US-EC deal reactivates negotiations

The Trade Negotiations Committee has reactivated the multilateral trade negotiations in Geneva with the aim of reaching a successful political conclusion to the Uruguay Round before the end of this year. The decision was made at a meeting held on 26 November, after the United States and the European Community informed participants that they had reached an understanding on their long-standing differences on agriculture, services and market access.

The TNC agreed to retain the four-track negotiating approach adopted in January. Track 1 involves negotiations on market-access concessions, Track 2 deals with initial commitments on services, Track 3 is work to ensure the legal conformity and internal consistency of the agreements constituting the final act, and Track 4 is work at the TNC level regarding the possibility of adjusting the Draft Final Act of the Round in certain specific places.

The TNC Chairman, Mr. Arthur Dunkel, said the chairmen of the respective tracks would be consulting delegations on the calendar of meetings. He reminded participants that two basic concepts underpinned this approach:

- one, the concept of globality requiring participants to keep constantly in mind the interlinkages between each of the four tracks and parallelism among them; and
- two, the concept that nothing is final until everything is settled.

Mr. Dunkel reported on the mission given to him by the TNC at the previous meeting to bring to Washington and Brussels its concern over the blockage to the Round due to the inability of the two major traders settle their bilateral trade differences (see below). He said in meet-

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GATT souvenir: The incoming Chairman of the Contracting Parties, Ambassador B.K. Zutshi, hands over the 48th Session gavel to 1992 Chairman, Ambassador Lars Anell. Joining the applause at left is Director-General Arthur Dunkel. (Photo by Tania Tang/GATT)

Round package needed to spur world recovery

Chairman Lars Anell (Sweden) urged contracting parties at their Forty-Eighth Session on 2-3 December, to conclude the Uruguay Round “now... when it is still - hopefully - possible to save us from a worsening of the already gloomy economic situation.” He cited estimates by GATT economists that while the volume of world merchandise trade grew by 5 per cent during the first half of 1992, the gain for the whole year would be smaller because the strength of economic recovery had slackened.

Noting the reactivation of the negotiations, Ambassador Anell said “as never before, we appear to have both an opportunity to conclude the Round and, at the highest levels of government, a substantial political will to settle.” He stressed that successfully concluding the Round would be “one of the few decisions governments can take without economic risks in order to stimulate the world economy, since fiscal expansion is ruled out because of levels of debts and public deficit already being too high”.

A full report on the Session will appear in the next Focus.

CPs elect 1993 officers

- Chairman of the Contracting Parties: Amb. B.K. Zutshi (India)
- Vice-chairmen of the Contracting Parties:
  - Amb. Alastair Bisley (New Zealand)
  - Amb. J. Esper Larsen (Denmark)
  - Amb. Jesús Seade (Mexico)
- Chairman of the Council:
  - Amb. András Szepesi (Hungary)
- Chairman of the Committee on Trade and Development:
  - Amb. Mohammed Zahran (Egypt)
 Uruguay Round
(Continued from page 1)

ings in Brussels on 11-12 November and in Washington on 15-17 November, “both parties responded to your message in the most positive and constructive terms, even more so because they were already engaged in a process of intensive consultations.” The Chairman noted that both parties have circulated a statement on the result of their bilateral efforts.

Work programme

On the work programme ahead, Mr. Dunkel noted that the final and complete results of the Round will be consolidated in a document consisting essentially of two elements: the Final Act and the Schedules of Concessions. He said that while it would not be possible to formally conclude the establishment of Schedules on market access and services in the next weeks, “this should not prevent participants from moving rapidly to a stage where the overall shape, content and value of the trade liberalization package in goods and services can be clearly assessed.”

In respect of the Final Act, the TNC Chairman pointed out that participants have before them a draft Uruguay Round package since December 1991, which has to be multilaterally reviewed and finalized. He stressed that this exercise could only be credible “if we all recognize that there can only be one such review.” Thus, the process called for discipline and self-restraint from all participants.

