**Uruguay Round**

**Dunkel: Complete package cannot be concluded by early March**

“We need a bit—I stress ‘a bit’—more time”

Stressing the need for a complete package that would be acceptable to all participants, Mr. Arthur Dunkel told the annual World Economic Forum in Davos, Switzerland, on 29 January, that the Uruguay Round could not be concluded before the United States’ “fast-track” deadline of 2 March.

Mr. Arthur Dunkel: A bit more time is needed to conclude a complete Round package acceptable to all participants. (T. Tang/GATT)

“We will need a bit - I stress ‘a bit’ - more time after 2 March,” the Trade Negotiations Committee Chairman said. He added that even if the two biggest traders - the United States and the European Community - could come to an agreement in the next few weeks, more time would still be needed to bring on board other participants.

Mr. Dunkel said the “intense activity” on the Round in the United States during the first week of the new Administration was “a very positive indicator”. However, he said he had to be “realistic” about being able to fashion a complete package acceptable to all participants in the next four weeks. Under the Congressional “fast-track” authority given to US trade negotiators, President Clinton, by 2 March, has to notify Congress of his intention to sign the Uruguay Round package.

**January TNC**

**Political decisions urged**

At the 19 January 1993 meeting of the TNC, Mr. Dunkel urged participants to rapidly take political decisions on the few remaining issues to prevent the unravelling of the Uruguay Round package. He reported that some progress had been made in intensive work to tackle blockages facing the negotiations “on all fronts and in all areas” since the December meeting (see story below). Bilateral, plurilateral and multilateral negotiations had taken place on market access in the industrial and agricultural sectors under the Track 1 Chairman, Mr. Germain Denis, and on initial commitments in services (Track 2) under Ambassador David Hawes.

The TNC Chairman said that he himself had held intensive bilateral, plurilateral and multilateral consultations with participants. These had proved very useful, he said, as “a series of soundings with a view to completing a comprehensive political reading and review” of the Draft Final Act.

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The work done in January, Mr. Dunkel said, had enabled negotiators to clearly identify the “handful of key issues” that needed to be resolved. He added that they now could “separate issues which could possibly be accommodated within the overall existing balance of rights of obligations of the DFA, and those which would be such substantive departures as to lead to counter-proposals and, therefore, to the DFA’s unravelling.”

The TNC Chairman saw a continuing “overwhelming commitment to the Round as well as strong desire to conclude it now”. At the same time, there were growing fears that a long delay in the conclusion of the round would lead to “a negotiating vacuum, in which even the existing multilateral trading system could be put at risk”. There was growing frustration that “the largest trading entities which have benefited most from the system, have not so far, for various reasons, provided the leadership for the end game.”

Mr. Dunkel said that all fronts - market-access, services and work on the DFA - must now move together. “To succeed, negotiators must use interlinkages to encourage deal-making and trade-offs rather than to create log-jams,” he said.

The TNC Chairman reminded participants that the negotiating structures were in place, and assured them that “things will move rapidly in Geneva once the immediately needed political decisions have been taken on the few remaining issues”. But, “without these decisions, or if there is an uncontrolled unravelling of the DFA, a quick and balanced conclusion of these negotiations will be difficult, if not impossible. He concluded that “the choice has never been clearer for your governments or for you the negotiators.”

A time to “cash in”

The 28 delegations (some speaking on behalf of regional groupings) that participated in a lively debate after the TNC Chairman’s report, generally shared Mr. Dunkel’s concerns and conclusions.

One recurring theme was that the DFA was a balanced agreement that should be used, with a minimum of changes, to quickly end the Round. The Latin American and Caribbean countries said they were deeply concerned that after the two major participants had proposed changes to the DFA, four others followed suit with 23 amendments on 11 issues. Some issues, they said, should be pursued in another GATT Round, as “a bird in hand is better than two in the bush”.

The Nordic countries said they remained convinced that a final packaging was within reach and strongly believed that the DFA was “the best deal one could obtain in a very long time”. The Uruguay Round, they said, was not the end of trade negotiations but only one phase in a continuing process. The ASEAN contracting parties, emphasized that “we have almost all the ingredients to conclude the Round except for one - the political will to conclude”.

