimed at completing its task on 31 March 1992. The Chairman, Mr. Germain Denis, noted that with the inclusion of negotiations on specific commitments on border measures, internal support and export competition in agriculture, the Group’s work now covered tariffs and non-tariff measures on all products of trade in goods whether agriculture, tropical products, natural resource-based products or industrial products.

In his assessment of the market-access negotiations submitted to the TNC in December, the Chairman reported that “it is clear that good results are emerging between many participants on meeting the Uruguay Round objectives”. The Chairman’s report, made before the submission of the Draft Final Act and the inclusion of commitments on agriculture into the Market Access Group’s agenda, highlighted the following developments:

- Some major trading partners expected to significantly exceed the target, set at the Mid-Term Review, of a one-third cut in tariffs. The substantial reductions would cover high tariffs, tariff peaks and tariff escalation situations.
- For a number of major product areas, including some resource-based sectors, the bargaining was aimed at achieving tariff reductions going beyond one-third. This included tariff elimination or harmonization at low rates.
- Many developing countries were negotiating important liberalization commitments, including substantial reductions in the scope of tariff bindings at meaningful rates and the reduction and elimination of non-tariff measures.
- Negotiations towards the total elimination of tariffs on unprocessed tropical products and elimination and substantial reduction of tariffs and tariff escalation on semi-processed and processed tropical products and on non-tariff measures were being actively pursued. In addition, participants were confirming their willingness to implement, on a definitive basis, preliminary barrier reductions obtained at the Mid-Term Review in this area.
- Positive results in sight in the areas of agriculture, textiles and trade rules were contributing to achieving satisfactory solutions to non-tariff measures. At the end of these market access negotiations all non-tariff measures should be fully subject to the new GATT rules and disciplines.
- The elimination of product-specific non-tariff measures continued to be an important part of the bargaining procedures between particular participants.

Under the Group’s new programme, bilateral and plurilateral market access negotiations among participants would be carried out on a continuous basis from 17 January to 1 March. There would also be two rounds of intensive negotiations with the participation of experts from capitals scheduled for 28 January to 6 February and from 20 February to 28 February. The complete line-by-line national schedules of concessions and commitments are to be submitted by 1 March for circulation to other participants that have also submitted such a schedule. The final schedules to be attached to the Geneva (1992) Protocol of the Final Act should be available by the end of March. The Market Access Group would remain on call on short notice during the entire period of negotiations.

The Chairman reported that his consultations had indicated that all participants were prepared to accelerate and complete at an early date substantive market access negotiations on all products across the board. He stressed that during this decisive phase, participants should take into account special and differential treatment to developing countries, including the Chairman’s guidelines on credit for tariff bindings, as well as the text in the Draft Final Act concerning special measures in favour of least-developed countries. The Chairman added that the process would also require as much transparency as possible to ensure that each participant would be confident that its interests were being properly addressed.
47th Session of the Contracting Parties

Rapid conclusion of Uruguay Round urged

Citing trade as the unifying force that brings people together and gives reality to the dream of world unity, the Chairman of the Contracting Parties, Ambassador Rubens Ricupero, urged GATT members at their Forty-Seventh Session held on 3-4 December in Geneva to address with utmost urgency the successful conclusion of the Uruguay Round.

He said recent developments underlined the need for speedy results in the negotiations:

- Three consecutive years of slowing growth in world production and trade;
- The collapse of trade among the countries of Central and Eastern Europe and the former Soviet Union and unsatisfactory trade results in many of the world's most indebted developing countries;
- The non-implementation of several panel recommendations. "If not arrested, this trend would have grave implications for the credibility of the trading system," he said. Another problem concerned "forum-shopping" or coherence in the choice of an appropriate GATT forum for settling a particular dispute. He said the experience of the Council during the year was "eloquent proof" of the need for a strengthened dispute settlement mechanism under negotiation in the Uruguay Round.

The GATT Council

The Council Chairman, Ambassador Lars E.R. Anell (Sweden), reported that the Council's work in 1991 had been marked by its growing involvement in dispute settlement issues. While new procedures introduced in 1989 had considerably streamlined the dispute settlement mechanism, problems remained, he said.