Mr. Dunkel recalled that at the adoption of the four-track approach, he had indicated that Track 4 was established with a view to examining whether it was possible to adjust the Draft Final Act in certain specific places, that these adjustments should be concentrated entirely on what all could collectively agree to without unravelling the package. This exercise also would have to be conducted rapidly, in a low-key professional manner, in full consciousness of the very limited time available. The Chairman said these comments remained equally valid at present.

The elements included in the multilateral review of the Final Act, according to Mr. Dunkel, will be as follows:

- feedback from the establishment of detailed Schedules under Tracks 1 and 2 as far as progress in negotiations on market access and initial commitments in services is hindered by differing interpretation by participants of specific elements of the Draft Final Act. At first sight, this feedback may be expected

US, EC resolve differences in agriculture

Before the 26 November TNC meeting, the European Community and the United States circulated to participants the following joint press statement, issued on 20 November, which described the outcome of their discussions:

The United States and the Commission of the European Communities intend to pursue a successful conclusion to the Uruguay Round. As a result of our discussions, we believe that we have achieved the progress necessary to assure agreement on the major elements blocking progress in Geneva, notably in agriculture, services and market access. A successful outcome will be a positive factor for the trade and economic growth of the economies of the world.

Our negotiators are returning to Geneva to work together to build the comprehensive, global and balanced package we both seek from these negotiations. We intend to work with GATT Director-General, Arthur Dunkel, in finalizing agreements in all areas outlined in the draft “Final Act”, which he produced last December and in completing the access negotiations which we all agree are an integral part of the overall Uruguay Round result.

In agriculture we have resolved our differences on the main elements concerning domestic support, export subsidies and market access in a manner that should enable the Director-General to move the negotiations to a successful conclusion. We shall inform Director-General Dunkel of our progress and work with him to secure broad agreement in Geneva. For our part, we have instructed our negotiators to complete the detailed negotiations on our respective country schedules as rapidly as possible. We are in full accord that an effective agreement on agricultural reform requires the participation of all countries in the negotiations.

The United States and the EC Commission agreed how to resolve the oilseeds dispute.

On market access, the United States and EC Commission have found the basis to achieve an ambitious result that meets their respective objectives as follows: detailed negotiations will continue on specific sectors or products in order to make progress towards the completion of a substantial and balanced package. Tariff reductions will be maximized, with as few exceptions as possible, including the substantial reduction of high tariffs, the harmonization of tariffs at very low levels, and the elimination of tariffs in key sectors. The prospect exists that the Montreal target could be substantially exceeded. However, participation of third countries - not only the developing countries, but other industrialized countries - and elimination of non-tariff distortions are considered to be of essential importance, and both parties will continue efforts to achieve maximum results in this regard in Geneva during the coming weeks.

In addition, in the area of government procurement, substantial progress has been made with respect to the expansion of coverage. US and EC negotiators are instructed to complete the details of the expansion of coverage and improvements of the Code.

In services, we are in strong agreement that the market access offers must

“Our negotiators are returning to Geneva to work together to build the comprehensive, global and balanced package...”

form an integral part of the ambitious result we seek. We have now agreed to take a common approach on financial services. In addition, we discussed improvements in our respective offers, and have agreed to seek maximum liberalization and minimum exemptions, with the expectation that other participants in the negotiations will similarly improve their offers.

We have full expectations that the breakthrough we have achieved will unblock the negotiations and provide new impetus necessary to complete the Round. We encourage our trading partners to return to the negotiating table in Geneva, prepared to show the necessary flexibility to bring these negotiations to a close.

Earlier this year at the Munich Economic Summit, G-7 leaders called for conclusion of the Uruguay Round by the end of the year. Time is short, but negotiators are returning to Geneva confident that substantial progress can be achieved to meet the intent of the G-7 leaders’ commitment, provided other countries are prepared to work with us to secure an ambitious and far reaching result to these important talks.”
November Council

The Council again tackles oilseeds dispute

At the Council meeting on 4-5 November, the United States asked for authority to retaliate, in the amount of $1 billion, against oilseeds subsidies by the European Community. The EC, on the other hand, reiterated its request for the Contracting Parties to resolve various technical questions arising from its renegotiations of oilseeds concessions with other GATT members. After an extensive debate, the Council Chairman, Ambassador B.K. Zutshi, concluded that there was no consensus in support of either of the two proposals.