Some participants took the opportunity to reiterate their difficulties with the DFA text. Japan, Korea and Canada expressed concerns over certain agricultural provisions of the DFA. The United States said the DFA text was “not chiselled in stone” and thus was still subject to modifications. India said the DFA did not reflect proper balance to which Brazil added that the “balance was tilted against the developing countries”. Bangladesh said the least-developed countries felt that the DFA did not sufficiently reflect the special treatment for them provided in the Punta del Este Declaration.

Colombia, Costa Rica, Venezuela and Guatemala stressed that they would find it difficult to accept a Uruguay Round package that would not deal with their concerns regarding the new EC regime for banana imports. They reiterated that the Community had imposed new restrictions that violated the standstill and rollback commitment of the Round. On the other hand, Jamaica, Côte d’Ivoire and Senegal underscored the importance of bananas in the ACP (Africa, Caribbean and Pacific) countries and the EC legal commitments under the Lomé Convention.

A number of smaller delegations underlined the importance of transparency in the negotiations. Peru, Egypt, Jamaica, Switzerland and Pakistan pointed to the need to avoid a situation where a participant would be faced with a fait accompli agreement.

The European Community hoped that the TNC discussions would send a clear signal to the new US Administration on the urgency of concluding the Round. It recalled that at the December TNC meeting, it said it would work for the completion of the negotiations in early 1993. This goal was not achieved despite intensive efforts, but it believed considerable progress had been made.

At the end of the meeting, the TNC Chairman reminded participants that many people all over the world were anxiously awaiting the new rules of the game in international trade. Further delays in the Round, he said, would test the credibility of the multilateral trading system. The Uruguay Round negotiations touched on the real world and participants should therefore not indulge in scoring negotiating points but in solving problems. In all negotiations, according to Mr. Dunkel, a time would come when participants have to “cash in”. That time, he stressed, had arrived in the Round.

December TNC

“A race against time”

Mr. Dunkel, at the stock-taking meeting of the TNC on 18 December 1992, underscored the need for continuity in the negotiation process to bring the Uruguay Round to a positive conclusion. He pointed out that the delays in a number of negotiating areas were not a reason to go into a finger-pointing exercise.

Many delegations urged that efforts to conclude the Round intensify further at the beginning of the new year. The meeting was marked by a frank exchange of views, during which a number of delegations, for the first time, described their specific difficulties with the DFA text.

The EC said it had tried to reinvigorate the market-access negotiations through the tabling of its tariff schedule on agricultural products and new offers on services and industrial goods. It added that it did not contest other participant’s right to amend the DFA, noting its own difficulties, as indicated by massive demonstrations in its member States and its long negotiations on agriculture. However, it would be opposed to amendments on substantial elements of the package - particularly those aimed at the strengthening of the multilateral system.

Morocco, speaking on behalf of the developing countries, reiterated their firm commitment to a rapid and successful conclusion of the Round. They stressed that the world economic situation was sufficiently alarming without adding to it a failure of the Round that would further aggravate the situation.

Japan said while it had a well-known major difficulty with one section of the DFA text, it had exercised self-restraint regarding opening other issues. It said its active participation in the negotiations was indicated by a revised offer on services, in which it had withdrawn items from the list of m.f.n. exemptions.

The United States said delays in market access had kept participants from gaining the momentum to sort out their differences over the DFA text. It described as unrealistic the suggestion by some to simply bang the gavel and approve the DFA in its present form, in view of the problems many delegations had raised.
48th Session of the Contracting Parties
Hopes for the Round’s early conclusion

At their Forty-Eighth Session on 2-3 December 1992, the contracting parties welcomed the recent reactivation of the Uruguay Round negotiations with the hope that this would lead quickly to balanced results. They agreed that the prompt conclusion of the Round was the most important contribution GATT members could make towards sustaining the world economic recovery, improving the international trading environment and supporting the market-economy reforms underway in many countries.