The most serious of these was the non-implementation of several panel recommendations. "If not arrested, this trend would have grave implications for the credibility of the trading system," he said. Another problem concerned "forum-shopping" or coherence in the choice of an appropriate GATT forum for settling a particular dispute. He said the experience of the Council during the year was "eloquent proof" of the need for a strengthened dispute settlement mechanism under negotiation in the Uruguay Round.

Committee on Trade and Development

The Chairperson of the Committee on Trade and Development, Ambassador Narcisa Escaler (Philippines), reported that the Committee's work during the year had been dominated by discussions on issues related to the Uruguay Round negotiations. These issues were also central to the work of the Sub-Committee on Trade of the Least-Developed Countries under the chairmanship of Ambassador Erik Selmer (Norway).

During the year, the Committee had expressed appreciation for technical assistance to developing countries in relation to the Uruguay Round provided by the GATT and other international organizations. Ambassador Escaler said that it had been emphasized in the Committee that the GATT technical cooperation programme should be strengthened after the completion of the Round "to help developing countries assess, make use of and implement the results of the negotiations and further enhance their participation in international trade."

The Chairperson reported that many members had supported a strengthened future role for the Committee to make it more action-oriented. "With the increasing participation of developing countries and the expansion of coverage to new areas - all of which has an impact on development - there is an even greater need to find fora for examining problems and issues of particular interest to developing countries in the context of what is for them the brave new world of GATT," she said.

Oilseeds panel to be reconvened

The United States reiterated a request made at the November Council meeting (see Focus No. 86) that the members of the

One of the many GATT technical cooperation projects in 1991 was the holding of a workshop on dispute settlement in the Autumn involving some 18 trade officials.
Election of officers of Contracting Parties for 1992

At the close of the Forty-Seventh Session of the Contracting Parties, held in Geneva on 3 and 4 December, the following officers were elected for the period until the end of the Forty-Eighth Session.

Chairman of the Contracting Parties:
- H.E. Mr. Lars E.R. Anell, Permanent Representative of Sweden to the United Nations Office at Geneva
- H.E. Mr. Gerald E. Shannon, Permanent Representative of Canada to the United Nations Office at Geneva
- H.E. Mr. B.K. Zutshi, Ambassador of India to GATT

Vice-Chairmen of the Contracting Parties:
- H.E. Mr. Emeka A. Azikiwe, Permanent Representative of Nigeria to the United Nations Office at Geneva
- H.E. Mr. J.F. Boddens-Hosang, Permanent Representative of the Netherlands to the United Nations Office at Geneva
- H.E. Mr. Gerald E. Shannon, Permanent Representative of Canada to the United Nations Office at Geneva

Chairman of the Council:
- H.E. Mr. B.K. Zutshi, Ambassador of India to GATT

Chairman of the Committee on Trade and Development:
- H.E. Mr. Jesús Seade, Permanent Representative of Mexico to GATT

Panel report on beer

A panel established at the request of the United States to examine Canadian measures on beer imports (see Focus No. 78) presented its report to the Contracting Parties. It found certain practices of ten Canadian provincial liquor boards inconsistent with the General Agreement and recommended that the Canadian government take measures to ensure the observance of GATT provisions.

Canada said it was carefully reviewing the panel report to determine how best to implement the recommendations with respect to each provincial system concerned. It intended to agree to the adoption of the report at the first Council meeting of 1992 and would report on measures to ensure observance of GATT provisions by provincial liquor boards in March and in July 1992, as had been recommended by the panel. However, it expressed concern that the United States was preparing retaliatory measures in this dispute in the form of suspension of duty bindings and increased duties on Canadian beer and alcoholic beverages.

The United States welcomed Canada’s statement. It said it had not taken any trade action against Canada on this matter, adding that the adoption and implementation of the report would ensure that no such action would ever become necessary.