The United States said the chronology of its oilseeds dispute with the Community should prove that it had gone the extra mile in resolving the problem through the multilateral system. It had been almost five years since US soya bean growers had asked for relief from the $1 billion annual harm caused them by the EC oilseeds policy. The United States recalled that it had won two panel proceedings in this case, and had agreed to a request by the Community for Article XXVIII renegotiations, but this had proven to be nothing more than a delaying tactic. It had sought binding arbitration by an independent panel to determine the level of impairment, which had been rejected by the EC. To find a remedy, the United States said that it had pursued negotiations with the EC over and over again but its efforts had been met by what it called a series of non-solutions. It said all the EC had done was propose some Common Agricultural Policy reform measures that could slightly reduce its oilseed production.

The United States requested that the Council authorize it to suspend the application to the European Community of concessions under the General Agreement in the amount of $1 billion. It said the amount was based upon the estimate of overall impairment that the United States had provided at the previous Council meeting. The United States said it intended to suspend concessions valued at less than the full amount, and would delay action for thirty days in the hope that the EC would agree to a mutually-satisfactory solution to the dispute. Furthermore, it would hold open its offer of binding arbitration on the amount of damages. It said its goal was to encourage EC compliance with GATT obligations and not to impose countermeasures.

The European Community said that while it was not surprised at the US approach, it could not follow the US logic, given that EC and US negotiators had agreed to continue negotiations on oilseeds and other issues. It pointed out that the bilateral negotiations also embraced an overall solution to the agricultural negotiations in the Uruguay Round. The EC stressed that in the bilateral negotiations, it had moved on three areas: crop surfaces, surface of land to be set aside, and an induced 25% reduction in production.

GATT members, the EC said, should give answers to the questions it posed at the previous meeting, which had hindered its Article XXVIII negotiations. In this regard, it asked GATT members not to rush hastily into something suicidal by jumping from Article XXVIII (renegotiations) to Article XXIII (retaliation). The Community said that its reply to the US request, accordingly, was neither yes nor no, and stressed that no further decision should be taken until the Article XXVIII procedure authorized by the Council in June had been exhausted.

Canada, Argentina, Australia, Chile, Brazil, Uruguay, Egypt, Hungary, Japan and New Zealand supported the US request. Canada said the EC had frustrated the dispute-settlement process but stressed that the retaliation action should not prejudice the continuation of Article XXVIII negotiations. Australia believed that reciprocity was an underlying principle in the General Agreement, and that principles could never be overruled by procedures; thus, in this case, the US had the right to suspend concessions against the EC. New Zealand said that when all else had failed, there was only one avenue left in the GATT: retaliation. Japan said that the US request was “correct” but it questioned the amount of compensation asked by the United States.

Switzerland said it realized that the Council was at the “end of the road” in this case, but urged the US and the EC, for the sake of the Uruguay Round, to make one more effort to resolve the problem. The ASEAN contracting parties urged the US not to take unilateral measures and the EC to table a viable offer. The Nordic countries said that the bilateral negotiations must be brought to a conclusion.

EC accords negotiating rights to Argentina

Argentina reiterated its request for a panel to examine whether the European Community should treat it as a principal supplier of soya beans and soya cake in the Article XXVIII renegotiations of EC oilseeds concessions. It underlined that under the new dispute-settlement procedures, a panel should be established at that meeting unless the Council decided otherwise.

The European Community replied that it stood ready to recognize the status of Argentina as a principal supplier for the two products. However, this should not constitute a precedent and would be without prejudice to any future decisions by the Contracting Parties in relation to Article XXVIII, nor to the future understanding on that Article that was under negotiation in the Uruguay Round.

Argentina said that in the light of the EC statement, the matter was now closed. It pointed out that under the guidelines for
negotiations under Article XXVIII adopted by the Council in 1980, the EC recognition of its principal supplier negotiating rights constituted a determination by the Contracting Parties.