Many of the concerns raised at the Session over trade policy developments in 1993 could be addressed by a successful Round outcome, according to the Contracting Parties Chairman, Ambassador Lars Anell (Sweden), in summing up the discussions (see earlier report on the Session, Focus No. 95). A number of delegations had criticized recourse to bilateralism and unilateralism, anti-dumping and countervailing measures, persistence of "grey-area" measures, non-implementation of panel reports, continued protection of non-competitive sectors, and the postponement of necessary structural adjustment measures in areas such as agriculture and textiles.

Report of the Council

The Council during the year, according to its Chairman, Ambassador B.K. Zutshi (India), assumed a more important "management role" over a wide range of activities, in addition to the day-to-day governing of the GATT on behalf of the Contracting Parties. This included over-seeing activities such as the trade and environment issue, monitoring the implementation of panel reports, and the trade policy reviews of individual GATT members.

For 1993, Ambassador Zutshi suggested that the Council take up the following specific issues:
- ensuring regular reporting of developments in regional trade arrangements;
- streamlining the deregistration of GATT documents to better address the information needs of the press, schools and universities, private enterprises and the general public;
- a review of the status of observers in the GATT and their rights and obligations; and
- the proliferation and semi-permanence of waivers requested for the implementation of the harmonized system.

The Council also would have to deal with an urgent need to remedy the serious degradation of pension and salary conditions of the GATT professional staff. This question was raised by the Director General in mid-1992 when he said that it was very much linked to the outcome of the Uruguay Round. The Council Chairman said that since the outcome of the Round now appeared to within reach, Mr. Dunkel might be able to consult soon on this matter, and present specific proposals to the Council early in 1993.

Report of the Committee on Trade and Development

The Committee on Trade and Development (CTD), one of the principal standing committees of the GATT, is responsible for reviewing and negotiating issues of trade interests to developing countries. It keeps under continuous review the implementation of Part IV of the General Agreement and the operation of the "Enabling Clause", which provides for differential and more favourable treatment of developing countries in various areas of trade policy.

The CTD Chairman, Ambassador Jesus Seade (Mexico), reported that in addition to its regular work (see CTD story, Focus No. 95), members during the year had started thinking about its post-Round work programme. Many members believed that the Committee’s work would have to be more action-oriented, particularly in identifying ways and means of increasing participation of developing countries in the multilateral trading system, which was a basic objective of the Enabling Clause.

On his consultations with delegations on the examination in GATT of MERCOSUR (the Southern Common Market comprised of Argentina, Brazil, Paraguay and Uruguay), Ambassador Seade said no agreement had been reached although an informal paper on procedures had obtained the support of a majority of delegations. (Note: the MERCOSUR members, supported by many developing countries, contend that as a trade arrangement among developing countries, the arrangement should be dealt with in the CTD while some GATT members, including the United States, believe that MERCOSUR should be subject to regular GATT procedures on customs unions in the Council.)

Upon Ambassador Seade’s suggestion, it was agreed that further consultations on MERCOSUR would be conducted by the Chairman of the Contracting Parties.

Accession: CSFR dissolved, Albania applies

The flurry of political and economic developments in Eastern Europe and the former Soviet Union continued to impact on the GATT.

Representatives of the Czech and Slovak Federal Republic (CSFR) informed contracting parties that the Federation would be dissolved at the end of the year. Two new republics - the Czech Republic and the Slovak Republic - would come into existence on 1 January 1993.

The CSFR recalled that as a founding contracting party in 1948, it had participated actively in all GATT activities. After the 1989 "Velvet Revolution", it had adopted radical reforms that had liberalized its commercial and economic relations with many countries. The fact that 97 per cent of its tariff was bound, and that conventional tariffs had a weighted average of about 5.7 per cent testified to its commitment to the GATT. These provided a solid basis for the future participation of both successor States in the General Agreement.

Separately, the Czech Republic and the Slovak Republic stressed their continued commitment to GATT principles and urged an early decision on their GATT membership status based on the rights and obligations of the CSFR.

Austria welcomed the determination of these countries to assume all the GATT obligations of the CSFR, and supported their request for participation in the GATT. The United States said that new accession negotiations were not necessary for successor states provided that the defunct State had a high level of obligations under GATT with a bound tariff schedule at meaningful levels; that the new States were fully willing and able to accept an identical level of obligations and the same tariff schedule; and that the new states were not contemplating important reorientations to their basic trade and economic policies that would nullify or impair trade opportunities enjoyed by other contracting parties in their markets. It said that as far as it could tell, these conditions were satisfied in the present case.

