The Group of Negotiations on Goods met on 18 February 1988 under the Chairmanship of the Director-General. The Group had on its agenda: (i) Review of progress in the negotiations under Part I of the Declaration; (ii) Other business, including the date of the next meeting.

**Review of progress in the negotiations under Part I of the Declaration**

2. Several delegations expressed appreciation at this opportunity to continue the review of the work of the Negotiating Groups, which had begun at the GNG's last meeting (MTN.GNG/10). While a number of delegations expressed satisfaction with progress so far, they noted that the work had entered a qualitatively different and more challenging phase; there was no ground for complacency.

3. Many participants emphasized the need for positive signals from the Uruguay Round in order to contribute to the solution of such pressing economic problems as the lack of macro-economic discipline, the heavy debt burden facing many countries, instability in financial markets and exchange rate volatility.

4. A number of delegations maintained that inadequate attention was being paid to the need of developing countries for special and differential treatment; in some cases it appeared that the principle itself was being questioned. Some were also of the view that it was inappropriate simply to seek fuller participation and increased obligations on the part of developing countries without taking account of the inadequacies of the trading system which inhibited developing country involvement, such as resort to "grey area" measures, the abuse of GATT provisions on regional arrangements, and failure to establish appropriate links between trade and the financial problems facing a number of developing countries.

5. Certain delegations referred to the particular problems of the least developed countries, noting that the importance of this issue was recognized at Punta del Este in the principles governing the negotiations. It was suggested that least developed countries should be able to rely on unrestricted access to developed markets and that consideration should be given in each Negotiating Group to the drafting of a text which would guarantee special consideration of the particular problems facing these countries.
6. Many delegations expressed concern at the limited degree to which they considered the standstill and rollback commitments to have been respected and suggested that the Surveillance Body established in this context had not been as effective as had been hoped. It was also suggested that failure to respect the standstill commitment and to show progress on rollback would pose a direct threat to the progress of the negotiations, including in regard to possible mid-term results. Certain delegations also noted the failure of any contracting parties to inform the Surveillance Body of rollback undertakings by the end of 1987, as foreseen in the GNG decisions of 28 January 1987 (MTN.GNG/5). On the other hand, a delegation suggested that the trade situation would have been worse in the absence of the standstill and rollback commitments. Another speaker emphasized the view that the standstill and rollback commitments were political and voluntary in nature, and that they had been formulated to facilitate the negotiating process and not to create a mechanism for blocking negotiations. They did not entail renunciation of the right to invoke normal GATT rights and obligations. Nevertheless, any major breach of the political commitment would put into question the entire negotiating process. He recalled that the full implementation of the rollback commitment was not formally required until the end of the negotiations.

7. Some delegations expressed the view that there remained a number of areas in which a common negotiating basis had not yet been established, relating this to what they saw as attempts to reinterpret negotiating mandates. One of these participants also expressed concern that in some Negotiating Groups compilations and checklists of issues were drawn up before agreement had been reached on the scope of the relevant negotiating mandates or the common negotiating basis. He stated that submissions would not automatically be accepted as containing matters for negotiation, without a common understanding of the scope of the negotiating mandate or a common negotiating basis. A more general concern expressed by some delegations was that while there were interlinkages between different negotiating issues, this should not be used to impose inappropriate conditionality on results in different areas. The establishment of conditionality between unrelated issues would be still less acceptable.

8. Certain delegations emphasized the importance they attached to the principle of globality and the need to ensure that results were attained in all areas of the negotiations. It was suggested that globality in this sense should apply both to goods and to services in order to ensure a proper balance of results. A speaker responded that in his view the only links between Part I and Part II of the Ministerial Declaration were political and qualitative rather than legal. More specifically, there were four elements in the link between the two Parts of the Declaration. These related to unity of time and place for the two processes, the oversight role of the Trade Negotiations Committee, the common timing for the beginning and the termination of the negotiations, and to the implementation of decisions by Ministers. No other linkages were envisaged between the two processes of negotiation.
9. Several delegations referred to the suggested mid-term review of the Uruguay Round at a meeting of Trade Ministers. One delegation indicated that while they had no intention to block a decision to hold such a meeting, they were concerned that to hold it prematurely would create a risk that Ministers would be obliged to note that little progress had been made in the negotiations. Other delegations were of the view that progress should be made as a matter of urgency in certain areas, and that existing obligations regarding standstill and rollback should be respected if any hopes of early results in the negotiations were to be realistically entertained. Certain delegations pointed out that the only real deadline which had been established in respect of the Uruguay Round was September 1990. One participant asked whether a problem existed for the negotiations in respect of the negotiating authority needed by the United States. Finally, it was suggested that any link between a Ministerial Meeting at the end of 1988 and the annual Session of the CONTRACTING PARTIES should be avoided.

10. Many delegations made reference to the relationship between the GNG and the Negotiating Groups. While it was recognized that the Negotiating Groups needed flexibility in order to carry out their mandates effectively, it was important that imbalances in the rate of progress in different Groups should be avoided and that full transparency was assured throughout the negotiations. The importance of these considerations gave the GNG a vital rôle. The importance of the rôle of the Chairmen of the Negotiating Groups in ensuring balance, an appropriate pace of work and transparency in the negotiating process was recognised. For the same reasons, it was suggested that the Chairman of the GNG should maintain close contacts with the Chairmen of the Negotiating Groups.

