The Uruguay Round is the most comprehensive and far-reaching international trade negotiation ever undertaken. Launched in Uruguay in September 1986, it is scheduled to be concluded at a ministerial meeting in Brussels in December this year. This briefing book attempts to set out the background to every element in the Round and to outline the current state of negotiations, including the major issues yet to be resolved.

July 1990
<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Uruguay Round - Facts and Figures</td>
<td>3</td>
</tr>
<tr>
<td>The Uruguay Round - How it is organized</td>
<td>5</td>
</tr>
<tr>
<td>Tariffs</td>
<td>7</td>
</tr>
<tr>
<td>Non-Tariff Measures</td>
<td>9</td>
</tr>
<tr>
<td>Natural Resource-Based Products</td>
<td>13</td>
</tr>
<tr>
<td>Textiles and Clothing</td>
<td>15</td>
</tr>
<tr>
<td>Trade in Agricultural Products</td>
<td>17</td>
</tr>
<tr>
<td>Tropical Products</td>
<td>23</td>
</tr>
<tr>
<td>Review of GATT Articles</td>
<td>25</td>
</tr>
<tr>
<td>MTN Agreements and Arrangements</td>
<td>29</td>
</tr>
<tr>
<td>Safeguards</td>
<td>31</td>
</tr>
<tr>
<td>Subsidies and Countervailing Measures</td>
<td>33</td>
</tr>
<tr>
<td>Trade-Related Aspects of Intellectual Property Rights</td>
<td>35</td>
</tr>
<tr>
<td>Trade-Related Investment Measures</td>
<td>39</td>
</tr>
<tr>
<td>Dispute Settlement</td>
<td>41</td>
</tr>
<tr>
<td>Functioning of the GATT System</td>
<td>45</td>
</tr>
<tr>
<td>Trade in Services</td>
<td>47</td>
</tr>
<tr>
<td>Standstill and Rollback</td>
<td>51</td>
</tr>
<tr>
<td>What is the GATT?</td>
<td>53</td>
</tr>
<tr>
<td>GATT Trade Rounds</td>
<td>57</td>
</tr>
<tr>
<td>Countries participating in the Uruguay Round</td>
<td>61</td>
</tr>
</tbody>
</table>
THE URUGUAY ROUND - FACTS AND FIGURES

o September 1986 - The Uruguay Round launched at a Ministerial meeting in Punta del Este, Uruguay.

o Punta del Este Declaration is the basis for the negotiations which are set to last four years to the end of 1990.

o Negotiations take place at GATT Headquarters, Geneva, Switzerland.

o 105 governments participate. Of these, 96 are GATT Contracting Parties; most of the rest are in the process of negotiating membership.

o December 1988 - Mid-term Review Ministerial Meeting held in Montreal.

o April 1989 - Mid-term Review process completed in Geneva.

o Principal negotiating bodies:
  - Trade Negotiations Committee (TNC)
  - Group of Negotiations on Goods (GNG)
  - Group of Negotiations on Services (GNS).

o TNC Chairman: Dr. H. Gros Espliell, Minister of Foreign Affairs, Uruguay. Meetings at official level chaired by Mr. Arthur Dunkel.

o GNG Chairman: Mr. Arthur Dunkel, Director-General, GATT.

o GNS Chairman: Ambassador Felipe Jaramillo, Colombia's representative to the GATT in Geneva.

o GNG has 14 groups covering goods negotiations.

o Over 250 formal meetings of negotiating bodies held since the start of the Round.

o Over 1,000 negotiating proposals and working papers tabled.

END
THE URUGUAY ROUND - HOW IT IS ORGANIZED

Negotiations in the Uruguay Round are based upon the mandate given by ministers in the Punta del Este Declaration in 1986. The declaration was a carefully-constructed and balanced package which required progress in all its elements through the four-year period of the round - it is due to be completed at the end of 1990.

This need for negotiating balance is reflected in the organization of the Round. The Punta del Este Declaration established the three principle organs - the Trade Negotiations Committee (TNC), the Group of Negotiations on Goods (GNG) and the Group of Negotiations on Services (GNS) - reflecting the political and legal structure of the Declaration.

The GNG oversees the work of the 14 negotiating groups which were established in January 1987 to conduct the work outlined in Part I of the Declaration. Thus, for instance, the groups on agriculture, subsidies, tropical products, textiles and clothing, tariffs and intellectual property all report to the GNG which can take an overall view of their activities. The work of each of the 14 groups is based upon the relevant text in the Punta del Este Declaration together with the more detailed negotiating plans agreed at the Mid-term Review meetings in Montreal (December 1988) and Geneva (April 1989). The GNG has met on 16 occasions since September 1986. It has sought to ensure balanced progress and the smooth running of all negotiations in the goods area. It is chaired by Mr. Arthur Dunkel, Director-General of GATT. The Group met immediately prior to the Montreal Ministerial meeting to consider reports from the chairman of the individual negotiating groups and to establish its own report to Ministers.

The GNS is a single body covering the Punta del Este mandate on trade in services which formed Part II of the Declaration by Ministers. This negotiation has a separate basis from those in the goods area. The GNS is chaired by Ambassador Felipe Jaramillo, Colombia's representative to the GATT in Geneva. In early 1990, it was agreed to set up working parties under the GNS to examine issues related specifically to individual service sectors.
Both the GNG and the GNS report to the Trade Negotiations Committee (TNC), the senior body overseeing the Uruguay Round. The TNC at Ministerial level was originally chaired by Mr. Enrique Iglesias, then Uruguay's Foreign Minister. Mr. Iglesias gave up his chairmanship when he moved to become President of the Inter-American Development Bank earlier this year. Mr. Ricardo Zerbino, Uruguay's Minister of Finance and Economy, chaired the Montreal Ministerial meeting. The Chairman of the TNC is now Dr. H. Gros Espiell, Minister of Foreign Affairs of Uruguay. When the TNC meets at official level - as it has on 11 occasions - it is chaired by Mr. Arthur Dunkel.

A fourth body central to the Uruguay Round, is the Surveillance Body. This has responsibility for oversight of the "standstill and rollback" commitment (see Brief 18). The Surveillance Body, which is chaired by Mr. Madan G. Mathur, a Deputy Director-General of GATT, reports directly to the TNC.

All negotiating bodies in the Uruguay Round are serviced by the GATT Secretariat in Geneva. Representatives of other international organizations (for example, the United Nations, the IMF, and the World Bank) are able to attend meetings of certain negotiating groups.
TARIFS

Tariffs, or customs duties on imports, are the oldest and probably the most familiar of all trade measures. While they raise revenues for the state, their usual underlying aim is to give a price advantage to locally-produced goods. Protectionism through tariffs reached its height in the 1930s when many nations erected high tariff walls - in the process, stifling world commerce and production, and deepening the worst economic depression of modern times. Nevertheless, tariffs are permitted under GATT, being regarded as more predictable and transparent than alternative trade policies like quotas - and they are also regarded as less damaging to economic activity.

The steep decline in tariff levels during the postwar period - from about 40 per cent to around 5 per cent on industrial goods in developed countries - is the result of the seven completed trade rounds sponsored by the GATT. Tariff liberalization has lowered prices for consumers, and encouraged the more efficient allocation of national resources to world-competitive industries.

Past successes and the recent interest in non-tariff measures and new negotiating subjects may have put tariffs in the background during the Uruguay Round. However, many countries consider the subject of central importance and have sought to ensure that the negotiations deal effectively with the remaining problems in this area, such as:

*Tariff escalation - when import duties are higher on semi-processed products than on raw materials, and higher still on finished products. This widespread practice protects domestic processing industries and discourages the development of processing activity in the, often poorer, countries where the raw materials originate.

*Tariff peaks - high tariffs continue to be used to shelter certain sensitive industries like textiles and footwear.

*Nuisance* tariffs - usually duties below five per cent under which the revenues collected may not even cover the cost of customs processing.

*Tariff bindings* - tariff cuts negotiated in GATT Rounds are fixed or "bound" against future increases. Many
industrialized countries have largely or fully bound their industrial tariffs; most developing countries have a much lower degree of bindings, although that is not the case with many countries which have recently negotiated entry to the GATT like Morocco, Mexico, Costa Rica and others. Greater levels of bindings by more GATT members would commensurately raise the level of predictability in the world trading environment.

The first five GATT Rounds used an item-by-item approach whereby major suppliers and importers negotiated respective requests and offers with the end results accruing to all GATT members under the most-favoured-nation principle of the General Agreement. The Kennedy Round in the 1960s innovated with the linear-cut approach, which meant cutting tariffs across-the-board by an agreed percentage. The Tokyo Round improved on this with the use of a harmonizing formula which reduced high rates more than low duty rates.

While many participants in the Uruguay Round favoured the use of a Tokyo-Round type formula, citing its predictability and its potential for achieving the widest and deepest cuts, the United States, in particular, preferred to revert to the request-and-offer system. In early 1990, it was agreed that participants would be able to use either approach but that the objective of the negotiation, agreed during the Mid-term Review in Montreal, would have to be observed nevertheless; that is, to reduce tariffs, on average, by no less than the reduction achieved during the Tokyo Round - about 30 per cent.

It was agreed that initial proposals (indicative offers) would be tabled by 15 March 1990. All participants who have submitted proposals are involved in an assessment process to determine whether the proposals comply with the Mid-term Review agreement. Further requests, aimed at improving or adjusting the initial proposals by individual participants, are now the subject of bilateral negotiations.