The Contracting Parties agreed that the Czech Republic and the Slovak Republic
accede to the GATT under the same terms applied by the CSFR, without carrying out any negotiations. The Secretariat would prepare draft protocols of accession for both countries as well as the corresponding draft Decisions for approval by the Council at its first meeting in the new year. Tariff schedules encompassing the concessions contained in CSFR’s tariff schedule would be annexed to each Protocol of Accession. In the meantime, the GATT and other relevant instruments would be applied to both Republics as if they had already acceded to the GATT.

The Contracting Parties established a working party to examine Albania’s application to join the GATT. The country was granted observer status to the GATT in June 1992.

Albania told GATT members it had broken with 15 years of total isolation and had started a process of integration into the international community. Over the past year, it had undertaken important changes to move from a centrally planned to a market economy. It was aware that the transition period would be long and that enormous problems would have to be overcome. In this context, Albania considered accession to GATT to be an essential step in its general reform. It said that since becoming an observer to the GATT, it had strengthened trade relations with some GATT members through bilateral treaties. It was already undertaking some obligations under the GATT framework, and was aiming to draft relevant laws in conformity with the General Agreement.

The Contracting Parties granted observer status to Belarus. This brought to ten the number of former states of the Soviet Union accorded such status (the Russian Federation, Estonia, Moldova, Turkmenistan, Armenia, the Ukraine, Latvia, Lithuania and Kazakhstan).

Belarus pledged it would be a reliable partner in the multilateral trading system of the GATT. It said the experience acquired in the GATT would help the country in its transition toward a market economy and in resulting problems in its integration into the world economy.

US countervailing action on steel imports hit

A number of steel-exporting countries expressed serious concern over the United States’ recent announcement of preliminary countervailing duties on certain steel imports. They said they would be participating actively in renewed negotiations for a multilateral steel agreement.

The European Community said it was extremely preoccupied by the US countervailing duty on flat-rolled steel products from a number of EC member states. The US duties ranged up to 60 per cent, and affected about 2 million tonnes of EC steel exports worth nearly US$1 billion in 1991. The EC believed that the US steel industry had exploited legitimate trade policy instruments to harass foreign competitors and divert world trade flows.

Brazil charged that the US duties were threatening its privatization programme for the steel sector. Austria complained that despite its small level of steel exports to the United States, its producers were subjected to costly countervailing duty investigation. Japan contended that the US duties were unjustified because its steel exports to the United States had been declining in recent years.

US and EC export subsidies on wheat

Australia recalled that in September 1992, the Council Chairman had undertaken to conduct informal consultations aimed at exploring avenues for addressing problems arising from the competitive subsidization of agricultural exports, particularly wheat, between the European Community and the United States. While Australia was encouraged by the recent understanding in agriculture between the two major exporters, and the movement in the Uruguay Round negotiations, it was worried by what could happen during the gap of many months between the Round’s conclusion and the implementation of results. For this reason, it would encourage the Council Chairman continue with his informal consultations on this matter.

Brazil, Chile, Mexico, Venezuela, New Zealand, the ASEAN countries, Uruguay, Canada, Hungary, Japan and Colombia expressed support for Australia’s view.

The United States said its recent agreement with the Community would enable them to reach a multilateral understanding that would reduce the volume of subsidized exports by 21 per cent and the value of such subsidies by 36 per cent over a six-year period. It emphasized that in the absence of reforms, it would be forced to compete for markets with the EC, which it said afforded high levels of benefit to agricultural exporters.

US trade embargo on Cuba

Cuba complained that legislation signed into law by the US President in October 1992 had not only reinforced the United States’ trade blockade on Cuba, but had also affected its trading partners. It said some $718 million worth of trade per year would be affected by what it said was a law that violated international obligations and GATT provisions. Cuba recalled that in November 1992, the UN General Assembly had approved a resolution that expressed the need to put an end to the US economic, trade and financial blockade on Cuba. It said it had started consultations with other affected GATT members to assess the effects of this law.