CSFR granted waiver on tariff rise

The Czech and Slovak Federal Republic reiterated a request for a waiver on tariff increases that go beyond the bindings set in its GATT schedule. Decision on this matter was held up at the November Council meeting because of concerns by some GATT members that their interests would not be taken into account when the CSFR entered into free trade arrangements with the EC and EFTA countries (see previous Focus).

Before putting the request to a vote, the Chairman noted that after consultations, the CSFR had agreed that it would give due consideration to the interests of all contracting parties when entering into negotiations and consultations as specified in the draft waiver decision. By show of hands, the Contracting Parties agreed to grant the waiver by 57 votes in favour, none against and nine abstentions.

The waiver suspends the application of GATT Article II (Schedules of Concessions) to increases in CSFR import duties that would take effect on 1 January 1992. The tariff increases would cover about one-fifth of all CSFR imports, including agricultural products, textiles and household appliances. The waiver decision provides that the CSFR should promptly enter into negotiations and consultations with interested GATT members under Article XXVIII (Modification of Schedules) to be completed by the end of 1992.

The United States, which had abstained from voting, said it looked forward to bilateral negotiations with the CSFR to achieve appropriate compensation for the tariff increases. It remained concerned that the CSFR by restructuring its tariffs and establishing a free-trade area at the same time had brought into question the rights of third parties.

The Community disagreed with the United States’ statement. It said that the GATT provision on free-trade areas (Article XXIV) was “self-contained” in the sense that the prospective members could themselves deal with possible consequences of the agreement to third parties. Linking this provision with Article XXVIII was unacceptable, the EC said.

The CSFR expressed its gratitude to all GATT members that had supported its waiver request. It expressed readiness to meet with all contracting parties in compliance with the decision.

Yugoslavia protests EC trade sanctions

Yugoslavia complained that the EC, in November 1991, had suspended the implementation of a bilateral trade agreement, reintroduced quotas on Yugoslav textiles, and had excluded it from the list of GSP beneficiaries. It said trade measures for non-economic reasons had also been taken by Canada, Japan, Sweden, Switzerland, Norway, Austria, Finland, Australia and New Zealand. It had no intention of involving the Contracting Parties in passing judgement on the political matters behind these measures but wished to draw attention to an undertaking in the 1982 Ministerial Declaration for GATT members “to abstain from taking restrictive trade measures, for reasons of a non-economic character, not consistent with the General Agreement.” It reserved its GATT rights on the matter.

The Community said “nothing justified violence, nothing justified intolerance, which bred violence.” It said its response to this violence was a peaceful one: a recourse to trade measures based on Article XXI (Se-
The United States said it would strongly back the EC sanctions by implementing similar measures. It underscored its determination to use all available means to persuade parties to the conflict in Yugoslavia to cease hostilities and resolve their differences through peaceful means.

Canada and the Nordic countries said their measures were aimed at restoration of peace in Yugoslavia and were consistent with their GATT obligations.

India said trade measures for non-economic reasons should only be taken within the framework of a decision by the UN Security Council. In the absence of such a decision, there was a serious risk that such measures might be unilateral and arbitrary, therefore undermining the multilateral trading system. It hoped for an early and amicable settlement of the matter.

Cuba said the measures taken against Yugoslavia to bring an end to the hostilities had created even further difficulties and problems for the people involved. Jamaica said GATT members should be wary of the increasing tendency to use trade and economic measures in the pursuit of political objectives.

Peru announces solution to cholera restrictions

Peru recalled that 23 GATT members had applied restrictions to Peruvian goods following a cholera epidemic. These measures, it said, did not take into account recommendations by international health organizations.

It announced that through consultations and recourse for the first time to the streamlined mechanism for reconciling the interests of contracting parties in the event of trade-damaging acts, it had reached a satisfactory solution with most of its trading partners. Only one case had remained unresolved, it said.

Peru paid tribute to the usefulness of the streamlined mechanism in ensuring transparency and in allowing solutions to be sought without the need for recourse to other GATT dispute-settlement mechanisms.