ASEAN criticizes Austrian labelling measures on tropical timber

The ASEAN contracting parties (Indonesia, Malaysia, the Philippines, Singapore and Thailand) expressed serious concern over Austria's mandatory labelling requirement and the creation of a quality mark for tropical timber, which came into force on 1 September 1992. They said the action was discriminatory because it did not apply to other types of wood, such as temperate timber of which Austria was a significant producer and exporter. Environmental lobbies' publicity against the use of tropical timber, according to the ASEAN, would encourage Austrian consumers to switch to temperate wood products.

Under the law, any importer that wished to use the quality mark must first obtain a license from the Austrian government. This license would be granted only if the Austrian authorities were satisfied that the source of the timber products fitted their definition of sustainable forest management. The ASEAN countries said this procedure would be costly and cumbersome for most tropical-timber exporters. They said that instead of resorting to a unilateral measure, Austria should have encouraged Austrian consumers to switch to temperate wood products.

The ASEAN concerns. The European Community stressed that "eco-labelling", per sé, was not against GATT rules. Finland (on behalf of the Nordic countries) and New Zealand noted the Austrian measure had been raised in the Committee on Technical Barriers to Trade, which seemed to be the appropriate forum for discussing the issue.

The Chairman said he would conduct informal consultations on the matter.

South Africa to consult with BOP Committee

In response to concerns expressed by the United States and other GATT members at the previous meeting, South Africa announced that it was now prepared to consult with the Committee on Balance-of-Payments Restrictions on its surcharges on imports. At the same time, it expressed reservations on whether the subject fell clearly under the BOP Committee’s jurisdiction. It noted that in 1986, it notified to GATT members that it had extended the scope and the rate of the import surcharge in order to safeguard its depleted monetary reserves from a threat of further decline. This situation resulted from political actions taken outside the GATT framework, and most of them, if not all, were not notified to the GATT. South Africa stressed that although some measures had been withdrawn by GATT members, a substantial number were still in place.

The United States welcomed the announcement and expressed the hope that South Africa would set a timetable for the elimination of the import surcharges.

Working Party report on Swiss agriculture reservation

When Switzerland acceded to the GATT in 1966, its Protocol of Accession contained a reservation (paragraph 4) with respect to the application of GATT Article XI (on elimination of quantitative restrictions), which enabled it to maintain a number of import restrictions on agricultural products. The Protocol provided for a review of the application of the Swiss reservation every three years.

The Chairman of the Working Party that conducted the eighth triennial review, Mr. Janusz Kaczurba (Poland), introduced the report. He noted that members of the Working Party had differing views as to whether the conditions set out in its reservation, pointing out that it had embarked on an agricultural reform programme that included direct income payments to farmers. On market-opening, Switzerland stressed that more than 80 per cent of its agricultural imports were now free from quantitative restrictions.

Director-General reports on dispute-settlement panels

The GATT Director-General, Mr. Arthur Dunkel, in his twice-yearly reports on panels, emphasized that the non-implementation of panel reports remained one of the most serious problems in the dispute-settlement system. He pointed out that while the number of panel reports awaiting implementation had not increased, the average period of non-implementation had increased dramatically.

He noted that the number of newly-established panels had decreased slightly, with 8 panels established in the past 12 months compared to 11 in the corresponding period in 1991. Adoptions had increased, with 6 reports adopted in the past 12 months, compared to 4 in 1991.

The proportion of disputes brought under the Tokyo Round Agreements, Mr. Dunkel said, continued to be large: in the 1991 and 1992 periods, most panels were established under these Agreements.

This agenda item provided an opportunity for GATT members to follow-up panel reports. Australia reiterated that it considered the panel reports on US sugar restrictions and Korean beef restrictions to be "unfinished business". It expected
that Japan would proceed to further liberalization in dairy and starch products in implementing the panel report on Japan’s agricultural restrictions. Australia stressed that under the new dispute-settlement procedures, the GATT members concerned had an obligation to report on the status of their implementation of panel reports.

Sweden drew attention to a panel report in the Anti-dumping Committee concerning US anti-dumping duties on stainless seamless pipes and tubes from Sweden. It complained that the report had been before the Committee seven times without being adopted. Sweden urged the United States to agree to the report’s adoption.

