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

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

Group of Negotiations on Goods ... 27 July

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

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

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

Trade Negotiations Committee ... 27 July

The Committee heard reports from its constituent bodies - the Surveillance Body, the Group of Negotiations on Goods and the
Group of Negotiations on Services - and conducted a general review of progress.

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

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

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

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

This approach to the final stages of the Round was widely supported and welcomed by participants. Some delegations stressed the need to have sufficient time at the end of the process to adequately assess the total package at a national level. Several developing countries stressed the importance of the standstill and rollback commitments. A number emphasized that while they were ready to make concessions in the Round, there had to be an adequate response from their main markets in products which interested them. It was generally considered that the work of the groups had recently been proceeding well even if, in the view of some, there was still an imbalance in progress. The Chairman envisaged a continuous process of evaluation of progress.
The TNC accepted the invitation of the European Community and Belgium to host the final meeting of the Round, at ministerial level, in Brussels. The Community stressed the important political and symbolic nature of the decision. This was emphasized also by the delegates of Uruguay (which hosted the launch of the Round in 1986) and Canada (which hosted the Mid-Term Review in 1988) who both welcomed the decision. The TNC also decided that the final meeting would be held in the period 26 November - 8 December 1990.

GATT Articles ... 5-6 July

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

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

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

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

Trade-Related Investment Measures ... 10-11 July

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

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

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

Agriculture ... 10 to 12 July

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

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

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

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

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

In general, participants underlined that the support measurement and tariffication approaches were among a number of measures that would have to be implemented in order to attain the objectives of the agricultural negotiations.
There was a brief discussion of other elements of the Negotiating Group's work programme, in particular sanitary and phytosanitary barriers and regulations. It was agreed that the Working Group on that subject would resume its deliberations on the basis of the work programme endorsed at the mid-term review. In addition, the Codex Alimentarius Commission, the International Plant Protection Convention and the International Office of Epizootics have been invited to co-operate as appropriate in the Working Group's activities.

Trade-related aspects of intellectual property rights ... 3-4 July

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

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

In regard to the applicability of basic principles, the Group had a preliminary discussion of an open-ended list of suggestions relating to national treatment, mfn/non-discrimination, transparency, special and differential treatment, safeguards, dispute settlement, reciprocity/non-reciprocity, public interest, balance of rights and obligations and exceptions. For example, in connection with a possible national treatment obligation, many participants referred to the distinction between the requirement contained in the General Agreement that imported goods receive treatment no less favourable than that accorded to domestically produced goods - and that in intellectual property agreements - where it concerns ensuring that foreign nationals are not treated less favourably than nationals.

In regard to enforcement the largest part of the discussion was devoted to the examination of a new detailed proposal tabled by the European Community. This proposal suggests commitments aimed at ensuring that the means for the enforcement of intellectual property rights, both within countries and at the border would effectively prevent and remedy the infringement of intellectual property rights as well as safeguard against giving rise to obstacles to legitimate trade. The Community suggests
certain general principles to be adhered to, rules concerning judicial and administrative procedures and remedies, including provisional measures, and obligations concerning the provision of direct border intervention by customs authorities. Much of the discussion concerned the extent to which the proposal takes account of differences in national legal systems, since there is a wide view in the Group that the results in this area should not require fundamental changes to national legal systems. Some participants considered that the Community proposal constituted a good starting point for negotiations on enforcement. Some believed that an adequate set of commitments in this area would require further elaboration in certain areas, for example relating to the gathering of evidence and criminal procedures. Another view was that the Community proposal was too detailed and that the work of the Group should be aimed at laying down more general principles that national enforcement systems should conform to. Some delegates stressed the need to go further in providing safeguards to ensure that procedures and remedies for the enforcement of intellectual property rights do not give rise to impediments of developing countries to legitimate trade. Concerns were expressed by some delegations finding difficulty with the specificity of the obligations in certain areas, for example with the gathering of evidence.

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

Trade-related aspects of intellectual property rights ... 12-14 July

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

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

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

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

Natural Resource-Based Products ... 13-14 July

In separate submissions, the United States and Australia called for the addition of energy-related products to the three categories already agreed for negotiations (forestry, fisheries and, non-ferrous minerals and metals). The United States noted that while the GATT had not traditionally dealt with energy issues, trade problems in the energy sector had become more evident, particularly those related to market access and subsidies. It also suggested that the group, while taking a complementary role with respect to the general market-access groups, should begin exploring principles to govern trade in natural resource-based products. The end result could take the form of a code or an elaboration of GATT Articles. The Australian paper proposed establishing disciplines to control government support in the coal industry. Participants agreed to discuss in detail the new proposals at the next meeting.