Trade disputes

Venezuela said its tuna exports continued to be hurt by United States' restrictions that have been found GATT-inconsistent by a panel ("Mexico/United States: US restrictions on imports of tuna", see previous Focus). It urged the United States to rapidly adopt measures in line with the panel's recommendations.

The European Community recalled that the application of the US Marine Mammal Protection Act to "intermediary nations" had been raised in the Council. It said it was concerned by domestic legislation on environmental standards that had an impact on international trade, and suggested that this issue be taken up at the February Council meeting in relation to the tuna panel report. The United States noted that the GATT encouraged members to resolve disputes through conciliation and mutual agreement. It said it was continuing to work with Mexico towards a satisfactory solution to the dispute that would hopefully accommodate the many interests involved. The United States stressed that the panel report deserved careful study as it had raised a number of questions of potentially great significance to the global environment.

Several GATT members followed-up the implementation of the following panel reports:

- **Japan - Restrictions on imports of certain agricultural products.** Australia and New Zealand urged Japan to present a timetable for the full implementation of the panel's recommendations. Japan replied it had implemented promptly the majority of the recommendations. Despite reservations regarding the interpretation of Article XI:2 on dairy products and starch, it had taken steps to improve market access for these products. It was ready to continue consultations on this matter.

- **US anti-dumping duties on imports of stainless steel pipes and tubes from Sweden.** Sweden complained that the panel report that ruled against the US measure remained unadopted a year after its submission. It said the Swedish company involved had been seriously affected and some 150 people were facing layoffs. The United States replied that it had repeatedly said in the Anti-Dumping Practices Committee that it was willing to adopt the report provided that a specific recommendation was left out.

- **United States - Section 337 of the Tariff Act of 1930.** The EC recalled that this report had been adopted more than two years ago. While the United States had linked implementation to the outcome of the Uruguay Round, the Community said it deserved to know what steps are being taken to prepare the ground for implementation when the time was right. The United States said that it continued to work diligently in addressing the amendment of Section 337 but that the enactment of changes could most effectively occur through a "fast-track" implementing legislation of the Uruguay Round results.

Other concerns

Costa Rica, Colombia and Mexico urged the Community to ensure that its new regime on banana imports would be consistent with the GATT and would guarantee fair access to Latin American countries. Jamaica stressed that the ACP countries' treaty with the EC, devised to assure the future of their banana industries, should not be undermined. The Community replied it had no clear-cut policy yet on this matter but in developing one, it would strive to take account of various interests involved.

On another matter, Brazil expressed concern that the Community's modification of its schedule of concessions had resulted in a 13 per cent duty increase over the bound rates for imports of baler twine and other sisal products. The EC took note of Brazil's concern.

**MERCOSUR common market**

Brazil, speaking on behalf of Argentina, Uruguay and Paraguay, reported that their treaty establishing a common market (MERCOSUR) had been implemented as from 29 November 1991 following the completion of ratification formalities. It added that this Agreement, signed under the framework of the Treaty of Montevideo establishing the Latin American Integration Association, would be notified to the GATT in the near future.

The United States urged the parties to follow the requirements under Article XXIV (on customs unions) to assure third parties that the agreement would provide opportunities and not result in new barriers. It pointed out that the creation of a common market of 200 million people and nearly a half trillion US dollars in GDP would not only have a significant impact on the parties involved but also on all their trading partners.

Argentina said that under the Enabling Clause ("Differential and More Favourable Treatment. Reciprocity and Fuller Participation of Developing Countries"). Decision taken by the Contracting Parties in November 1970 at the conclusion of the Tokyo Round, the Committee on Trade and Development could examine all integration agreements drawn up by developing countries. It stressed that this Clause had the same validity as any other GATT rules, and that it would be unacceptable to draw a distinction between various rules of the General Agreement.

**Domestically-prohibited goods**

Nigeria told the Contracting Parties that it would strongly back its schedule of concessions on its domestic legislation to prevent illegal dumping of dangerous goods, and hazardous and toxic wastes on its territory.

