

URUGUAY ROUND

OF MULTILATERAL TRADE NEGOTIATIONS

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SECOND SERIES OF NEGOTIATING GROUP MEETINGS BEGINS

Uruguay Round negotiating groups have begun a second series of meetings which will last until late June. Increasingly the emphasis is on the tabling by delegations of specific suggestions and approaches aimed at moving forward the negotiating plans agreed earlier this year.

Tariffs ... 27 April

A further debate on the need for and possible form of a tariff-cutting formula as used in the Tokyo Round, with some participants taking the view that a request and offer approach would be better able to deal with tariff peaks and tariff escalation - problems of special interest to developing countries. One participant explained a proposal that all industrial tariffs (excepting those covering mineral and forestry products) be eliminated. The question of which base rates to use in the negotiation was raised, with some participants favouring the use of bound tariff rates and others the rates actually applied, which are often below the bound rates. It was suggested that developing countries could make contributions to the negotiations by increasing the number of their tariff bindings. The Group also further discussed the data base for the negotiation.

Non-Tariff Measures ... 28 April

Two approaches to this negotiation emerged. On the one hand, some participants - and particularly developing countries - considered that a clear distinction had to be made between measures which are or are not consistent with the General Agreement: those in the former category could be subject to negotiation while those in the latter should be dismantled unilaterally during the course of the Round. The other view was that an attempt to distinguish between consistent and non-consistent measures would be a difficult and time-consuming

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undertaking: much better to initiate a classical request and offer process as a means of reducing non-tariff measures of all kinds. Another difference of opinion was on whether all non-tariff measures should be dealt with in this Group or whether non-tariff measures would be covered in other groups such as those on textiles, tropical, agricultural and natural-resource products.

Natural Resource Based Products ... 29 April

A number of new issues related to problems of trade in natural resource products were identified as possible candidates for the negotiations. These included officially encouraged price fixing; dual pricing practices and resulting subsidies; government-condoned restrictive business practices; government support, subsidy, ownership and management of trade; access to supplies; export restrictions and export taxes; and tariff escalation. Some discussion took place on the extent to which the group itself should negotiate as distinct from monitoring work related to natural resource products in other groups. One suggestion made was that the Group might examine the adequacy of existing GATT provisions for dealing with problems arising in international trade in natural resource products.

Textiles and Clothing ... 29 April

Continued discussion on the preparation of background material for this negotiation, especially the up-dating of statistical data in the GATT Textiles Study of 1984. Some delegations also referred to the proposal that a study should be made of the state of the textiles and clothing industries in countries applying MFA restrictions; however, others stressed that such a study should not be limited, but should cover all participants. Some delegations felt that the task of the group was to negotiate modalities for the return of textiles and clothing trade now covered by the MFA to the GATT; with tariffs and non-tariff measures outside the MFA being handled in other relevant negotiating groups. However, some others felt that the negotiations in this group should not focus only on the MFA but also cover other types of restrictions affecting trade in this sector having regard to their conformity or otherwise with the GATT. Another view was that the group should take into account all tariff and non-tariff measures affecting this sector, regardless of their conformity with the GATT.

Agriculture ... 5-6 May

Discussion continued on the identification of the major problems affecting trade in agriculture and their causes, and the Group began its consideration of basic principles to govern world agricultural trade. One group of countries tabled a sector-by-sector analysis on the basis that the problems and their causes differed according to product. Other participants concentrated on generic problems facing

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agricultural trade while some sought to explain the special aspects of this sector which, in their view, required it to be treated differently in the GATT. A number of participants tabled papers outlining the basic principles which they believed should govern world trade in agriculture. In general these proposals emphasized the need to open up agricultural trade to market forces, through the elimination of trade-distorting government intervention in production, import and export. One major agricultural exporter envisaged the elimination of any distinction in GATT rules between agriculture and other sectors of trade.

Tropical Products ... 11 May

A further discussion on the scope of the data which would form the basis of the negotiation, with some participants suggesting that the number of markets covered should be broadened. Several participants reaffirmed their preference for multilateral approaches in negotiations. One group of participants proposed that tariff levels affecting tropical products entering developed markets should be harmonized and reduced to the lowest among them. On the other hand, a number of participants considered that the request and offer procedure seemed to be the most appropriate for this area. It was further suggested that a system involving an amalgamation of the request and offer procedure with multilateral approaches might be conceivable.

Review of GATT Articles ... 18 May

The Group pursued in some detail the discussion of the three Articles most widely mentioned as candidates for review during its first meeting. The debate on Article XXIV centred around the rules and procedures associated with the creation of free trade areas which, in the view of some participants, were creating new and unintended discrimination among contracting parties without adequate possibilities for examination and clearance within the GATT. The discussion on Article XXVIII concentrated on the possible redefinition of the terms "principal supplying interest" and "substantial interest" under which certain suppliers have the right to participate in tariff negotiations under this Article. A discussion on Article XVII (state trading enterprises) concerned the lack of clarity in this Article. Of the other Articles which might be reviewed, a proposal that those related to trade restrictions imposed for balance of payments reasons should be included commanded particular attention. The Articles concerned, which some participants considered inadequately enforced and monitored and in need of reform, are XII, XIV, XV and XVIII.

Note to Editors

Press bulletins on the Uruguay Round will be issued regularly and are intended as an indication of the subject areas under discussion rather than as detailed accounts of negotiating positions. Journalists seeking further background information are invited to contact the GATT Information Service.

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These accounts of negotiating meetings should be read in conjunction with the text of the Punta del Este Ministerial Declaration (GATT/1396 - 25 September 1986) and the decisions taken on 28 January this year regarding the negotiating structure, the negotiating plans and the surveillance of standstill and rollback (GATT/1405 - 5 February 1987). Further copies of these documents are available from the GATT Information Service.

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