Upsurge of interest in GATT trade policy courses

The Director-General, in his annual report on GATT training activities, noted that two regular Trade Policy Courses for developing-country officials were organized this year, one in English and the other in Spanish. In addition, a second Special Course for Eastern and Central European countries was organized, with the financial support of the Swiss government.

According to Mr. Dunkel, the growing number of developing countries that had joined or were in the process of acceding to the GATT had further underscored the utility and importance of the GATT courses. It had also generated greater demand for participation in these courses. Mr. Dunkel assured that the Secretariat, in planning the courses, was making every effort to keep the curriculum abreast of developments in the GATT and the Uruguay Round. He thanked the governments of Germany and Austria for organizing and hosting the study tour for the participants in the English course, and to the government of Spain for doing the same for the Spanish course participants.

The Director-General said the far-reaching changes that took place in the political map of Central and Eastern Europe last year further highlighted the needs of these countries, especially the newly independent countries amongst them, for assistance and support towards a proper understanding of the functioning of the multilateral trading system. He thanked the Swiss government for financing a second Special Course for these countries.

Matters raised under “other business”

The following points were some of the points raised under “Other Business”:

- Pakistan, on behalf of members of the International Textiles and Clothing Bureau (developing-country exporters of textiles and clothing), expressed serious concern over the imposition, since 31 July, by the United States of a fee on imports of cotton products. It said the US fee was discriminatory because it applied only to cotton, and not to other textile products. Moreover, the fee conflicted with US bound concessions on cotton products. The United States said there was no discrimination in this case. It had been applying a fee to domestic cotton since 1966 to fund cotton development research, and now that fee simply had been extended to imported cotton.

- Canada expressed concern over the approval, on 19 October, by the EC Finance Ministers of two EC Council Directives, which would result in the application of reduced excise duties on alcoholic beverages produced by small distilleries and breweries in the Community. It said reductions in taxes for domestic producers that were not granted to imported products was contrary to GATT, as was ruled by a recent panel on US beer practices. The EC said it would report Canadian concerns to Brussels.

- The representative of the Czech and Slovak Federal Republic reported that the the prime ministers of the Czech Republic and the Slovak Republic, respectively, have signed an agreement on 28 October establishing a customs union of the two new states, which would be created after the dissolution of the present CSFR. This agreement was expected to come into force on 1 January 1993. He said that details of the agreement and the new entities’ intention of submitting an application for future membership to the GATT would be presented to GATT members in due course. In a separate announcement, the CSFR declared that the suspension of GATT obligations with the United States, which was allowed in a Declaration made in 1951 by the Contracting Parties, was no longer in effect. It added that normal GATT relations with the US were restored in full from 3 November, and would be confirmed by an exchange of letters. The United States confirmed the CSFR’s announcement.

- Argentina reported that it was converting with Norway, under GATT Article XXII, regarding the recent awarding of a contract for a hydroelectric project in Costa Rica to Norwegian companies involving financing by the Norwegian government. Norway confirmed that they were consulting on the “mixed credit financing” aspect of the project.

- Mexico expressed concern over a recent decision by the Carabobo state court in Venezuela to block a shipment of some 5,000 tons of Mexican cement in response to a local manufacturer’s complaint of “dumping.” It said this action was highly irregular and a serious violation of GATT rules. The Venezuelan representative said he would transmit Mexico’s concerns to his authorities.

- The Chairman reported that in recent consultations, he had detected a wide measure of support on most of the elements necessary to an effective follow-up to the UN Conference on Environment and Development. He noted support for GATT playing its full part in ensuring that policies in the fields of trade, the environment and sustainable development were compatible and mutually reinforcing, coupled with recognition that GATT’s competence was limited to trade policies and those trade-related aspects of environment policies which might result in significant trade effects for GATT members. There was recognition that concluding the Round was the most important contribution that GATT could make at present. There was also support for involving the Group on Environmental Measures and International Trade, the Committee on Trade and Development and the Working Party on Domestically Prohibited Goods in the follow-up, within their respective fields of competence, as well as the holding of a special Council meeting to conduct a review of GATT work in the UNCED follow-up. He said he still needed to consult further on some other issues.
TPRM

**Council reviews trade policies of Brazil**

On 14-15 October, the Council examined the trade regime of Brazil under the GATT Trade Policy Review Mechanism (TPRM). The following are excerpts from the Chairman’s summary of the discussions in the Council.