It is assumed by certain delegations that agricultural tariffs will not be covered in the tariff negotiation but in the agricultural talks separately. Industrial countries have stressed that they expect to see a significant contribution from developing countries in the tariff negotiations including a much higher level of bindings. On the other hand, some developing countries which have recently undertaken extensive tariff reform unilaterally have sought credit for their actions in the negotiations.
NON-TARIFF MEASURES

Imports can face a daunting obstacle course. Payment of duties is the easy part. Foreign goods are often subjected to an array of formalities and added charges, meticulous sanitary inspection, and cumbersome verification of markings and packaging. They may also be turned back if the annual quota has been filled.

This is the world of "non-tariff measures" (NTMs). Some are perfectly legal under GATT, some not. The Uruguay Round aims to lower or eliminate these obstacles, the recent proliferation of which is partly an ironic side effect of GATT's success in tariff liberalization.

When the GATT was signed in 1947 the most prevalent form of non-tariff protection was quantitative restrictions on imports, such as annual quotas. For this reason, and to safeguard negotiated tariff cuts, the framers of GATT imposed a general prohibition on this type of trade barrier. Exceptions were granted, mainly to countries experiencing serious balance-of-payments difficulties. The return to financial strength of industrial countries in the 1950s enabled them to dispense with many of these restrictions but significant barriers remain, for example in agriculture and in textiles.

The GATT has therefore dealt with NTMs from the outset. The Tokyo Round in the 1970s renewed the attack, establishing agreements on subsidies and countervailing measures, customs valuation, technical barriers to trade and government procurement, and improving the anti-dumping code. There was, however, no agreement on how to deal with quantitative restrictions.

Governments in recent years have been turning more and more to non-tariff measures for trade protection. They have developed new approaches, in particular "voluntary" export-restraint arrangements. That this trend is unhealthy for trade relations is indicated by the fact that in most recent dispute cases pursued in the GATT, the common denominator is a non-tariff measure.

In dealing with the many problems in this sector, the negotiating group has been faced with many issues, including:
- "Illegal" measures. Many non-tariff measures have only a tenuous justification under the GATT. Citing the commitment in the Punta del Este Declaration for the "rollback" of measures which are not in conformity with the General Agreement, many members have stressed that these barriers must be dismantled without any concession in return. The early suggestion that the group conduct a winnowing exercise to separate the illegal from the legal measures was met with warnings that the process would be lengthy and difficult if the GATT dispute settlement procedure had not produced clean findings on the legal status of the measures.

- Negotiating approach. Since market access is determined by both tariffs and non-tariff measures, would it not be logical, and more efficient, to attack these barriers on a broad front using a common negotiating approach? Some favoured this approach but other members preferred to maintain the GATT, and the Ministerial Declaration's distinction between the two fields.

It was agreed at the beginning of 1990, that initial request lists would be submitted to participants involved by 15 March and initial offers no later than 15 May. Negotiations are proceeding on the basis of these requests and offers.

Additionally, negotiations are taking place in the group on two categories of non-tariff measures with a view to drawing up rules of general application for them. These are rules of origin and pre-shipment inspection.

Rules of origin can vary widely from country to country. Essentially, they determine from which country a product comes for customs and other entry purposes. Thus a decision by a customs authority on origin can determine whether a shipment falls within a quota limitation, qualifies for a tariff preference or is affected by an anti-dumping duty. Participants agree that an effort should be made to harmonize national rules of origin, and that some general disciplines and principles should be adopted which will, for instance, encourage transparency and prevent discrimination in their application.

Pre-shipment inspection (PSI) is the practice of employing specialized private companies to check shipment details - price, quantity, quality - of goods ordered overseas. Used largely by developing countries, the objective of the practice is to safeguard national financial interests (prevention of capital flight and commercial fraud
as well as customs duty evasion, for instance) and to compensate for inadequacies in administrative infrastructure. Some developed countries claim that PSI leads to shipment delays and increased administrative costs for the exporters and shippers. They have proposed general disciplines - transparency, non-discrimination, protection of commercially-confidential information and a disputes procedure - to prevent abuses of the system.

Efforts to draft agreements on rules of origin and PSI have been under way since May and have reached an advanced stage.
NATURAL RESOURCE-BASED PRODUCTS

Disparities in natural resource endowments have long been a major element in world trade - exports of minerals (including fuels and non-ferrous metals) alone reached US$370 billion in 1988. The trade shares of the mining and agricultural sectors are identical - 13½ per cent of total international merchandise trade.

Natural resource-based products (NRBPs) are a significant source of revenue for many producing countries. For some developing countries, particularly in Latin America and Africa, it is a crucial area: ores, minerals and non-ferrous metals account for more than half of the total exports of Chile, Jamaica, Togo, Zaïre, Niger and Zambia. But natural resource-based products are also important exports for developed countries like Canada and Australia.

Many resource producers wish to go beyond their role as raw-material suppliers to the world. They aspire to do more processing as well. Their demand for removing the widespread trade bias in this sector against semi-processed and finished goods forms one basis for the current Uruguay Round negotiations.

The Group has considered a number of issues in the course of the Round:

- **Tariff escalation.** The widespread policy of allowing easy entry for raw materials but progressively raising tariff levels with higher degree of processing. For example, duties are substantially higher on metal manufactures, paper pulp and canned fish than on ores, logs and raw fish. The intent is to assure low-cost materials for the domestic processing of manufacturing industries, while granting them protection against processed goods from abroad.

- **Double-pricing practices and export measures.** Raised by the EC and US. It means price differentials (lower prices) to the advantage of the domestic industry in order to encourage further processing. The measures used include, supply of raw materials to the local industry at lower prices than those on the world market, export restrictions, taxes and other charges applied on exports of raw materials.
- **Government support measures.** One example given is the heavy subsidization of coal and steel industries which results in limited export opportunities for the more efficient producers of these products.

- **Access to supplies.** Mainly access to fishery resources. Some participants, particularly coastal states, reject negotiations on this issue saying that it is outside GATT competence. In contrast, the EEC considers that trade measures related to access to fisheries can be dealt with within the GATT. It proposes multilateral rules according to which the assessment of possible surpluses of fishery resources and their distribution takes place in a transparent and non-discriminatory way.

The procedures for the final phase of negotiations, adopted in March after lengthy consultations, envisaged participants submitting their proposals to the Group or notifying the secretariat of proposals, offers and requests made in other negotiating groups. The group meets regularly to review the progress of negotiations affecting natural resource-based products. A majority of members of the group have included natural resource-based products in their offers and/or requests in the Negotiating Group on Tariffs and Non-Tariff Measures.

The starting point of the negotiations had been comprehensive work done in the GATT in three areas: fish and fisheries products, forestry products and non-ferrous metals and minerals. In June the EEC agreed to include energy and energy-related products in the negotiations on NRPs. Concerns about government support in this area had been expressed by Australia (on coal) and the United States (on petrochemicals and uranium). The EC together with the US has also proposed negotiations on double-pricing (where domestic processors get a price advantage in procuring local resource materials) and on non-discriminatory access to surplus fishing grounds.
The task before the Negotiating Group on Textiles and Clothing is to examine how this sector, which represented 9 per cent (US$177 billion) of world trade in manufacturers in 1988, can be reintegrated into the GATT. International trade in textiles and clothing has been subject to restrictions under a series of negotiated exceptions to the GATT which date back to 1961.

The Multifibre Arrangement (MFA) under which industrial countries negotiate quotas on imports of textiles and clothing from developing countries, went into effect in 1974. Trade currently subject to the provisions of the MFA - although not necessarily covered by quotas - represents slightly less than half of the total world exports in textiles and clothing.

The current extension of the MFA (which has some 40 members) is referred to as MFA IV and is set to expire on 31 July 1991 - about seven months after the scheduled conclusion of the Round - although in many cases the bilateral quota agreements negotiated under it will continue at least until 1992.

The mandate given to the Negotiating Group on Textiles and Clothing states that "negotiations in the area of textiles and clothing shall aim to formulate modalities that would permit the eventual integration of this sector into GATT on the basis of strengthened GATT rules and disciplines, thereby also contributing to the objective of further liberalization of trade."

Two general approaches have been proposed for achieving this integration of textiles and clothing into the GATT. One approach is to allow the MFA to lapse in 1991 and then wind down the restrictions existing at that time over a set transitional period. This method has the support of many developing country exporters (represented by the International Textiles and Clothing Bureau in Geneva) and some importers (the European Communities and the Nordic countries).

The United States has proposed another approach: the setting-up of a global-type quota system to replace the MFA for a ten-year transition period starting 1 January 1992. The global-quota for each product would initially consist of allocations for countries already covered by bilateral
agreements and, in addition, a non-selective "global-basket". The "global basket" would increase annually under multilaterally-agreed growth rates while the initial country allocations would remain constant for the transition period.

This global quota approach is also supported by Canada which has proposed a special safeguard arrangement under which alternative restrictions could be imposed during the transition period. The special safeguard restrictions would be eventually phased out giving way to improved GATT rules covering textiles and clothing no differently than other sectors.

Another issue facing the Group is the emphasis placed by some industrial country importers, in particular the EC and the United States, on "strengthened GATT rules and disciplines". For these participants, this phrase means that developing countries must also open their textiles markets.