The European Community said that while it had no comments on US-Cuban trade relations, it had serious concerns over the moves to implement the trade embargo by applying legislation of an extra-territorial character. This serious development, it said, had been the subject of an EC protest in Washington.

Mexico said it firmly rejected the US legislation which it considered to be of an extra-territorial nature. Tanzania said it was concerned that a subject that should be dealt with under multilateral discipline was being dealt with in a unilateral way. Brazil noted it had voted for the UN resolution cited by Cuba.

EC, US report resolution of oilseeds dispute

The European Community recalled that at the September and November Council meetings, the Community and the United States were encouraged by the contracting parties to resolve the oilseeds dispute to avoid an escalation of trade measures that could have had disastrous effects on the multilateral trading system. It reported that intensive bilateral negotiations had resulted in an agreement that enabled conclude the Article XXVIII:4 (modification of tariff schedules) negotiations with the United States. The Community said it was ready to consult and negotiate, under Article XXVIII, with the other GATT members concerned.

The United States said that it was pleased to have reached an accommodation with the EC that would enable this contentious issue to be put to rest finally. Other GATT members with trade interest on this matter - Argentina, Canada, Uruguay, Brazil, Pakistan, India, Hungary and Poland - welcomed the EC and US statements, and expressed readiness to continue their talks with the Community.

EC import regime on bananas

The Director-General, Mr. Arthur Dunkel, recalled that in September 1992, Colombia, Costa Rica, Guatemala, Nicaragua and Venezuela had requested him to lend his good offices in an ex officio capacity, under the 1966 Decision on dispute settlement procedures, to “facilitate a satisfactory solution to a dispute over measures to restrict the import of bananas currently applied by some mem-

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GATT to play an active role in UNCED follow-up

The whole issue of trade, the environment and sustainable development will figure prominently in the 1993 agenda of the GATT. At their Forty-Eight Session, the Contracting Parties adopted a concrete programme on the follow-up of the trade results of the United Nations Conference on Trade and Development (UNCED). They also welcomed an encouraging report on the work of the GATT Group on Environmental Measures and International Trade.

The Council Chairman, Ambassador B.K. Zutshi, told the contracting parties that it was clear from his consultations (see "Council", Focus No. 95) that GATT members welcomed the Declaration by the UNCED, and that they were determined that GATT play its full part in ensuring that policies in the fields of trade, the environment and sustainable development were compatible and mutually reinforcing. He said it was also clear that GATT’s competence was limited to trade policies and those trade-related aspects of environmental policies, which might result in significant trade effects for GATT members.

Also welcomed was the importance attached by the UNCED to a successful outcome of the Uruguay Round negotiations. This held the key to the liberalization of trade and the maintenance of an open, non-discriminatory multilateral trading system, which were main elements of the framework for international cooperation that were being sought to protect the environment and to accelerate sustainable development in developing countries. The Council Chairman proposed that the GATT follow-up to the UNCED results involve the following:

- For the Committee on Trade and Development to take on board matters raised by the UNCED in the context of promoting sustainable development through trade liberalization;
- For the Group on Environmental Measures and International Trade to be closely involved with respect to making trade and environmental policies mutually supportive, and examine the propositions and principles listed in Chapter 2.22 of Agenda 21; and,
- For the Council to hold a meeting, within 12 months, devoted to a review of this issue, and, as necessary, supplement the work that was underway in GATT. The two bodies above would submit progress reports at this special meeting.

In the context of the follow-up to UNCED, Ambassador Zutshi recalled that the Council in 1991 had extended the mandate of the Working Group on Export of Domestically Prohibited Goods and Other Hazardous Substances.

Many delegations welcomed the start of the follow-up process in GATT. The United States believed that GATT was up to the challenge of dealing with the important interrelationships between trade and the environment as they related to sustainable development. Brazil said that as host of the UNCED Conference, it had a clear interest in the implementation of the results of the "Earth Summit". The EC said that the founding of the GATT underlined the wisdom of multilateralism over arbitrary unilateralism, and that this approach was equally valid with respect to the follow-up of the UNCED results.

The Contracting Parties agreed to the Council Chairman’s proposal.