The United States said that in support of the protection of health of consumers, it regretted that agreement on a GATT instrument for this purpose had not been reached. It believed that the main responsibility for such protection lay in specialized international organizations like the WHO or FAO but would welcome any constructive proposal that would resolve the current impasse.
Uruguay Round

(Continued from page 3) successful conclusion of the Uruguay Round, and that it was fully committed to this undertaking. While noting positive elements in the draft, it said it had problems with certain elements in the rule-making area, in services, and particularly in agriculture. It supported the establishment of track four "where our concerns may be addressed properly."

Canada said that after a review at Cabinet level, it was prepared to accept the draft package and the proposed work plan as basis for concluding the negotiations. However, it was not convinced that the interests of countries that practised agriculture supply management — "those that did not overproduce or flood world markets"— were fairly reflected in the tariffication proposals in the paper.

The Nordic countries (Finland, Iceland, Norway and Sweden) said they appreciated that the texts in all the different areas of negotiations provided a comprehensive picture of the Round. There were parts they liked but they had serious problems concerning texts on agriculture and services. They realized that achieving an early conclusion of the Round would entail "giving and taking, gaining and losing as is the nature of a negotiation - in the end, however, we all stand to gain from liberalized trade and by a more stable and predictable trading environment."

The Latin American and Caribbean countries, speaking through Mexico, said the draft contained serious deficiencies but at the same time it "represented a carefully-crafted package reflecting the balance in the negotiating positions after years of delicate, fragile negotiations." To reopen the text now could unleash a process of changes and revisions with unforeseen consequences which could jeopardize the entire negotiating effort. They warned that "participants wishing to do so would have to bear the full political responsibility of such a step" and that the modifications should also address the serious difficulties the draft results posed to them.

The ASEAN contracting parties (Indonesia, Malaysia, the Philippines, Singapore and Thailand) said that the draft contained positive elements but fell short of their expectations. However, they stressed that the future of the GATT and the multilateral trading system was at stake should the Round not be brought to an early conclusion. "A failure of the Round will inevitably lead to mounting protectionism, unchecked unilateralism and inward looking trade blocs - and those would certainly be detrimental to the trade interests and economic situation of the developing countries," they said.

India supported an early end to the negotiations but with fair and balanced results. It expressed disappointment with those aspects of the package which have a bearing on developmental issues. The process under track four should be transparent and provide effective opportunity for participation by delegations during "the very last and therefore perhaps the most critical phase of the negotiations."

Opposing changes in the draft, New Zealand said that "clearly, the texts exist in a state of tension - their balance must not be destroyed or altered for the worse." It added that "the urgent task now is to complete - and implement - our achievement, not to unravel it."

"As the draft represented a difficult balance between negotiating positions," Argentina said, "any modification to the draft could lead to the reopening of the entire package". It urged limiting the use of track four to negotiating areas that were conciliated in the draft.

Australia said that on the balance, the draft Final Act was acceptable as a basis for concluding the negotiations despite the agriculture text falling below the hopes of the Cairns Group. On track four, it saw great danger that the examination would bring to the fore a long list of "unfulfilled wishes, consideration of which could choke the negotiating process and risk the unravelling of the entire package."

Poland said it had supported the objectives of the Round in the firm belief that the process of transforming its economy needed to be assisted by an improved set of fair rules and disciplines affecting all aspects of international trade relations. It expressed concern that as a country with minimum subsidies, the ambitions regarding subsidies in agriculture had been lowered in the draft. However, it believed that the Draft provided a framework to conclude the Round.

73rd GATT trade course opens

The seventy-third GATT trade policy course, in Spanish, opened on 27 January. Twenty-three officials from developing countries in Central and South America and one from Africa are participating in the course that will end on 5 May.

The GATT Secretariat regularly organizes trade policy courses in Geneva in English, French and Spanish. 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 that have resulted from past multilateral trade negotiations.

Since the programme began in 1955, 1,244 officials from 116 developing countries and ten regional organizations have participated in the trade policy courses.