**BRAZIL**

In his opening statement, the representative of Brazil said that Brazil had changed not only its trade and economic policies, but had adopted a new development model. The economic system based on import substitution and State intervention, under which Brazil had built up its diversified industrial base and become one of the world's ten largest economies, had not failed, but had reached its limits. From the 1973 oil shock onwards, financial stresses on the system had increased steadily; the debt crisis of 1982 and subsequent developments had shown the limits of heavy reliance on public-sector borrowing, while the private sector was in no position to take over a leading role in the economy. Brazil was now, in a democratic framework, moving to a new, more open system based on greater responsibility for the private sector, exposure to international market forces, and competitive integration into the world economy.

In trade policy, non-tariff barriers had been comprehensively eliminated; tariff rates had been substantially reduced; import and export procedures had been simplified and licences were largely granted automatically; and export subsidies had been terminated. The only remaining exceptions to the liberalization of non-tariff measures were a number of informatics products which still required previous authorization for imports - due to be eliminated at the end of October 1992 - and imports of luxury boats. Brazil had disinvoked Article XVIII:B of the GATT in July 1991, even though the balance-of-payments situation was still a cause of concern. By July 1993, the nominal average tariff would be 14.2% and the maximum duty 35%.

All participants complimented Brazil on the courageous economic reforms undertaken in a difficult economic situation. The programme encompassed trade liberalization, privatization and deregulation. These changes had transformed Brazilian economic policy from its previously inward-looking, import-substitution orientation to one which emphasized the role of the market and of international competition. In the last few years, quantitative restrictions had been virtually eliminated (leading to the disinvoction of Article XVIII:B); import licences were being applied on an automatic basis, export subsidies eliminated, and various industrial promotion regimes phased out. Tariffs had been considerably reduced and the tariff structure rationalized, although several sectors were still protected by tariff escalation and high effective rates. Further planned tariff reductions would increase the transparency and predictability of Brazil's trade regime. Brazil's privatization programme and deregulation would assist the process of conversion to a more market-oriented economy.

Participants commended Brazil for its commitment to the fundamental principles of the multilateral trading system. Its active participation in the Round was well known and provided evidence of this commitment. Its offer to bind its entire industrial tariff at an even rate was well received, although it was noted that the proposed binding level of 35% for manufactures was well above the average applied level.

Attention was called to the recent intensification of Brazil's intra-regional trade links. A number of delegations indicated their interest in the future examination, under GATT Article XXIV, of the Southern Common Market (MERCOSUL in Portuguese) formed by Argentina, Brazil, Paraguay and Uruguay. The hope was expressed that MERCOSUL would be an outward-oriented arrangement which would complement Brazil's own liberalization.

**Concerns**

Members welcomed Brazil's intention to consolidate its trade legislation within a single law, and sought more information in this connection. Concern was expressed on the effects of the recent increase in Brazilian anti-dumping actions which were seen as a significant element in Brazil's new approach to trade policy, and the possible inconsistency of a recent countervailing action with the Subsidies Code. Members encouraged Brazil to eliminate additional taxes and charges on imports, in particular the Merchant Marine Renewal Tax and the Additional Port Tax, which were significant burdens to traders. Questions were also raised concerning local content provisions in Government procurement and export financing; the intended elimination of import restrictions in the electronics and informatics sectors; the application of import procedures, including for temporary imports; and plans for elimination of remaining export licences and automatic import licences.