Progress report on trade and the environment

The Chairman of the Group on Environmental Measures and International Trade, Ambassador Hidetoshi Ukawa (Japan), gave a comprehensive report on the work of the Group since its activation in October 1991 (see Focus No. 85). He said the considerable goodwill exercised by participants had contributed to the progress made in identifying, clarifying and focusing on issues in this complex area, as well as to de-mystifying the subject and dispelling some of the original concerns.

Ambassador Ukawa said that at a very early stage, the Group had come to a generally shared view that its role was not to pronounce on the GATT consistency of trade-related provisions in multilateral environmental agreements. Another widely shared view was that GATT provisions provided for and permitted a wide variety of trade-related environmental measures. The Group Chairman believed that the General Agreement did not question the right of GATT members to have the highest possible environmental standards. Many members of the Group had expressed the view that resort to trade measures for environmental objectives should be weighed carefully before these were imposed to ensure that they were consistent with the requirements and disciplines provided for in the GATT.

It was noted that a large number of national trade-related environmental regulations had been notified under existing GATT provisions, many prior to their adoption. Transparency in this area would be further enhanced with the establishment of a Central Registry of Notifications, which was envisaged as part of the Uruguay Round outcome. Provisions in the GATT Agreement on Technical Barriers to Trade for prior consultation before the implementation of a measure, according to many countries, could help prevent potential trade disputes from developing.

The Group had also discussed the trade effects of new forms of packaging and labelling requirements aimed at protecting the environment. These trade effects could be considerable, according to many delegations who had pointed to the need for a close and careful examination of this subject by the Group.

Ambassador Ukawa said delegations believed it essential to dispel any misperceptions that the GATT contradicted or put in jeopardy collective efforts to address environmental problems. The seriousness with which the Group’s deliberations were being conducted, as shown in the impressive preparation invested by delegations in meetings, testified to the fact that environmental concerns were deeply shared by members and that there was a strong desire to search for constructive solutions.
The last review of the Council for 1992 under the Trade Policy Review Mechanism (TPRM), held on 17-18 December, concerned the trade policies of a country in transition from a centrally-planned to a market economy - Romania.

The reviews undertaken by the Council in the framework of the TPRM - an early result of the Uruguay Round - aim to provide a collective evaluation of the full range of individual contracting parties' trade policies and practices and their impact on the functioning of the multilateral trading system.

The following are excerpts from the Chairman's summary of the discussions in the Council:

In his introductory statement, the representative of Romania said that, in the process of radical economic transformation from the previous centrally-planned system, his Government was determined to build a market-based economy, taking into account the principles, rules and disciplines of the General Agreement. Romania had abandoned central planning in January 1990. By the end of September 1992, the basic legal framework necessary for the implementation of macroeconomic and trade policy reforms was virtually complete, and privatization was well underway.

Romania's trade policy objectives were further liberalization of imports, export promotion, balance-of-payments equilibrium, full integration in the multilateral trading system and increased participation in European economic structures. Romania hoped that this process would be promoted by the early conclusion of a balanced Uruguay Round package, which should respond to the specific needs of countries in transition. Romania was prepared to submit final offers in market access, agriculture and services. A new Harmonized System customs tariff had been introduced, together with GATT-based anti-dumping and countervailing rules and government procurement regulations. A limited number of temporary surcharges had been introduced for safeguard reasons, but no balance-of-payments measures had been taken. Standards and technical regulations were being brought into line with international agreements. Renegotiation of Romania's terms of accession to GATT had been launched, aiming at a standard, tariff-based Protocol. Participation of the private sector in trade had grown to about 30 per cent in mid-1992.

Council members commended Romania on the economic reforms undertaken. The previous régime had left the economy in crisis. Forty years of central planning, together with the deliberate policy of advance debt repayment in the 1980s, had resulted in widespread resource misallocation and an outdated capital stock. The Government that took office in late December 1989 had set Romania on the path toward a market economy.

The reform efforts required were unparalleled in comparison to the restructuring normally experienced in market economies. The Romanian authorities were to be commended for undertaking them in the context of an unfavourable external environment, including the collapse of traditional CMEA markets and an economic slowdown in industrial economies. Although much of the legal framework for reform had been laid, the restructuring process had essentially just started: the steps taken up to now were in the right direction, but the process would be long and difficult, with significant social costs.