Key issues facing negotiation include:

- the length of the transition period (developing countries have proposed six years while developed countries seem to favour at least ten);

- initial liberalization (can some products be taken out of the coverage of restrictions immediately and can least-developed countries be freed from controls at an early stage?);

- transitional safeguards mechanism (to ensure that damaging increases in liberalized textile and clothing products can be controlled under particular circumstances);

- monitoring (what kind of mechanism will oversee the dismantling of textile and clothing restrictions);

A draft framework agreement on textiles and clothing has recently become the focus of negotiations.
TRADE IN AGRICULTURAL PRODUCTS

While the economic and political importance of agriculture has increased in recent years - spurred by the escalating costs of farm support, export competition based upon subsidies and trade frictions - the share of agricultural products in world merchandise trade has shrunk considerably, from 46 per cent in 1950 to around 13½ per cent in 1988. This decline can certainly be attributed, in part, to the strong growth of trade in manufactures and the fall in prices of agricultural products, but the many actions taken by governments to intervene, directly or indirectly, in this sector have also played a significant and negative role.

Agriculture has enjoyed special treatment in GATT through trade disciplines which are more flexible than for industrial goods. Article XVI:3, for instance, confines itself to stating that GATT countries should seek to avoid the use of subsidies on the export of primary products, but, if they do grant them, not to do so in a manner which results in their having "more than an equitable share of world export trade" in the product concerned. This formulation leaves a great deal of room for interpretation. Likewise, the provisions concerning quantitative restrictions - on exports as well as on imports (Article XI) - are much more flexible in the case of agricultural products. Finally, some individual GATT members (notably the United States and Switzerland) have been granted various kinds of special treatment which permits them to offer a certain amount of protection to their farm sectors.

Thus, it is clearly not the case, as is sometimes claimed, that the GATT has never applied to agriculture. It is true, that the disciplines that do apply are somewhat more lenient than those for other goods - or, at least, can be interpreted that way - and offer a number of loopholes. It should equally be noted, however, that a large number of disputes in the area of agriculture have been resolved in the GATT, in recent years, despite the difficulty of interpretation and apparent laxity, and this has served to close some of the loopholes.

In the course of the seven GATT trade rounds held so far, tariff cuts have been smaller for agricultural products
than for industrial goods, and the degree of tariff binding is likewise more limited.

Approximately US$15 billion a year are paid out by the major trading powers in the export subsidy race, with total government spending in the farm sector probably in excess of US$200 billion a year. Taxpayers have had to pay the cost. And competitive agricultural exporters have lost out.

The Mid-term Review

The Mid-term Review agreement, secured in Geneva in April 1989, laid down both long-term guidelines for reform and short-term commitments. A key objective in the long-term was to "provide for substantial reductions in agricultural support and protection sustained over an agreed period of time, resulting in correcting and preventing restrictions and distortions in world agricultural markets." This objective would be met both through specific national commitments and through strengthened and more operationally-effective GATT rules.

In the months after the Mid-term Review, the negotiating group received proposals representing a wide range of approaches: at one end, those seeking essentially free-market conditions in the farm sector and, at the other, those emphasising non-economic factors like food security. Naturally, over recent months, positions represented in these proposals have evolved.

Two specific technical concepts have been developed since the Mid-term Review and were covered in several of the proposals; namely, the aggregate measurement of support (AMS) and tariffication.

The AMS concept is an approach to winding down or phasing out internal government support for domestic agriculture and is based on a concept called the producer subsidy (PSE) developed by the OECD. It could allow a single figure or index to be calculated for the value of support programmes in each country. This figure could then be the basis for the implementation of reform commitments or, at least, could be a monitoring tool to evaluate progress. Among the questions which would need to be answered if this technique is, indeed, to be employed are: the scope of policies and programmes as well as the products to be covered, the countries to be covered, the base year or years and the schedule for reductions.
Tariffication was originally proposed by the United States and, in establishing a rigorous and methodical approach to negotiating reductions in border protection for farm products, complements the AMS approach to reductions in domestic support. In essence, the system results in the replacement of all non-tariff measures - quotas, voluntary restraint arrangements, minimum import prices and variable levies, for instance - by a single tariff which would then be progressively reduced. Initially, import quotas with low or zero tariff rates would be opened in order to ensure current levels of market access.

Basic National Positions

The main points of the proposals, as originally submitted, were as follows:

For the Cairns Group* (thirteen developed and developing countries which claim they do not subsidize their exports), the reform process would stretch over a period of ten years or less and comprise liberalization obligations to which contracting parties would be irreversibly committed. The obligations would apply to all measures affecting agricultural trade, to all contracting parties and to all agricultural products. The fundamental goal of the Cairns Group proposal was to prohibit new, and phase out existing, export subsidies, initially by freezing them and then by reducing them in accordance with an agreed time-table.

As far as rules are concerned, the reform process should include a prohibition on the application of non-tariff measures not explicitly provided for in the General Agreement as well as elimination of all provisions for exceptional treatment. The Cairns Group favoured the conversion to tariffs of non-tariff measures, and their progressive reduction (see tariffication above).

The United States presented its ambitious global plan for reform in October 1989. With respect to import access, all non-tariff obstacles would be converted into tariffs and bound. All tariffs, including those resulting from such a conversion, would be progressively reduced to zero or low levels over a ten-year period. All forms of derogation (waivers and special accession protocols, for instance) from existing GATT rules would be eliminated.

* Argentina, Australia, Brazil, Canada, Chile, Colombia, Hungary, Indonesia, Malaysia, New Zealand, Philippines, Thailand and Uruguay.
All export subsidies as well as export restrictions and prohibitions would be phased out over a five-year period. Only bona fide food aid would be authorized.

With respect to internal support, the US envisaged a ten-year phaseout of trade distorting policies; a permitted category of certain income support and other policies (e.g. food aid); and agreed disciplines on all other policies.

The comprehensive proposal of the European Community presented in December 1989, took as its starting point the prevalent supply/demand imbalances in the agricultural sector which require government intervention on prices. The Community reaffirmed its attachment to a system of dual pricing in agriculture. The aim of the negotiation should be progressively to reduce support to the extent necessary to re-establish balanced markets and a more market-oriented agricultural trading system. There should be a global commitment which would ensure that all support having an impact on agricultural trade is the subject of a steady and balanced reduction - this would include frontier measures, market intervention, deficiency payments and other forms of support.

Commitments to reduce support and protection would be made in terms of a Support Measurement Unit (SMU) for a first stage of five years with further commitments the subject of study in the fourth year.

The European Community was prepared to consider a limited use of tariffification. Thus, border protection for the list of products subject to commitments covered by the SMU would be assured by a fixed tariff component but subject to a corrective factor reflecting exchange rate and market fluctuations beyond certain limits. Deficiency payments would have to be treated in the same way and converted into tariffs. The EC insisted that the process of tariffification be used to "rebalance" market access terms; in particular to correct what it sees as disequilibrium between cereals and low-tariff oilseed products.

The proposal of the Nordic countries (Finland, Iceland, Norway and Sweden) would achieve the objectives of the negotiation while allowing for flexibility in the choice of national policy instruments used for implementation. There would be a movement towards policies which are less trade-distorting than those currently employed, while making it possible to observe clearly-defined national policy goals such as food security and other regional, social and environmental objectives.
With respect to farm supports, priority would be given to the most trade-distorting policies and there would be incentives to move towards more decoupled forms of support related to the national policy objectives mentioned above. The Nordic countries were prepared to work towards the elimination of most of their export subsidies. They proposed a gradual change in the levels and forms of border protection, facilitated by appropriate safeguard mechanisms.

Austria and Switzerland presented proposals similar in emphasis to that tabled originally by the Nordic countries.

Japan's proposal concentrated on food security, specifying the conditions under which a country should be allowed to maintain border adjustment measures to meet food security objectives. It also saw a need to clarify the conditions of application of Article XI:2(c), under which it is possible to restrict imports of any agricultural or fisheries products in certain circumstances. Japan also advocated a review of Article XI:2(a) which allows export restrictions in the event of food shortages.

This approach was reflected in the proposal presented by Korea also.

Some developing countries felt they should be allowed to maintain certain quantitative restrictions which meet economic and social development needs. All support measures to develop general farming infrastructure and human resource capabilities so that the long-term objective of a market-responsive agriculture can be developed, should be excluded from the negotiations. Broadly speaking, more favourable treatment should centre on longer time-frames and greater flexibility in the scope of the commitments such countries might undertake.

Some net food-importing countries (including Peru, Egypt, Jamaica, Mexico and Morocco) called for specific commitments to be undertaken in the negotiations to compensate for the negative short-term and medium-term effects of agricultural reform. In order to alleviate the burden of the expected increase in prices, these countries proposed the granting of low-interest loans and credits, increased food aid; and the improvement of market access for their agricultural exports. They also envisaged new financial resources and technical assistance to enhance purchasing capacity and to allow them to finance development programmes and modernize their agriculture.
Proposals from the Chairman

Many of these positions have now evolved through discussion in the negotiating Group.

At the beginning of July the Chairman of the agriculture group presented proposals aimed at finding a common approach to the four principal areas of negotiation: internal support, border protection, export competition and sanitary and phytosanitary regulations.

His ideas on internal support rested on a commitment to reduce support largely on the basis of an AMS, with equivalent commitments where such a measure was not practicable. Some policies would be excluded from coverage of this commitment if they met certain criteria, particularly where support was "decoupled" from production. Reductions in border protection would be handled through a tariffication process which might also accommodate non-trade concerns (food security arguments for instance), and the special needs of developing countries. On export subsidies, the Chairman suggested that this be effectively reduced more than other forms of support and protection.