Members also raised questions regarding restrictions on foreign direct investment, plans for further deregulation in this area including the ratification of the Multilateral Investment Guarantee Agency; the evolution of legislation on intellectual property protection; and restrictions on foreign participation in services sectors such as telecommunications, financial services and data processing.
Brazil's reply

In response, the representative of Brazil reiterated that President Itamar Franco and his new Government had reaffirmed Brazil's commitment to the process of liberalization and had specifically declared that the schedules of tariff reduction and of privatization, and Brazil's agreements related to foreign debt, would be maintained. The economic reforms were the result of structural needs and there was a growing consensus within Brazilian society in their favour. Non-tariff barriers which had been eliminated had not been replaced by their tariff equivalents, but were accompanied by continuing reductions in tariffs. The privatization programme, as an essential part of the structural reform process, contributed not only to rectifying fiscal imbalances but also to increasing competitiveness within productive sectors.

Preparation of a draft single trade law was underway, following studies by the executive. The process, expected to be completed by 1994, should result in greater transparency in Brazil's trade legislation. Other legislative initiatives were also being considered by Congress. There were no plans at the moment to establish an independent advisory body, but Brazil took note of comments by participants and discussants regarding the benefits of a regular consultative process with the private sector. The Programme of Industrial Competitiveness, which sought to assist in modernizing Brazilian industry, included measures such as exemption from payment of the industrialized products tax on capital goods. Such measures were applied on a sectoral basis to domestic and imported goods alike.

Most import licences now received automatic approval. Generally, issuance of import licences took no more than three days. Special import authorizations were required for a small number of products because of health, phytosanitary, environmental, nuclear or security considerations. Quantitative restrictions on informatics products would be eliminated on 29 October 1992.

Anti-dumping and countervailing procedures were carefully carried out in strict observance of the Tokyo Round Codes. Brazil did not envisage using anti-dumping and countervailing legislation as disguised protective devices.

Concerning agriculture, the representative of Brazil confirmed that a duty-free tariff quota of 750,000 tons of wheat was permitted and that the only registration requirement for fish products imports related to health control. Brazil had taken significant liberalization measures in agriculture and was fully committed to the objectives of the Uruguay Round in this regard, including comprehensive tariffication; this was reflected in its offer. A common external tariff for MERCOSUL was expected to be completed by mid-1994. Sectoral arrangements were not production-sharing agreements, but aimed to promote greater opening of members’ economies, improve competitiveness and foster trade with third parties.

Conclusions

The Council welcomed the affirmation by Brazil that the new Government would continue the policies of liberalization, deregulation and privatization. Brazil was strongly commended for the considerable progress it had made in the transformation of its trade régime, in the face of considerable economic difficulties. The elimination of quantitative restrictions and the disinvolvement of Article XVIII:B was welcomed. Further planned tariff cuts should reduce levels of effective protection, while an extension of further tariff bindings, at close to applied rates, would lend greater transparency and predictability to the Brazilian trade régime. Additional action in such fields as supplementary taxes, Government procurement, and import procedures, as well as in new areas covered under the Round, would further facilitate trade. The Council expressed the hope that MERCOSUL would contribute positively to the open multilateral trading system.

The Council noted the importance attached to an open multilateral trading system by Brazil and its strong commitment as a key participant in the Uruguay Round process. It also acknowledged that Brazil's ability to continue its liberalization and reform would be greatly facilitated by a supportive external economic environment, including a successful conclusion to the Uruguay Round.

Uruguay Round

Continued from page 2

mainly from Track 1.

• feedback from Track 3 as far as it becomes clear that some specific questions raised under this track go beyond technical or legal drafting. Two questions which already appear to fall in this category are certain institutional issues and dispute settlement.

Mr. Dunkel told delegations he sincerely hoped that "well before the year-end break, you will be able to congratulate each other on your collective success."

The delegations that spoke congratulated the European Community and the United States for coming to terms and unblocking the multilateral negotiating process. They asked the two parties to give details of their bilateral understanding.

Brazil, speaking on behalf of Latin-American and Caribbean countries, stressed the need for exerting maximum self-restraint in Track 4 to minimize the risk of unravelling the Draft Final Act. It said that their assessment of the Uruguay Round package would depend on the results in the market-access negotiations.

Japan said it continued to have difficulties in the text of the Draft Final Act, which it hoped would be resolved in the upcoming process. It said while all participants wanted to conclude quickly, an element of caution should also be kept in mind. It cited a Japanese proverb that "when in a hurry, never take short-cuts."