Economic reforms welcomed
Participants recognized the decisive steps taken by Romania to reform its trade régime. The State monopoly on trade had been abolished. The tariff had become the main trade policy instrument. There were, apparently, almost no quantitative measures on imports and relatively few on exports; the latter were in place mainly to support social programmes. Remaining price controls were expected to be eliminated shortly. Support for industry and exports had been reduced, market forces were playing a greater rôle in foreign exchange allocation and the foreign investment régime had been liberalized.

Questions and concerns
Participants raised a number of specific questions and concerns:
- The need for a new consolidated foreign trade law was stressed;
- Frequent tariff changes were affecting the stability and predictability of the tariff régime. Transparency and predictability would be enhanced by an increased number of tariff bindings by Romania;
- Some participants emphasized the benefits to be gained from the association and free-trade agreements which Romania had concluded with European partners. Others indicated that the agreements could cause significant trade diversion. This could be alleviated by the binding of tariffs at appropriate levels;
- Romania was urged to carry through its privatization programme in all sectors;
- Full currency convertibility would be a requisite for the complete integration of Romania into world markets;
- The export régime was generally liberal, but somewhat unpredictable in its operation;
- Romania was encouraged to increase harmonization of technical regulations;
- The operation of trade-related services such as banking, customs clearance and storage could create unexpected barriers to trade.

Romania's response
The representative of Romania said that Romania's trade policy and practices demonstrated a firm advancement in the ob-
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the States of the EC..." Since then, he had met with the parties several times. Recently, he had suggested to the parties involved that in order to make progress in this very complicated case, the formal good offices should be suspended forthwith until 15 January 1993. He said that in the present circumstances, informal talks might lend themselves better to flexibility and innovation, the final aim being a mutually satisfactory solution.

Costa Rica, speaking on behalf of the Latin American countries cited by the Director-General, said that they had accepted the suspension of the good offices procedures to leave the door open for informal negotiations that would make it possible to find a solution within the Uruguay Round commitments. This was on the understanding that they retained all their rights under the 1966 Decision, which prescribed procedures for disputes involving developing countries.

Other disputes

Argentina announced that it had resolved its dispute with Norway over a subsidy connected with a tender for a hydro-electric project in Costa Rica. It added that it might raise at a future Council meeting the whole issue of subsidies by OECD members linked to projects in developing countries. Argentina believed that when a subsidy could affect the competitive positions, there was an obligation to notify the GATT and to hold consultations with the members involved.

At the Session, the following panel reports were the subject of follow-ups:

- US anti-dumping duties on stainless steel pipes and tubes from Sweden. Sweden complained that this panel report, issued in mid-1990, had been on the agenda of the Committee on Anti-Dumping practices on several occasions without being adopted.
- Section 337 of the US Tariff Act of 1930. The European Community expressed concern that the present legislative initiatives in the US Congress did not adequately address the discrimination which the panel had condemned.
- Anti-dumping duties on products assembled in the EC from imported parts and components. Japan said that while it was not satisfied with developments regarding the Section 337 panel report, at least there had been some internal movement, which could not be said of the EC in the parts and components case.
- United States' denial of m.f.n. treatment on non-rubber footwear from Brazil. Brazil expressed concern over what it had been continuous application of a measure found to be discriminatory by a panel (note: the panel did not issue specific recommendations on this case).
- US restrictions on imports of tuna. Venezuela recalled that its tuna exports had been subject to an embargo by the United States, with an estimated loss to its fishing industry of more than S60 million annually. It said that its efforts in securing an end to the embargo through bilateral consultations and through GATT (as a third party in the panel report on US restrictions on tuna imports) had not succeeded. It noted that the tuna panel report had not been adopted, and it was concerned that the work of panel established to examine EC's complaint against US tuna measures had been suspended. Venezuela emphasized that it had been adjusting its fishing practices to those followed by the Inter-American Tropical Tuna Commission, of which the United States was an active member. In reply, the United States announced that in October 1992, the US President had signed into law the International Dolphin Conservation Act of 1992. It believed that this Act represented a balanced and effective solution to what had been a difficult issue for many countries.
- US measures on imported beer. Canada expressed concern over possible delay at the state level of the implementation of this panel report adopted in June 1992. The United States assured Canada that it continued to consult with the Congress and the state governments on bringing federal and sub-federal practices into conformity with the panel's recommendations.