If this approach were to be accepted as the basis for further negotiation, the Chairman proposed that, before 1 October, all participants should table country lists on internal support, border protection and export competition to make it possible to reach agreement on the reform programme before December 1990.

Animal and Plant Health Concerns

One further area of negotiation is sanitary and phytosanitary measures. These measures, which concern animal and plant health and safety, can act as unnecessary obstacles to trade. The Mid-term Review agreement endorsed the objective of harmonization as a long-term goal, and called for more transparency and better dispute settlement procedure in this area.
TROPICAL PRODUCTS

Tropical products account for only three per cent of world trade (worth about US$90 billion in 1989) but it is a precious share for developing countries, the poorest of which depend on a few cash crops like coffee, jute or bananas. The Uruguay Round has, as one of its objectives, to liberalize trade in this area.

Tropical products were first treated as a separate GATT negotiating area in the Kennedy Round in the 1960s but the results, then, were modest. In the Tokyo Round, as a "special and priority sector", negotiations on tropical products began ahead of other goods with the results implemented two years before the completion of the Round. Trade was liberalized on nearly 3,000 tropical products, duties being significantly reduced on coffee, tea and cocoa among others.

The "special attention" accorded by the Punta del Este Declaration to tropical products has provided particular impetus for the work in this Group. Participants agreed at the outset to pursue negotiations on seven product groups covered in previous GATT consultations, namely: tropical beverages (e.g. coffee, tea and cocoa); spices, flowers and plants; certain oilseeds, vegetable oil and oilcakes (e.g. palm and coconut oil); tobacco, rice and tropical roots; tropical fruits and nuts (e.g. bananas, pineapples and peanuts); tropical wood and rubber; and jute and hard fibres.

The issues raised during the Round include:

- Trade obstacles. Recalling the mandate for "fullest liberalization of trade" in this sector, developing countries have underlined the need to reduce or eliminate the remaining trade obstacles to tropical products, including: tariff escalation, quantitative restrictions, internal taxes (a relic of the days when coffee and tea were considered luxury items), and sanitary regulations.

- Competing products. Some developed countries have been reluctant to negotiate on items which compete with products produced in temperate regions, like rice, tobacco and palm and coconut oil, and would rather see these products covered in the Agriculture negotiation.
Multilateral "burden-sharing". Several industrial countries have maintained that the main developing-country beneficiaries, in accordance with their economic capacities, must also contribute to the negotiations by market-opening measures of their own.

Developing countries began tabling lists of export interest in mid-1987. Some initial offers followed from industrial countries.

The Mid-term Review led to a provisional package of tropical product concessions which were largely implemented in the first half of 1989. Contributions, consisting mainly of tariff cuts, came from the European Community (on about 150 products), the United States (about 50) and Japan (about 170). Australia, Austria, Canada, Finland, New Zealand, Norway, Sweden and Switzerland also contributed as did, among developing countries, Brazil, Central American countries, Colombia, Malaysia, Mexico, Philippines and Thailand. The concessions covered each of the product groups mentioned above and involved trade worth an estimated US$20 billion.

In addition to the concessions, Ministers agreed to continue the negotiations in this area with due regard, inter alia, to the following elements: (i) elimination of duties on unprocessed products; (ii) elimination or substantial reduction of duties on semi-processed and processed products, actions which would include the objectives of eliminating/reducing tariff escalation; and (iii) elimination or reduction of all non-tariff measures affecting trade in tropical products.

Following the Mid-term Review, the Group concentrated on establishing procedures and a timetable for the continuation of further negotiations. In February 1990, the Group adopted a set of procedures with the objective of enabling participants to be engaged in specific tariff-cutting negotiations on an "offer and request" basis. It was agreed that initial offers would be tabled by 15 March 1990. All participants who have submitted proposals have been involved in an assessment process to determine whether these proposals comply with the Mid-term Review agreement. Thirty-six participants have submitted proposals, and requests aimed at improving or adjusting them are now the subject of bilateral negotiations. Market-access concessions made in other negotiating groups will be taken into account in assessing a participant's contribution to negotiations on tropical products.
REVIEW OF GATT ARTICLES

There are thirty-eight articles in the General Agreement on Tariffs and Trade. While the final three, relating to trade and development, were negotiated in the 1960s, the rest have not been changed significantly since their drafting in the 1940s. The Uruguay Round has provided the first opportunity for a comprehensive review since 1955. All articles may be subject to review and, if appropriate, negotiation. However, some are being handled in other negotiating groups; for instance, those on dispute settlement, subsidies and safeguards.

Thirteen of the thirty-eight Articles of the General Agreement have been examined in the Group on GATT Articles. In some cases, examination has been followed by substantive negotiation and drafting. In one case, Article II:1(b), an agreement has been reached and transmitted to the Group on Negotiations on Goods; it will remain in suspense pending the outcome of the Round as a whole.

Article XVII

Intensive work has taken place on Article XVII (state trading enterprises). Some participants have called for recognition that the activities of these enterprises, including all types of marketing boards, should be subject to GATT disciplines and increased GATT surveillance. A draft text is now at an advanced stage.

Article XXVIII

A text is under negotiation covering the improvement of the functioning of Article XXVIII (tariff renegotiations). It contains a proposal to allocate a principal supplier's right to the country for which exports of the product affected by an increased duty are of the greatest economic importance. In this context, supplier's right means the right of one government to take part in negotiations with another government which is seeking to raise previously bound tariffs. In this way it can secure some compensation in terms of concessions on other products. Principal supplier's rights are currently allocated to the exporting country with the largest share of imports into the country increasing the duty, and tend to be concentrated among the largest trading countries; the new proposal would create an
additional right and is intended to increase the possibility of access of small and medium-sized exporting countries to tariff renegotiations.

The question of the pre-emptive raising of tariffs on new products has also been discussed in depth. In these circumstances, where significant trade flows have not previously existed, the criteria in Article XXVIII for the determination of countries with supplier rights and for compensation, which are based on past trade flows, are not adequate. New approaches which would take into account the potential growth of trade in new products have been suggested.

The text also addresses the basis for determining compensation when an unlimited tariff concession is replaced by a tariff rate quota. It has been proposed that such compensation should take account of future trade prospects of the product in question.

A provisional agreement on a measure which will assist traders in knowing the extent of duties and charges, over and above bound tariffs, they will face in importing goods was adopted by the Group in June.

Article II:1(b)

Article II:1(b) prevents customs duties being levied on imports in excess of those bound in national tariff schedules. The same paragraph also prohibits all other duties and charges in excess of those imposed at the time the tariff binding was first agreed - which, in some cases, might be as far back as 1948. The Article currently does not require these other duties and charges to be recorded alongside the bound tariff itself. Thus, there can be considerable uncertainty about the precise level of overall import charges.

Although no comprehensive list has been drawn up of these other duties and charges, many examples have been cited including: fiscal taxes, stamp taxes, port improvement taxes, import surcharges and landing taxes.

The decision, which is provisional pending the final outcome of the Uruguay Round, will:

- require all "other duties and charges" to be published in schedules of bound tariff items and
require all "other duties and charges" to be bound at the rates prevailing on the date of agreement of the Uruguay Round tariff protocol, thus eliminating the possibility of returning to previous higher rates.

The effect will be to introduce a high level of transparency in the charges faced by traders and to secure a degree of liberalization which cannot subsequently be reversed.

Article XXIV

The negotiating group is considering the consequences of the proliferation of regional trading agreements under Article XXIV, which regulates customs unions and free-trade areas. Some countries have called for more effective evaluation of the consistency of regional agreements with GATT obligations, to mitigate any adverse effects on third countries, and to improve surveillance of agreements. Proposals have also been made regarding the responsibilities of contracting parties under Article XXIV for measures taken by regional or local authorities within their territory.

Balance-of-Payments Provisions (Articles XII, XIV, XV and XVIII)

Proposals have been made by some developed countries to replace the 1979 Declaration on Trade Measures Taken for Balance-of-Payments Purposes with a new Declaration which would clarify and strengthen the disciplines in the balance-of-payments provisions and improve the procedures of the Balance-of-Payments Committee. Criteria have been proposed for the use of trade measures taken for balance-of-payments purposes including time limits, preference for price-based (tariffs) over quantitative restrictions, degressivity and uniformity in terms of product coverage. Countries taking balance-of-payments measures would be expected to notify, at an early stage, a plan of liberalization. Proposals have also been made to improve the procedures of the Balance-of-Payments Committee, for example in regard to the frequency of consultations and the status of Committee recommendations.

It has also been noted that developing countries tend to resort to balance-of-payments restrictions under Article XVIII:B, rather than to Article XVIII:C, which allows them to take import restrictive measures to promote the establishment of new industries. It has been suggested that the conditions attached to the use of Article XVIII:C
should be relaxed to facilitate its use where appropriate. It has also been proposed that developed countries should undertake to avoid the use of trade restrictions under Article XII when in balance-of-payments difficulties.

Many developing countries, however, have argued that there is no case for negotiations on the balance-of-payments provisions. They have maintained that changes in the external economic environment in the 1980s have exacerbated the payments problems of developing countries, which are of a structural and persistent nature, and that the current flexibility of recourse to trade measures under Article XVIII:B, rather than being curtailed, should be enhanced. Furthermore, they have expressed the view that the Balance-of-Payments Committee has worked well in providing surveillance of the use of trade measures and that any problems should be taken up in the Committee. The Group has not yet been able to agree whether negotiations on this subject are needed.