Korea stressed that the political package should be a balanced one reflecting the interests of all participants, particularly issues of vital interests to some countries. It noted that the Korean press, in reporting on the US-EC negotiations, had also written extensively on the concerns of the Korean farmers.

Tanzania expressed fear that with respect to the interests of the developing countries, the spirit and letter of the Punta del Este Declaration had been eroded. It questioned increased obligations that developing countries might have to bear in joining a Multilateral Trade Organization that would be established at the end of the Uruguay Round.

Egypt, speaking on behalf of many African countries, urged that the negotiations take into account the interests of all parties, including those of the developing countries. It laid emphasis on the needs of net-food-importing countries.

In closing the meeting, the TNC Chairman said that two main motivations were behind the efforts to reactivate the negotiations. First was the collective wish to fully strengthen the multilateral trading system. "Since this was not an exercise in theory but in practice, the second motivation was that a successful Uruguay Round outcome would be a positive factor for trade and economic growth of all economies in the world," he concluded.

At a meeting held on 10 November, the TNC requested its chairman to personally bring to Brussels and Washington serious concerns over the blockage in the multilateral negotiating process largely due to the inability, at that time, of the two major traders to come to terms in their bilateral negotiations.
CTD reviews participation of developing countries in the multilateral trading system

The Committee on Trade and Development, on 11 November, conducted its first regular review of the participation of developing countries in the multilateral trading system. In the discussion, a number of developing countries pointed out that a GATT Secretariat report prepared for the CTD highlighted the developing countries' growing interest in fuller integration in the world economy and in the multilateral trading system. This interest was demonstrated through the adoption of far-reaching economic and trade reforms aimed at more market-oriented liberal trade regimes, new accessions to GATT, the close attention to activities carried out under the Tokyo Round Codes, and continued commitment to a successful conclusion of the Uruguay Round. They added that import demand in a number of developing countries in Asia, Latin America and the Middle East had sustained world economic activity during the past decade. Trade liberalization in developing countries should be matched by market opening in the industrialized countries, which they said, in turn would enhance world economic and trade growth.

Notifications

The Committee discussed several notifications on trade arrangements among developing countries:

- Regarding the examination of the Southern Common Market Agreement (MERCOSUR), Committee Chairman Ambassador Jesús Seade (Mexico) said that more consultations, based on a new compromise proposal, were needed.
- The ASEAN contracting parties presented a progress report on trade co-operation among ASEAN members. They had decided to introduce a trade concession scheme to be implemented on 1 January 1993 and would be staged over 15 years. This scheme and the existing ASEAN Preferential Tariff Scheme would be the fundamental mechanisms through which the ASEAN members aimed to achieve the ASEAN Free Trade Area (AFTA) within a fifteen-year period. A framework agreement establishing the AFTA had been agreed by the ASEAN heads of state in Singapore in January 1992. The procedures for examination of AFTA in GATT will be determined later on.
- Colombia drew attention to several decisions by the Board of the Cartagena Agreement that took the ANDean Group further to integration and liberalization of trade. These concerned the establishment of a common external tariff as at 31 October 1992 with tariff levels of 5, 10, 15 and 20%, and the implementation of a free-trade area for Bolivia, Colombia, Ecuador and Venezuela as at 30 September 1992.
- Turkey introduced a notification regarding additional preferential tariffs among members of the Economic Cooperation Organization. Pakistan said the aim was to intensify economic relations between the three neighbouring countries (the other member is Iran) which had historical and cultural links.

The Committee also reviewed GSP notifications from Japan, New Zealand, Norway, Sweden and the United States. Many developing countries lauded the GATT Technical Cooperation Division for its valuable contribution in helping developing countries improve their participation in the Uruguay Round, and in particular, its technical assistance in preparing initial offers in negotiations on market access and services. They underlined the importance of strengthening the technical cooperation resources of the GATT at the end of the Round to help developing countries in the understanding and implementation of the results.

The Committee also reappointed Ambassador Erik Selmer (Norway) as Chairman of the Sub-Committee on Trade of Least-Developed Countries for 1993.