FAO calls for reform in agriculture trade

The Twenty-sixth Session of the Food and Agriculture Organization of the United Nations (FAO), held in November, expressed concern about the state of world trade in agriculture and the urgent need for a rapid and successful conclusion to the Uruguay Round negotiations.

FAO observed that in the 1980s, "export earnings of developed countries had expanded significantly (while) those of developing countries had stagnated and that their agricultural terms of trade had drastically worsened." Noting that the objectives of the Round included the substantial and progressive reduction in trade-distorting support and protection mechanisms in agriculture, the Conference also stressed "the urgent need that a comprehensive package of results should include reductions in domestic support and export subsidies, as well as improvements regarding market access for the agricultural sector."

Participants in the Seventy-Second GATT trade policy course, conducted in English, which finished in December 1991. (Photo by T. Tang/GATT)
Governments called on to develop constructive lines between trade and environmental policy-making

Director General of GATT Mr. Arthur Dunkel has called for international efforts to create an alliance between trade liberalization and environmental protection. Speaking in Bangkok on 23 January to a conference on “Business and the Environment,” organized by the International Herald Tribune and the Thailand Development Research Institute, Mr. Dunkel said that concluding the Uruguay Round successfully was the single, most important contribution that the GATT could make in the fields of sustainable development and the environment.

In particular, he pointed to the potential of the agricultural negotiations to correct price distortions which had led to the intensive use of chemical fertilizers and pesticides and consequent environmental damage to the countryside in Europe, North America and elsewhere. He also held out the prospect that positive results in the Round could help the recently liberated economies of Eastern and Central Europe raise economic growth rates, giving them access to modern technology and less environmentally-damaging production methods.

Mr. Dunkel said that GATT found itself at the centre of a lively debate on the role that trade policies could play in resolving environmental problems.

“On the one hand, the pressure is to act quickly, and particularly to anticipate and prevent further damage have led some to claim that GATT rules and disciplines are an irritating obstacle to environmental policy-making because they put the cart of the trading system before the environmental horse. On the other hand, there is concern that ill-considered action involving unnecessary trade restrictions would come at a high price in terms of disruption to international commerce ... and would not necessarily help to solve the environmental problem.”

“In defining the role for trade policies,” said Mr. Dunkel, “We should start by acknowledging that a healthy environment and a healthy economy must go hand in hand.”

The Director-General concluded that “there exists considerable scope, both at the national government level and among international organizations, for closer cooperation in the future to avoid unnecessary conflicts between trade and environmental policies.”

News briefs

Draft agreement on government procurement

A new agreement that would expand the Government Procurement Code’s coverage to service contracts was presented to members by the Code Committee’s Chairman, Mr. David Hayes (United Kingdom), on 20 December. The draft paper would also broaden the scope of the Code to sub-central and other government entities, and improve the rules in general. The Chairman submitted the paper on his own responsibility and without prejudice to negotiating positions. The draft agreement was based on long-standing negotiations among the twelve signatories (the European Community counting as one).

The current Code is designed to make laws, regulations, procedures and practices regarding government procurement transparent and non-discriminatory.

Oilseeds panel reconvened

The Chairman of the Contracting Parties, Ambassador Lars E.R. Anell, has reconvened the original oilseeds panel (see “Contracting Parties” article) to examine whether a new regulation of the European Community (No. 3766/91 of 12 December 1991 establishing a support system for producers of soya beans, rape seed and colza seed and sunflower seed) comply with its conclusions.

The announcement was made on 13 January and was in response to a request made by the United States.

Panel on lumber dispute

The Committee on Subsidies and Countervailing Measures, at a special meeting on 16 December, established a panel to resolve a trade dispute between Canada and the United States.

Canada, in requesting a panel, contended that the following actions by the United States were inconsistent with the Subsidies Agreement: the imposition, on 4 October 1991, of a bonding requirement on imports of certain softwood lumber products from Canada; and the initiation, on 31 October 1991, of a US countervailing duty investigation on Canadian policies related to the exploitation and pricing of natural resources, in particular the practices of certain provinces for harvesting standing lumber.

Canada said its softwood lumber exports to the United States, worth about US $2.3 bil-