Free-trade agreements

The Contracting Parties also considered the following trade agreements:

- Finland-Baltic States. Finland reported that Free-Trade Agreements between itself and Estonia, Latvia and Lithuania were being provisionally applied pending their ratification in the respective countries. The Contracting Parties established a working party to examine these arrangements.
- EFTA-Israel. EFTA members and Israel reported that they had signed a free-trade agreement, which would enter into force on 1 January 1993. The Contracting Parties referred this matter to the Council for further action.
MFA extended for one year

The GATT Textiles Committee decided, on 9 December 1992, to maintain in force the Multifibre Arrangement (MFA) for a further period of 12 months from 1 January 1993 to 31 December 1993 in view of the fact that the Uruguay Round has not been completed.

This is the fifth extension of the MFA, which has been governing much of the world's trade in textiles and clothing since 1974. In taking the decision, the participants proceeded on the understanding that bilateral agreements on textiles and clothing for the year 1993 will provide increased market access and reiterated that special considerations should be provided for small suppliers and least-developed countries. Participants reaffirmed their respect for the equity obligations in the Arrangement and their agreement to cooperate fully in dealing with problems relating to circumvention of the MFA. They also noted the concern of a number of participants with respect to the problem of infringement of registered trademarks and designs in textiles and clothing trade.

MFA members account for most of the world's exports and imports of textiles and clothing. Textiles and clothing imports from the members of the MFA to all destinations amounted to an estimated US$136 billion in 1990, or about 80 per cent of world textiles and clothing exports (excluding EC intra-trade).

The restrictions negotiated under the MFA apply to a large part of the exports of developing countries and Eastern Europe to developed countries. Under the Arrangement, which went into effect in January 1974, industrial countries negotiate quotas on imports of textiles and clothing from developing countries. The MFA's safeguard procedures permit the introduction of restraints on textile imports, when these imports cause market disruption, subject to a number of strict conditions and to multilateral surveillance.

Three new participants

The TNC welcomed the Czech Republic and the Slovak Republic as the 110th and 111th participants, respectively, of the Uruguay Round. These republics succeeded the former Czech and Slovak Federal Republic on 1 January 1993.

Members also welcomed Mali, which acceded to the GATT on 11 January 1993, as the 112th participant in the Round.

112 participants (Continued from page 1)

On 11 January 1993, Mali became a contracting party to the GATT following a notification by its Government to the Director-General, Mr. Arthur Dunkel. Mali has acceded under the terms of Article XXVI:5(c) of the General Agreement.

Mali became independent from France in 1960. Since that time it has had full autonomy in the conduct of its external commercial relations and has applied the General Agreement on a de facto basis. Under these circumstances, the country needed only to notify the GATT Director-General that it wished to be deemed a contracting party, having met the conditions required by Article XXVI:5(c). Mali has inherited a tariff schedule which comprises the concessions previously applied by France on behalf of Mali.

GATT now has 105 contracting parties with the accession of Mali, and the dissolution of the Czech and Slovak Federation at the end of 1992. The two successor states - the Czech Republic and the Slovak Republic - are expected to become contracting parties in their own right during March 1993.

75th GATT trade policy course launched

The seventy-fifth GATT trade policy course, in French, was inaugurated on 25 January. Twenty-four officials from developing countries are participating in the course, which will end on 30 April.

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 issues under negotiation in the Uruguay Round. They are open to officials from developing countries who have responsibilities in the formulation and conduct of foreign trade policy.

Since the programme began in 1955, 1,294 officials from 118 developing countries and ten regional organizations have participated in these courses.

CALENDAR

The following is a tentative programme of meetings in February:

On call: Trade Negotiations Committee
4-5 Group on Environmental Measures & Int’l. Trade
9 Sub-Cttee on Trade in Civil Aircraft
9-10 GATT Council
16-17 Council TPRM: the Philippines
17-19 BOP Cttee: Philippines

GATT FOCUS

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