11. A number of delegations expressed views and concerns with respect to progress in individual Negotiating Groups. The view was expressed that in the Negotiating Groups on Tariffs and Non-Tariff Measures, it was necessary to agree quickly on modalities for the conduct of negotiations. In the latter Group it was also necessary to agree on the appropriate manner for dealing with non-tariff measures which were not in conformity with the General Agreement. Some reservations were expressed about the idea of an integrated approach to the liberalisation of market access in these areas. In regard to the Negotiating Group on Natural Resource-Based Products, it was suggested that sufficient documentation existed for negotiations to proceed without delay. Several delegations expressed opposition to the idea put forward in this Group of linking market access to access to supplies, which would raise the issue of sovereignty over natural resources. In the field of textiles, a number of delegations considered that progress was lagging behind that in other areas of work. Certain delegations were of the view the negotiations in agriculture were not taking sufficient account of the interests of developing countries. It was suggested that any disciplines which involved reducing exports should not necessarily apply to all countries and that full account should be taken of the interests of net importers of agricultural products.
12. Several delegations expressed concern at the lack of progress being made in the Negotiating Group on Tropical Products, suggesting that the central problem was the insistence by some countries on sectoral reciprocity and on establishing links with work in other Negotiating Groups. It was suggested that in view of commitments that had been accepted for many years, there should be no question of seeking reciprocity from developing countries in the field of tropical products. Moreover, the Ministerial Declaration had accorded priority to negotiations on trade in tropical products, which should therefore be a prime candidate should there be any possibility of early results in the negotiations.

13. A delegation referred to discussions in the Negotiating Group on GATT Articles and expressed the view that insistence on revision of the balance-of-payments provisions of the General Agreement would merely aggravate the already precarious position facing developing countries, especially those with heavy debt burdens. Many delegations expressed disappointment at the lack of progress being made in the field of safeguards. A result in this area, in conformity with the negotiating mandate, was fundamental to the health of the trading system and to the success of the negotiations, since work in many other areas would be directly affected by what happened in safeguards. Several delegations were of the view that the negotiating mandates of the Negotiating Groups on Trade-Related Aspects of Intellectual Property Rights, including Trade in Counterfeit Goods, and Trade-Related Investment Measures were being reinterpreted and extended in a manner which did not correspond with what had been agreed at Punta del Este, and that this threatened to slow down the negotiating process.

14. The representative of Mexico referred to a statement made at the last meeting of the Group concerning recent economic measures taken by his Government. This had been circulated as document MTN.GNG/W/13. Since then, a further communication had been sent to the Director-General and would shortly be issued as a document. This communication referred to a number of additional policy reforms in Mexico, including a relaxation of the import licensing regime, a reduction in quantitative import restrictions, the abolition of official prices which formerly provided the basis for customs valuation in respect of certain goods, measures taken for the implementation of the Harmonised System of tariff nomenclature, and the consolidation of maximum import duty rates and additional charges on imports. Mexico had already signed the Codes on Countervailing Duties, Anti-Dumping, Technical Barriers and Import Licensing. Whilst a number of these measures were adopted in pursuance of undertakings accepted by Mexico at the time of its accession, it was to be hoped that the policy package as a whole would be given due consideration in the negotiations. The representative of Mexico noted that certain delegations had indicated their willingness to do this at the Group's last meeting. The representative of Colombia also referred to recent economic measures taken by his Government and expressed the hope that appropriate recognition would be given to these measures in the negotiations.
15. In conclusion, the Chairman said that the debate on the progress of the negotiations, which had begun at the December meeting, had been very useful. It confirmed the view of many, if not all, delegations that while good progress had been made in the formulation of negotiating positions and the clarification of issues, it was now time to engage the negotiating process proper. This was an altogether more difficult and challenging process and it was to be hoped that the eventual results would not simply reflect the lowest common denominator in each area of the negotiations. It was clear that the Ministerial Declaration provided the basis for the work, and that every effort would be made to wind up the negotiations in 1990. It was worth recalling that on that basis, by April one third of the time available would have elapsed. Whereas in earlier Rounds there had commonly been a lull in activity following the initial tabling of proposals, while the negotiating flexibility of other participants was explored, such a lull could not be afforded now. It was therefore important to lose no time in taking due account of the interests and needs of other negotiators. While there seemed to be agreement on the most practical and effective means of proceeding with the work, references had been made to the need for transparency and the need to avoid unnecessary overlapping in the meetings of the Negotiating Groups. It was important to remember that over 100 delegations were participating in the negotiations and a maximum effort of cooperation and mutual understanding would be required.

16. The Chairman observed that while in general the process seemed to be moving ahead satisfactorily, the debate had shown where delegations had particular concerns. Mention had been made of the need to ensure balanced progress in all areas, though it was recognised that each Negotiating Group could not necessarily achieve the same kind of results at the same time. There was also a preoccupation with the need to avoid serious differences over the interpretation of the negotiating mandates set out in the Ministerial Declaration, since these would impede progress in the resolution of real trade problems. An issue of paramount importance for many delegations was that the standstill and rollback commitments should be respected, particularly as the negotiations continued during the course of 1988. Many references had been made to the importance of the principle of special and differential treatment for developing countries. Useful points had also been made on the state of work in a number of Negotiating Groups; it was clear that as the negotiations progressed it would be essential to maintain a clear view of the overall situation, and this was one of the main values of these exchanges between heads of delegations in the GNG.

Other Business, including the Date of the Next Meeting

17. The Chairman proposed that the next meeting of the GNG should be held in the week beginning 25 July, so as to leave as much time as possible in that month for work in the Negotiating Groups. The possibility of convening an earlier meeting if necessary would be kept open. In this regard the Chairman would maintain close contacts with the Chairmen of Negotiating Groups and with delegations. This was agreed.