Article XXV

The negotiating group is working on a draft decision which would subject all future waivers under Article XXV:5 to clearer disciplines than have applied hitherto. Waivers, which are normally agreed by a vote among contracting parties, permit GATT countries under exceptional circumstances to impose or maintain measures which otherwise would be contrary to their obligations. New disciplines might include the fixing of maximum time limits and a clear statement of the exceptional circumstances justifying the grant of the waiver. Annual reviews, during the life of the waiver, would ascertain that these exceptional circumstances are still valid and that any conditions attached to the waiver have been met. The text also contains a proposal that existing waivers without time limits should be phased out by an agreed date.

Protocol of Provisional Application

The negotiating group is considering a draft decision whose effect would be to eliminate the derogation provided in paragraph 1(b) of the Protocol of Provisional Application and in the corresponding provisions of the protocols of accession (the so-called "grandfather clause"). If the decision were adopted, legal cover currently provided by the "grandfather clause" for mandatory legislation that is inconsistent with Part II (Articles III to XXIII) of the General Agreement would be removed.
The last GATT multilateral trade negotiation (MTN) was the Tokyo Round and took place between 1973 and 1979. Apart from an agreement to reduce tariffs, it led to the establishment of a series of nine multilateral agreements and arrangements, often referred to as "codes", which for the most part attempted to deal with a variety of non-tariff barriers to trade.

While most developed countries have since signed all the codes, very few developing nations have done so - with the exception of the "Standards Code" covering technical barriers to trade. Nevertheless, the codes are generally reckoned to have made a worthwhile contribution to the fight against non-tariff restrictions which has dominated trade policy developments in the 1970s and 1980s.

While some of the codes have been amended and extended since they were agreed in 1979, it was decided at the outset of the Uruguay Round that they should all be subject to review during the negotiations with the objective of improving, clarifying or expanding them if necessary.

Proposals for amendments have been made for six of the codes. Considerable attention has been given to the special problems faced by developing countries in becoming signatories.

In the area of anti-dumping practices, for instance, many proposals have been made which seek to tighten up the basis on which governments may resort to imposing anti-dumping duties. At the same time, some countries have focused their attention on new trading developments which, they believe, are not properly covered by the anti-dumping code. One example is the alleged "circumvention" of anti-dumping duties - for instance, through the establishment of assembly plants within the import market protected by an anti-dumping duty (see the recent EEC/Japan "screwdriver" case). The negotiating group has examined every aspect of the existing anti-dumping agreement and proposals to amend it, at considerable length. A draft text was presented in late June.

The Agreement on Technical Barriers to Trade has been the subject of a number of proposals aimed at widening its
coverage. The negotiations relate to extension of the
coverage of the Agreement to processes and production
methods; increasing transparency on the activities of
local, non-governmental and regional bodies and extending
the provisions of the Agreement on conformity assessment
procedures.

On the Import Licensing Agreement, technical
improvements are being sought to make the administration of
the code more predictable and transparent.

For Customs Valuation, the difficulties of developing
countries in cases of undervaluation and overvaluation are
being considered.

Negotiations are also taking place on the Agreement on
Government Procurement aimed at its extension to cover
service contracts, to further government and local
government entities and to other entities whose procurement
policies are substantially controlled or influenced by
governments. Although these negotiations are taking place
in the committee which oversees the government procurement
agreement, they are nevertheless seen as an important part
of the Uruguay Round package by some participants.

END
SAFEGUARDS

The GATT's draftsmen were sufficiently worldly to realize that governments would be unwilling to accept far-reaching obligations to reduce and stabilize obstacles to trade unless they were allowed certain limited escapes from its general principles. Article XIX is one such "escape clause" and the actions it permits are usually referred to as "safeguards" measures.

A safeguard action is one taken to protect a specific industry from an unexpected build-up of imports. Article XIX requires that the imports should be causing actual damage to the domestic industry concerned or, at least, threatening it. In these circumstances, the country affected may either increase tariffs or introduce quantitative restrictions.

It is understood that the action should be taken for a limited time and a price has often to be paid, either in terms of compensation in the form of tariff concessions in other products, or as retaliation, imposed in the form of increased tariffs, by the countries against whom the safeguard action is aimed.

In the forty-two years of GATT's existence, over 130 Article XIX actions have been taken. Australia has been the most frequent user (38 cases), followed by the United States (27), EEC and its member States (25) and Canada (22). Almost half the actions have affected either agriculture and food products or textiles and clothing. The highest proportion was imposed during the 1970s. While 23 per cent of the total were in place for less than one year, 21 per cent lasted for over five years and some 26 actions are still in force today.

The disciplines associated with Article XIX actions, and other factors, led certain governments - principally those of the US and the European Communities - to pursue, over the past fifteen years or so, protection through bilateral agreements outside the GATT rules. These agreements are variously described as "voluntary restraint arrangements" and "orderly marketing arrangements" but most have as their common thread an undertaking by the exporting country to control the level of exports reaching a particular market. They are sometimes referred to as "grey area" measures because of their doubtful legality with respect to the GATT.
Nearly 300 such agreements have been recorded by the GATT Secretariat, including nearly 50 affecting the exports of Japan and about 35 the Republic of Korea. Products covered are principally textiles and clothing (77), agricultural and food products (64), steel and steel products (52), electronic products like televisions and video-recorders (32), cars and trucks (21), footwear (17) and machine tools (14). The great majority of these arrangements protect the US and European Community markets.

This drift towards bilateral and discriminatory deals has, according to many commentators, served to undermine the GATT and damaged the interests of consumers and efficient exporters alike.

The challenge of the safeguards negotiation in the Uruguay Round has been to achieve a comprehensive agreement which refines the rules of Article XIX and, at the same time, resolves the problem of proliferating bilateral agreements restricting exports. The major barrier to overcome has been the long-standing argument about "selectivity" - between those who favour the idea of taking action against single suppliers (essentially large importing countries who have found export restraints so attractive) and those who seek an agreement on non-discriminatory application of safeguard measures (principally small and developing countries who feel most at risk from such measures). Other vital questions have been the extent to which developing countries should be sheltered from safeguard actions, the duration of such actions, the need for accompanying adjustment measures by the protected industries and the possibility of securing compensation or imposing retaliatory measures.

Following the Mid-term Review in April 1989, the negotiating group has conducted its work on the basis of a series of draft agreements prepared by its chairman, Georges Maciel of Brazil. By the end of June the draft had reached a comparatively advanced stage although participants have remained far from a compromise on the selectivity issue as well as on the treatment of developing countries.
SUBSIDIES AND COUNTERVAILING MEASURES

Subsidies continue to be one of the most frequently used and controversial instruments of domestic and commercial policy. Subsidies and their counterpart, countervailing measures - or the counter-measures governments are entitled to take against subsidized exports - were addressed during the Tokyo Round of multilateral trade negotiations. They are a negotiating subject again in the Uruguay Round.

There has been a substantial increase in the use of subsidies in industry and even more so in agriculture during the 1980s. Under the influence of political and social pressures, governments embark on massive financial commitments in order, among other things, to support ailing industries, to stimulate infant industries and to promote exports. Subsidies, therefore, have become an important element in world trade to the extent that, in some sectors, financial ability to subsidize exports has over-ridden competitive reality.

To offset subsidies, some governments levy countervailing duties as they are permitted to do under the GATT. In fact, the United States has been responsible for 90 per cent of the countervailing duties imposed during the 1980s. In essence, a countervailing duty is intended to compensate for the competitive advantage enjoyed by subsidized exports. However, they should only be applied in closely defined circumstances; in particular, when the subsidized exports can be shown to be damaging, or threatening to damage, a domestic industry.

Negotiations in the Uruguay Round have been marked by two different approaches. On the one hand are those countries, principally the United States, for whom the use of subsidies is the primary question. They seek either the complete abolition or a drastic toughening up in the rules on subsidies. Many other countries are much more concerned with what they see as an abusive and excessive use of countervailing duties. These countries want the rules on the use of countervailing duties tightened up; in particular, to avoid what they regard as trade harassment when cases are pursued despite an absence of real evidence of either subsidization or damage.
The Mid-term Review agreement on subsidies began the process of striking a balance between these two approaches. In particular, it suggested the definition of three categories of subsidies. At one end of the spectrum would be prohibited subsidies (sometimes referred to as the red traffic light) for which a list would be agreed which might, for instance, include export subsidies. Second - the amber light - would come non-prohibited but countervailable subsidies. In this context, many participants expect to see tighter rules on the use of countervailing duties defined. Finally, there would be a "green light" category of non-countervailable, non-actionable subsidies.

It is also envisaged that the agreement should include conditions for special and differential treatment for developing countries as well as rules for notification, surveillance and dispute settlement.

Following the Mid-term Review many proposals were submitted by participants. Some sought to keep the number of permitted subsidies as low as possible while developing countries often emphasised their need to have recourse to subsidies for the provision of infrastructure, the development of marketing capacity and even as direct export incentives. Countries which have habitually been on the receiving end of countervailing duties have tabled proposals for much tighter regulations, especially with respect to the initiation and conduct of investigations. The United States and the European Community, on the other hand, have proposed new provisions to prevent circumvention of countervailing duties.

In May of this year, the group's chairman (Michael Cartland of Hong Kong) presented a draft of an agreement for the final negotiations.
TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS
AND TRADE IN COUNTERFEIT GOODS (TRIPS)

Underlying the emergence of the protection of intellectual property rights as one of the key issues in trade relations between countries today is the greater perception of the importance of creativity and inventiveness - especially as a spur to technological development - for international competitiveness. Intellectual property rights are an important factor in determining the extent to which a company can realise commercial advantage from its creativity and the often expensively-acquired results of research and development.