In line with the Montreal decision mandating the exchange of trade and barrier data in this group, the European Communities and Australia submitted their respective lists of trade barriers on natural resource-based products maintained by other
participants. The Chairman urged other members to submit data by September 1989. He also reported that points raised in informal consultations on possible negotiating approaches will help him prepare draft negotiating procedures which he will present at the next meeting in September.

MTN Agreements and Arrangements ... 17 and 19 July

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

In the discussion on the Agreement on Technical Barriers to Trade, the European Community put forward a proposal for a code of good practice for non-governmental bodies at the local, national or regional level.

The EEC also tabled, for information, some ideas on a mechanism for transitional membership on the Government Procurement Code.
Tariffs ... 18 July

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

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

Dispute Settlement ... 20 July

The group discussed the subject of implementation of rulings, decisions and recommendations under Article XXIII:2. The group briefly discussed a proposal by Switzerland on the use of arbitration as an option of settling trade disputes within the multilateral GATT framework. It postponed discussion of compensation in the context of GATT dispute settlement rules and procedures, non-violation complaints under GATT Article XXIII and proposals by the least-developed countries for special provisions facilitating their effective use of the GATT dispute settlement mechanism.
Textiles and Clothing ... 24 July

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

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

In its submission, Switzerland suggested three different approaches for arriving at modalities for the progressive elimination of MFA restrictions. The first two envisaged the progressive elimination of restrictions or the transformation of restrictions into global quotas, tariffs or tariff quotas which would then be progressively reduced. Switzerland said a third approach would be to allow governments to choose the appropriate methods for eliminating MFA restrictions, according to the market conditions in their own industry. Switzerland, like the EC, called for participants in the group to evaluate whether GATT rules and disciplines, as they relate to the textiles and clothing sector, have been sufficiently strengthened in other negotiating groups, such as the groups on safeguards, subsidies and countervailing measures and intellectual property. The group could then determine whether a balance of concessions had been achieved with regard to increased market access opportunities in the textile and clothing sector for all participants.
Tropical Products ... 24-26 July

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

The group completed its review, which started in June (see NUR 029), of the tariff and non-tariff situation in this sector after the Mid-Term Review. Participants examined the remaining product groups: tropical fruits and nuts; tropical wood and rubber; and jute and hard fibres. Colombia, pointing out the priority accorded to this group by the Punta del Este Declaration as well as the Mid-Term Review decisions, proposed that as from 1 January 1991, developed contracting parties should: eliminate all duties on unprocessed tropical products, eliminate or substantially reduce duties on semi-processed and processed products, and eliminate or reduce all non-tariff measures affecting trade in this sector. Procedures to this effect would be negotiated by April 1990. In the light of the agreements reached developing countries would then indicate contributions which they would be prepared to make both within the tropical products sector and/or in other market access negotiating groups. A number of participants, emphasizing the need to accelerate work, expressed general support for the Colombian proposal. Its feasibility, however, was questioned by the European Communities and the United States. The Chairman suggested that the group focus at its next meeting on 19-20 October on establishing techniques and modalities for the further conduct of negotiations, and on further refining the identification of trade barriers which are to be the subject of negotiations. He urged participants to conclude preparations for the final stage of negotiation by the end of 1989 and resume effective negotiations as early as possible in 1990 in order to produce maximum results by the end of the Round.

Non-Tariff Measures ... 26 July

At this resumed meeting, the Chairman, pointing out that the Mid-Term Review agreement has instructed the Group to establish a framework and procedures for future negotiations, presented his
revised suggestion on the subject, which constituted an attempt to reach a compromise between differing positions. A large number of participants expressed general support for the draft framework and others put forward amendments concerning transparency provisions and aspects relating to special and differential treatment for developing countries. The Group agreed to consider the subject again at its next meeting on 28 September.

Trade in Services ... 17-21 July

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

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

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

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

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

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

Note to Editors

1. Press bulletins on the Uruguay Round are issued regularly and are intended as an indication of the subject areas under discussion rather than as detailed accounts of negotiating positions. Journalists seeking further background information are invited to contact the GATT Information and Media Relations Division.
2. These accounts of negotiating meetings should be read in conjunction with the text of the Punta des Este Ministerial Declaration (GATT/1396 - 25 September 1986), the decisions taken on 28 January 1987 regarding the negotiating structure, the negotiating plans and the surveillance of standstill and rollback (GATT/1405 - 5 February 1987) and the TNC Mid-Term Review decisions (NUR 027 - 24 April 1989). Further copies of these documents are available from the GATT Information and Media Relations Division.