Some governments believe that the lack in some countries of what they consider to be adequate levels of protection of intellectual property rights or means of enforcing such rights unfairly deprives their companies of the legitimate fruits of their creativity.

Others take the view that protection of intellectual property should primarily reflect the balance of costs and benefits to their own societies and is not a matter that should be primarily determined by considerations of international competition. Countries which are mainly importers of intellectual property tend to see little advantage for themselves in agreeing internationally to high levels of protection. They are concerned that such protection may lead to higher costs and difficulties of access to much-needed technology. They accept the desirability of a certain level of protection of intellectual property in order to encourage the transfer of technology and foreign investment but do not believe that entering into international commitments is necessary.

The present international rules concerning the protection of intellectual property are largely embodied in the Paris Convention on patents, trademarks and other forms of industrial property and the Berne Convention on copyright; these and some other conventions are administered by the World Intellectual Property Organization, a UN body based in Geneva. These conventions are based on the principle of national treatment and lay down certain minimum standards of protection, although leaving much to the discretion of governments.
It is against this background that, since the early 1980s, the protection of intellectual property rights has become a source of tensions in bilateral trade relations. The question of trade in counterfeit goods was first raised in the Tokyo Round of multilateral trade negotiations, with a proposal to negotiate an international agreement that would oblige governments to provide to trademark owners a means to obtain the assistance of customs administrations to prevent the importation of counterfeit goods. When the Uruguay Round was launched in 1986, it was agreed in the Declaration of Punta del Este to aim to negotiate an international agreement to combat trade in counterfeit goods. It was also agreed to elaborate, if found appropriate, new international rules and disciplines to reduce distortions or impediments to international trade in connection with intellectual property rights.

During the first phase of the Uruguay Round, up to the Mid-term Review, the work was largely focused on attempting to explore what were the trade problems in connection with intellectual property rights and with national delegations bringing forward proposals for how to overcome these problems. These discussions brought to the surface not only the differences of view on substance already referred to in this brief, but also differences on the scope of the work that the Group had been asked to undertake. The Mid-term Review agreement, in April 1989, provided for a negotiation on all the major points of concern raised by different delegations, with the understanding that this would be without prejudice to decisions on the institutional implementation of the result.

The key issues presently under negotiation are:

The applicability of the basic GATT principles, in particular national treatment and m.f.n. or non-discrimination.

The provision of adequate intellectual property rights, in particular the extent of new or enhanced minimum standards. These standards would cover the protectable subject matter, the rights to be conferred and the duration of protection. In this discussion, proposals have been put forward in the following areas:

- Copyright and related rights
- Trademarks
- Geographical indications, including appellations of origin
- Industrial designs
Patents
Lay-out designs of integrated circuits
Trade secrets or commercially valuable undisclosed information

Enforcement of intellectual property rights, including the prevention of trade in counterfeit and pirated products. To what level of detail can international rules on enforcement be laid down to ensure that effective procedures and remedies are available to right holders? At the same time such procedures and remedies should not give rise to obstacles to legitimate trade. They should also take account of differences in national legal systems and the differing resources available in countries for enforcement.

Multilateral dispute settlement, including strengthened commitments to resolve disputes on intellectual property issues through multilateral procedures.

Transitional arrangements to facilitate the acceptance of the results by as many countries as possible.

The proposals presently before the Group essentially reflect two approaches. One would seek a comprehensive agreement relating to all the above matters integrated into the General Agreement itself, with the application of the normal GATT dispute settlement mechanism. This would oblige contracting parties to abide by the provisions of the Paris and Berne Conventions, provide for significantly enhanced standards of protection in areas where existing rules are considered inadequate and incorporate fairly detailed obligations on enforcement.

The other approach suggests specific rules on trade in counterfeit and pirated goods that would be implemented in the GATT framework. Other issues before the Group would be handled separately. The results of the negotiations on these matters would be implemented "in the relevant international organization, account being taken of the multi-disciplinary and overall aspects of the issues involved". On standards, it puts emphasis on the need for governments to have discretion in establishing the level of protection in the light of domestic needs; on the obligations as well as the rights that should be placed on right holders, and on the control of abusive or anti-competitive practices in the licensing of intellectual property rights. On enforcement it provides for more general rules than those envisaged in the other approach.

END
TRADE-RELATED INVESTMENT MEASURES

Behind this new GATT subject is a view that certain measures which governments attach to investors and investments - like the use of local materials or export targets - can restrict or distort trade.

Investment measures can cause trade friction. A GATT dispute-settlement panel on a US complaint ruled in 1984 that the undertaking required of foreign investors to buy local materials under the Canadian Foreign Investment Review Act was contrary to GATT. The legislation was subsequently amended.

This negotiating area began as practically a blank slate since little previous work had been done in the GATT. The wide-ranging discussions and submissions tabled during the Round have enabled the Group to examine the trade effects of investment measures and their relation to the operation of GATT Articles, especially Articles III and XI.

In total, 12 trade-related investment measures have been put forward for consideration:

- Local content
- Export performance
- Trade-balancing
- Product mandating
- Domestic sales
- Technology transfer
- Local equity
- Licensing requirements
- Manufacturing requirements
- Manufacturing limitations
- Exchange restrictions
- Remittance restrictions

The most frequently-cited measures are:

- **Local-content.** The investor is expected to purchase a certain proportion of local materials for production purposes.

- **Export-performance.** A certain quantity or proportion of production must be exported.

- **Product-mandating.** An obligation on the investor to export to certain countries or regions.
Trade-balancing. To pay for imported materials, the investor has to use earnings from exports.

Domestic sales. A commitment to supply a certain proportion of production to the local market.

Exchange restrictions. Where an investor's access to foreign exchange, and therefore his ability to import, is limited.

Among the industrialized countries, the US considers that all 12 TRIMs cause adverse effects and should be disciplined, and in many cases prohibited; Japan and the EC reach the same conclusion as the US with respect to seven measures; the Nordic countries propose strong disciplines for local content, export performance and trade-balancing requirements, but would leave most others subject to GATT dispute settlement procedures. These countries have proposed the elaboration of new disciplines on TRIMs to supplement existing GATT Articles.

Many developing countries disagree that any TRIM causes adverse trade effects which warrant negotiation of supplementary provisions under GATT. They consider TRIMs to be integral to national development policies and to be aimed at legitimate domestic objectives, and in those few instances where they cause adverse effects, GATT provisions deal with them adequately.

In May 1990, the Chairman circulated a draft text as a possible framework for negotiations. In an attempt to accommodate the various concerns and priorities of participants, the text proposed, inter alia, that certain TRIMs should be applied in a tempered manner so as to avoid damaging the interests of trading partners, whilst certain other TRIMs should be eliminated because it is impossible to avoid their adverse trade effects.

END
DISPUTE SETTLEMENT

Apart from its success in reducing tariffs, GATT is probably best known publicly for its activities relating to international trade disputes. The dispute settlement system of GATT is a unique process which serves both to resolve disputes once they occur and - perhaps more importantly - as a pressure on governments to live up to their legal obligations as GATT members.

The system is enshrined in Articles XXII and XXIII of the General Agreement. These Articles lay heavy emphasis on bilateral contacts and consultations as the first line of attack in settling disputes. In fact, most disputes never need go further than the stage of bilateral consultation. But when they cannot be resolved bilaterally the GATT panel system can be employed as a final resort. GATT members have resorted to these provisions and called upon the GATT Council or the Contracting Parties themselves to establish such panels or working parties 144 times since 1947.

A panel usually consists of three experts from countries without an interest in the matter in question. They meet as a kind of court hearing the case on both sides and the views of interested parties. They form a judgement based largely upon an interpretation of the General Agreement itself and upon previous cases.

The report, which is submitted to the Council, contains conclusions on the rights and wrongs of the case and, in its final paragraphs, usually a recommendation which offers a practical and sensible means of giving justice if contravention of the rules has been established.

If the Council adopts the report of the panel - which it does by consensus - then there is a duty on the part of the contracting parties concerned to act in accordance with its findings.

If the "violating" party does not implement the recommendations, the injured party may seek authority from the other members of GATT to take retaliatory action. In fact, in only one case, in the 1950s, has it been found necessary to authorize such retaliation. Pressure stemming from the need of GATT members for negotiating credibility within the multilateral system has proved to be the most effective means of bringing about effective settlements.
In recent years - and especially since the launch of the Uruguay Round - dispute panels have been used more often than ever. They have also operated more efficiently and effectively than ever. Another unexpected development has been the large number of disputes in the agriculture sector dealt with successfully in the GATT. While not perfect, the recent record on the implementation of panel reports has been encouraging. Among the more significant successes for the system have been:

- the opening by Japan of its markets for a number of agricultural products, including beef and citrus products, following resort to the panel system by the US;

- the ending of copyright legislation protecting the US printing industry as a result of a European complaint;

- revision of Canada's investment laws following a US complaint;

- changes in Japan's taxes and duties on alcoholic drinks after the European Communities had pursued its complaints through the GATT.

More recent findings by panels have condemned EC "anti-dumping circumvention" duties on products assembled within the Community; Korean restrictions on imports of beef; and the operation of the US sugar import quota system.

Despite its relative success, the system has been affected by unnecessary delays, by blockages in the Council and by reluctance to implement adopted panel recommendations quickly and completely. The negotiating group was able, in the context of the Mid-term Review, to agree an interim package of reforms and improvements which have been implemented by the GATT Council for new cases after April 1989. The main features of the new streamlined procedures were:

- total period from the initiation of consultations to Council decision on panel report not to exceed 15 months;

- strict time limits for determining terms of reference and membership of panels;

- decisions to establish panels to be taken no more than one Council meeting after that in which an initial request is made;
- panels normally to take no more than six months to deliver their reports;

- delays in the adoption of panel reports by the Council to be avoided;

- implementation of recommendations of reports to be reviewed no more than six months after their adoption by Council.

Other features of the agreement included more specific procedures and time limits; arbitration as an alternative to panel proceedings; procedures for multiple complainants and for the intervention of third parties.

Following the Mid-term Review, the Negotiating Group on Dispute Settlement continued to look at further possible reforms. Proposals have been made relating to the adoption of panel reports, including the establishment of an appeals body and the possibility of the disputing parties having an opportunity to examine and comment upon reports before they are finalised by the panelists. Some countries have indicated that these additional steps in the settlement of disputes could lead them to accept a certain weakening of the rule of consensus for the adoption of the reports by the Council. Other ideas have related to implementation, compensation and retaliation and the elaboration of precise rules for arbitration.
FUNCTIONING OF THE GATT SYSTEM

A number of institutional reforms have been proposed for the GATT in the context of the Uruguay Round. Apart from changes to the dispute settlement system, these have been handled in a Negotiating Group on the Functioning of the GATT System (often known by the acronym FOGS).

An early result of the Round was the decision by Ministers in Montreal to establish a new system of national trade policy surveillance in GATT. GATT has always had responsibilities to survey particular aspects of national trade policies, to ensure that governments fulfil specific commitments they have accepted under the GATT. Now, under the new Trade Policy Review Mechanism (TPRM), the GATT Council conducts regular reviews of the totality of such policies for each GATT member, permitting a collective evaluation of their effects and impact on the multilateral trade system generally. The biggest traders are subject to review every two years with others somewhat less frequently. The first two rounds of reviews were held in December 1989 (Australia, Morocco and the United States) and in June 1990 (Colombia and Sweden).

The objective of the review mechanism is to increase the transparency of trade policies and practices and to assist understanding of them. In this way, it is believed, GATT members will be encouraged to live up to their multilateral obligations and, thus, ensure a smooth running trading system. It should also serve to enhance the level of public debate on the choice between different trade policy options at a national level. It is not, however, intended to be a substitute dispute settlement mechanism nor a means of enforcing specific GATT disciplines.

The group has also been working on ideas to improve decision-making in the GATT. Here the central question has been to determine the future extent of ministerial involvement in the institution. Such involvement is relatively rare at present - in fact, there have only been five ministerial level meetings since 1970. At the same time, trade has moved increasingly centre-stage in the political arena and the formulation and negotiation of commercial policies have long-since passed from the hands of a few technical specialists. In Montreal, the Ministers agreed to have a more active role in the GATT by holding
meetings of the Contracting Parties at Ministerial level at least once every two years.

Work continues on the third area of interest for this negotiating group - its mandate to investigate ways of increasing the "contribution of GATT to achieving greater coherence in global economic policy-making", particularly by strengthening GATT's relationship with other international economic institutions dealing with monetary and financial matters. Although there has been extensive discussion on this subject, based mainly on the GATT Director-General's report on his discussions with the heads of the International Monetary Fund and the World Bank, it is clear that any operational decision will have to await the final phase of the Round.

It has also been suggested that more sweeping institutional changes may follow the conclusion of the Uruguay Round, with GATT being transformed into a comprehensive international trade organization. This approach has been suggested as a means of providing an institutional umbrella for the agreements in traditional GATT areas as well as those covering new issues (especially intellectual property and services) which should be reached in the Round but which may not fit comfortably into the present GATT structure. However, it is widely considered that decisions on these matters should follow from, not precede, decisions on substantial issues in the Uruguay Round.
TRADE IN SERVICES

For many countries services is the fastest growing economic sector and the most vigorous creator of jobs. For a large proportion of those countries, trade in services represents the greatest hope for export success in the future.

What are services? There are many everyday examples: transport, communications, insurance, tourism, financial and banking services, films and broadcasting, construction, even hairdressing.

The production of services accounts, on average, for nearly 60 per cent of the GDP of developed countries and for nearly 50 per cent in the case of developing countries. It is believed that about 60 per cent of jobs in industrial countries and around 20 per cent in developing countries are in the service sector.

The value of world trade in commercial services is estimated by GATT at around US$600 billion for 1988. This accounted for about 20 per cent of total world trade. In the period 1980-87, services trade was growing at about 5 per cent annually - twice the rate of merchandise trade. Because of the poor quality of statistics on trade in services, these figures are almost certainly underestimates.

Given the success of GATT in stimulating the growth of world trade in merchandise through a set of multilateral rules governing commercial relations among countries and through the process of trade liberalization, many countries whose governments have identified a priority in expanding their services exports have seen logic in seeking a similar multilateral arrangement in that sector.

But when the Uruguay Round negotiation was launched in 1986, the level of understanding of the nature and problems of trade in services was at a rudimentary level. Statistics on trade flows were almost non-existent. Nor was there any agreement on how to define trade in services and therefore which service industries and which transactions might be covered by the multilateral framework of rules on trade in services which ministers at Punta del Este decided should be established.
Since then, considerable background work and discussion have served to give governments a far better basis on which to determine national interests and to make negotiating proposals of which there have been around 70 tabled in the Group of Negotiations on Services (GNS).

The question of the promotion of the development of developing countries has been central to the discussion to date. In other words, if many industrial countries can see clear commercial advantages in a services agreement, how can the specific interests of developing countries be reinforced.

The question of the sovereign right of all countries to regulate service industries for purposes of domestic development and social policies has also been an important theme in the group. Naturally, rules which are intended to promote and expand trade could diminish or restrict the ability of governments to act freely in the pursuit of domestic objectives.

More specifically, the group has discussed the principles which might be the basis of the agreement. In particular, they have considered how familiar disciplines on which the GATT is based can be utilised. The Montreal Mid-term Review agreement defined the backbone of a future services agreement which would include:

* The need for transparency in services laws and regulations;
* The achievement of progressive liberalization of trade in services;
* The application of "national treatment" requirements;
* The application of a "most-favoured-nation"/non-discrimination provision;
* Expansion of market access for service suppliers;
* Facilitation of the expansion of the services sectors of developing countries and their increased participation in world trade;
* Safeguards and exceptions;
* Recognition of the right of governments to regulate the services sector, consistent with commitments made under the multilateral framework.
The Montreal Agreement also permitted work to move into specific sectoral discussions. The sectoral testing exercise, conducted in the Summer of 1989, permitted the various principles and concepts to be tested in relation to six sectors: telecommunications, construction, transport, tourism, professional services and financial services (including insurance). In May of this year, working parties were established on these sectors - as well as audio-visual services and on labour mobility - with the objective of identifying their particularities and whether or not they will require special annexes or annotations in relation to the general framework on services. This sectoral work has been proceeding in parallel with work on the framework.

Discussion on the framework has centred on four main areas:
- the concepts, principles and rules (as above). How to spell them out in precise legal language.

- the mechanics of liberalisation. How to ensure the opening up of the services market to competition. This involves a series of questions. For instance: will signatories be ready to accept a freeze on the introduction of new regulations inconsistent with the framework; how to handle legitimate national regulation affecting the service sector; and, if the framework covers all sectors, should there be a negative list of national measures reserved or excepted from the process of liberalization or a positive list of measures to be included in progressively expanding schedules of national concessions (often referred to as the "tops-down" or "bottoms-up" question).

- the treatment of developing country interests. How to promote the development of domestic and export capacities in the services sectors of developing countries.

- institutional considerations. How will the disputes settlement mechanism operate and what would be the relationship between the General Agreement on Trade in Services and other international arrangements and disciplines - including GATT.

Five complete legal texts covering all these questions and many others have been tabled, in recent months, by developed and developing countries. The Chairman of the GNS, Felipe Jaramillo, has been conducting consultations over the past few weeks with a view to presenting a full draft framework agreement to the participants in mid-July.
STANDSTILL AND ROLLBACK

Two political undertakings were made by Ministers in Punta del Este. In the case of standstill, the undertaking has three parts:

- no new trade restrictions inconsistent with GATT;
- no new trade restrictions which go further than necessary to remedy specific situations provided for in GATT, and
- no trade measures taken to improve negotiating positions.

Rollback was seen as a limited means of trade policy disarmament - in other words, the progressive dismantling, during the Round, of all trade restrictions which are illegal under GATT. Rollback was expected to take place through a process of consultation but GATT concessions could not be requested as payment for the elimination of these measures.

To oversee these two commitments, a Surveillance Body was established which has so far met 12 times. It has received 25 notifications of alleged breaches of standstill from 11 participants against eight participants. Ten notifications were addressed to the United States, six to the EC, three to Canada, two to Brazil, and one each to Greece, Indonesia, Sweden and Switzerland. Most of the notifications have come from developed countries; they cover quantitative restrictions, tariffs, import controls and prohibitions, export restrictions, internal taxes, production and export subsidies, and government procurement. Most of the notifications were made in 1987 and 1988, and none in 1989. During the first six months of 1990, one notification was made.

One of the measures complained of has been withdrawn, while in a further three cases the measures have been found to be contraventions of GATT through separate complaints under the GATT dispute settlement mechanism. In many other cases, the Surveillance Body was able only to register a difference of opinion as to whether standstill commitments had been contravened.
On a different level, the Surveillance Body has been effective as an "early warning" system. Participants have expressed concern about thirty-two cases of impending or threatened trade measures, or restrictions being demanded by sectoral interests. Among the cases raised were the US Textile, Apparel and Footwear Bill of 1988, which was later vetoed; the EC proposed tax on oils and fats, which is not now being pursued; the Community's "Television Without Frontiers" Directive which encouraged use of EC films; the Super 301 section of the 1988 US Omnibus and Competitiveness Trade Act; the US farm bill; the EC's regulatory approval process for a new biotechnology product known as BST; and the US Export Enhancement Programme being extended to meat sales to the Soviet Union.

Many participants have expressed concern at the lack of progress on rollback. Some 20 requests for consultations have been made relating to trade restrictions, mostly addressed to the EC, Japan and the United States. Consultations have been held on most of them, but their frequency greatly diminished in 1989 and the first months of 1990. Japan, Canada, Australia, the EC, the United States and Argentina have notified rollback actions, including autonomous trade liberalization measures and follow-up actions on GATT panel reports.

END
WHAT IS THE GATT?

In essence, the GATT is no more - and no less - than a large group of countries who believe that their best economic interests are served through a trading system based upon open markets and fair competition secured through agreed multilateral rules and disciplines. They are bound together through a contract called the General Agreement on Tariffs and Trade - so they call each other "contracting parties".

The GATT is not a club that everyone can join merely by paying a cash fee. Countries negotiate their way in through complex and sometimes lengthy negotiations - securing benefits but offering them also to the other contracting parties. There is a sensitive balance of rights and obligations among the members.

Some 96 countries have become full contracting parties in the past forty years - all the industrialized (OECD) countries are members together with some 70-plus developing countries and several with centrally-planned economic systems.

Why do they bother? Largely because when the multilateral system has worked most effectively, world trade, economic growth and employment have reached their highest levels. As members of GATT, countries have a stake in the multilateral trade system and can influence it. They can seek to ensure that the GATT rules operate credibly. They can take part in negotiations which amend or extend the rules. And they can negotiate to maximise their trading advantages within the system - to end the unfair trading practices of others and to secure new opportunities for their exporters.

At the same time, an effective multilateral trade system should give governments the capacity to keep their own domestic markets open - or to liberalize them further. Experience shows that, in the long term, this is the only way in which private producers will attain the competitiveness to be successful overseas and, with that, the opportunity and confidence to expand their businesses through further investment.
While there are many complicated rules which make up the GATT and its associated agreements, there are relatively few, simple principles and objectives which underlie them.

**Non-discrimination.** There should be no special favourites and no particular victims associated with the trading policies of any country. This means that GATT members should not be subject to special trade restrictions which are not applied generally. More positively, it means that trade advantages negotiated between any two GATT countries must be immediately made available to all others - permitting small and poor countries to benefit substantially from GATT membership.

**Fair competition.** The General Agreement seeks to ensure that the world's exporters have the chance to compete with each other on fair terms. If dumping or subsidization takes place, then the GATT sets the basis on which a reasonable competitive balance can be re-established.

**Protection limited to tariffs.** Although various new kinds of quantitative restrictions have become fashionable in recent years, the intention of the GATT (which is not a "free trade charter") is to permit protection almost solely through the least damaging and most transparent mechanism - the customs duty or tariff.

**Trade liberalization.** The GATT is not a static book of rules. It envisages perpetual effort by governments to negotiate new and better marketing opportunities for their companies. This has been achieved, particularly, through seven trade "rounds". It is currently being pursued through the eighth round, the Uruguay Round.

**Special treatment for developing countries** is an integral part of the GATT. Less-developed countries have some negotiating advantages and the possibility of securing special trading conditions with industrial countries. Nevertheless, they have been hit hard in recent years by protectionism in these countries.

**Settlement of trade disputes** takes place through a unique system developed over the lifetime of the GATT. This system has assisted the resolution of several hundred disputes.

**Stability and predictability in trading conditions** should be encouraged if GATT rules are observed. Tariffs, in particular, are often "bound" within the GATT contract. More generally, governments should be constrained from
subjecting importers, or exporters, to constant changes in market access, import regulations, technical standards and so on.

There are exceptions to many of these principles. Free-trade areas and customs unions are permitted, for instance, as are preferences for developing countries. Trade restrictions are sometimes permissible for countries in balance-of-payments difficulties, for national security reasons and in other circumstances. Short-term relief from rapidly-growing imports can sometimes be acceptable through the "safeguards" rule. Agricultural trade has also been excepted from some general disciplines with respect to subsidies and market access.
<table>
<thead>
<tr>
<th>Year</th>
<th>Place</th>
<th>Participating Countries</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>1947</td>
<td>Geneva</td>
<td>23</td>
<td>The founding countries of GATT completed some 123 negotiations and established 20 schedules which became an integral part of GATT. These covered some 45,000 tariff concessions and about US$10 billion in trade.</td>
</tr>
<tr>
<td>1949</td>
<td>Annecy</td>
<td>13</td>
<td>Participants exchanged some 5,000 tariff concessions</td>
</tr>
<tr>
<td>1951</td>
<td>Torquay</td>
<td>38</td>
<td>Some 8,700 tariff concessions were exchanged, yielding tariff reductions of about 25 per cent in relation to the 1948 level</td>
</tr>
<tr>
<td>1956</td>
<td>Geneva</td>
<td>26</td>
<td>About US$2.5 billion worth of tariff reductions.</td>
</tr>
<tr>
<td>1960 - 1961</td>
<td>Geneva</td>
<td>26</td>
<td>The Dillion Round. Some 4,400 tariff concessions were made, covering US$4.9 billion of trade.</td>
</tr>
<tr>
<td>Year</td>
<td>Place</td>
<td>Participating Countries</td>
<td>Results</td>
</tr>
<tr>
<td>------</td>
<td>---------</td>
<td>-------------------------</td>
<td>---------</td>
</tr>
<tr>
<td>1964</td>
<td>Geneva</td>
<td>62</td>
<td>The Kennedy Round departed from the product-by-product approach used in previous Rounds to an across-the-board or linear method of cutting tariffs of industrial goods. The working hypothesis of a 50 per cent target cut in tariff levels was achieved in many areas. Concessions covered an estimated total value of trade of about US$40 billion. Separate agreements were reached on grains, chemical products and a Code on Anti-Dumping.</td>
</tr>
<tr>
<td>1967</td>
<td></td>
<td>62</td>
<td></td>
</tr>
<tr>
<td>1973</td>
<td>Geneva</td>
<td>99</td>
<td>The Tokyo Round. Tariff reductions and bindings covered more than US$300 billion of trade, and lowered the weighted average tariff on manufactured goods in the world's nine major industrial markets from 7.0 to 4.7 per cent. It also resulted in the recognition of preferential tariff and non-tariff treatment for and among developing</td>
</tr>
<tr>
<td>1979</td>
<td></td>
<td>99</td>
<td></td>
</tr>
</tbody>
</table>
Results

countries, and liberalization of trade on many tropical products. It established "codes" on subsidies and countervailing measures, technical barriers to trade, import licensing procedures, government procurement, customs valuation, dairy products, bovine meat, civil aircraft and revised the GATT anti-dumping code.

1986 Geneva 105

Uruguay Round. Launched by GATT Ministers on 20 September 1986 in Punta del Este, Uruguay, this is the eighth - and the most complex and ambitious round of multilateral trade negotiations in the GATT. The Round, expected to be completed in four years, is aimed at the further liberalization and expansion of world trade and extends the multilateral negotiations among contracting parties to such new areas as trade-related aspects of intellectual property rights, trade-related investment measures and trade in services. At mid-1990, some 105 countries were participating in the Round.
Countries participating in the Uruguay Round

*Algeria
Antigua and Barbuda
Argentina
Australia
Austria
Bangladesh
Barbados
Belgium
Belize
Benin
Botswana
Brazil
Burkina Faso
Burundi
Cameroon
Canada
Central African Republic
Chad
Chile
*China
Colombia
Congo
*Costa Rica
Côte d'Ivoire
Cuba
Cyprus
Czechoslovakia
Denmark
Dominican Republic
*El Salvador
Egypt
*Fiji
Finland
France

Gabon
Gambia
Ghana
Germany F.R.
Greece
Guyana
*Guatemala
Haiti
*Honduras
Hong Kong
Hungary
Iceland
India
Indonesia
Ireland
Israel
Italy
Jamaica
Japan
Kenya
Korea Rep. of
Kuwait
Lesotho
Luxembourg
Madagascar
Malawi
Malaysia
Maldives
Malta
Mauritania
Mauritius
Mexico
Morocco
Myanmar
Netherlands

New Zealand
Nicaragua
Niger
Nigeria
Norway
Pakistan
*Paraguay
Peru
Philippines
Poland
Portugal
Romania
Rwanda
Senegal
Sierra Leone
Singapore
South Africa
Sri Lanka
Spain
Suriname
Sweden
Switzerland
Tanzania
Thailand
Togo
Trinidad and Tobago
**Tunisia
Turkey
Uganda
United Kingdom
United States
Uruguay
Yugoslavia
Zaire
Zambia
Zimbabwe

TOTAL 105

*Not contracting parties to GATT *
**Acceded provisionally to GATT **