

URUGUAY ROUND

OF MULTILATERAL TRADE NEGOTIATIONS

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MAJOR AGRICULTURE REFORM PLAN TABLED

A third series of negotiating group meetings began in late June. Following the meeting of the agriculture group on 6 and 7 July, at which a major new proposal on agriculture reform was tabled, the formal Uruguay Round meetings have been suspended, to restart in mid-September.

Tariffs ... 29-30 June

Members of the group continued their exchange of views on different approaches to the tariff negotiations. Several written proposals were submitted. One of them envisaged the elimination by developed countries of tariffs on all products - initially, in favour of developing countries only but after ten years extended to all. In return, developing countries would consider binding and reducing their tariffs on a substantial number of products. A second proposal suggested that a request-and-offer procedure would be more appropriate for countries which have already substantially reduced their tariffs and bound them in previous negotiations, while for others a more ambitious approach might be pursued through a general formula. Another proposal provided for the total binding of tariffs by all participants at levels subject to negotiations while a further approach favoured the binding and reduction of all rates to a maximum level to be agreed upon, without exception. The possibility of combining a harmonization formula for tariffs above a certain level with a request-and-offer procedure was also again discussed.

Textiles and Clothing ... 1 July

The group had before it a summary setting out the restrictions notified so far under MFA IV, which had been requested as part of the preparatory work. In addition, a group of developing countries a report which examined developments in the US and EEC textile markets during the period 1973-1986. It was stated that further reports along

these lines would be made available later, as a contribution to the preparatory work. Some delegations commented on the specific nature of the work in the group and stated that negotiations in the areas of tariffs, tariff escalation and non-tariff measures should be dealt with in the appropriate groups. At the same time, the relevance of the work in other groups, particularly that on safeguards, was emphasized.

Natural Resource-Based Products ... 1 July

The discussion focused on a number of submissions and proposals put forward by some of the world's leading traders in natural resource-based products. One submission identified abnormally high tariffs, dual pricing and export restrictions as distortions affecting raw-materials trade. Another submission added to this list subsidies, government ownership purchases and various tariff and non-tariff measures. Certain issues in the field of trade in fisheries products were also raised. It was argued that since fishing rights are extensively affected by restrictive bilateral arrangements and that non-discrimination is a GATT principle, the ideal forum for identifying problems in this field, including access to fish resources, would be the GATT. However, many countries stressed that the issue of access was outside the scope of the negotiating mandate and of GATT, some warning that it might impinge on national sovereignty. Another submission noted that tariffs and non-tariffs measures are the main barriers in the sector covered by the group. It reiterated a proposal that these problems be discussed as part of a comprehensive approach in other groups dealing with these barriers. A proposal that zero duties for all products be set by all developed countries was presented also to this group.

Tropical Products ... 3 July

For the first time in any of the fourteen negotiating groups, lists of specific products proposed for trade liberalization were placed on the negotiating table. Two separate export-interest lists were submitted, coming from a total of thirteen developing countries and covering some 300 products. One group of participants elaborated on its harmonization proposal whereby developed countries would align their tariffs on tropical products to the lowest prevailing tariff levels among them. Other participants, however, continued to express preference for the "request-offer" procedure, with one country maintaining that this approach would meet differing situations in the relevant markets. Discussion continued on the suggestion that background-study coverage be extended to include "emerging markets". Several delegations argued that the group was established primarily for the benefit of developing countries and expressed doubt about the application of the principle of reciprocity within this sector. Two large developed countries pointed out that they were themselves modest exporters of tropical products.

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Agriculture ... 6 and 7 July

As widely reported, the meeting was dominated by the tabling of a proposal, by the United States, on the reform of agricultural trade. The proposal has three elements: a ten-year phase-out of all agricultural subsidies, including export subsidies; the phase-out of import barriers over the same period; and action on health and sanitary regulations. The proposal envisages two stages in the negotiation. First, measuring devices and an overall schedule of reductions should be agreed under which aggregate levels of farm support would be brought to zero. In this context the use of the so-called public subsidy equivalent (PSE), developed in the GATT, OECD and elsewhere, is regarded as one possible approach. Government supports of all kinds would be covered with the exception of those direct income or other payments, decoupled from production or marketing, and bona fide foreign and domestic aid programs. The second phase of the negotiation would be the identification and monitoring of individual national plans and policies to achieve the necessary cuts in public support. Negotiations would also take place on the changes necessary to GATT rules to reflect the trading environment which will exist after the transition period.

Although all delegations needed time to consider it in detail in capitals, the tabling of the proposal was generally welcomed as representing a major step forward in the negotiations. A number of questions were raised in preliminary comments. For instance, it was widely pointed out that the plan would take agriculture to a position of virtual free trade - a state which implies far stricter disciplines in agricultural trade than those currently affecting industrial goods. Surprise was expressed at the very wide product coverage envisaged - including forest products, fish and fish products. Some delegations emphasized the need to recognize, in the negotiation, specific aspects of farming such as food security, geographical and climatic disadvantages and the wide disparities in average farm sizes. Others raised the apparent absence in the plan of any mention of special treatment for developing countries.

Non-Tariff Measures ... 30 June

Discussion continued on possible practical approaches to the negotiation. One country proposed the reorganization of data on non-tariff measures into several categories corresponding to different negotiating methods for trade liberalization. One such method would be the bilateral request-and-offer approach. Others included rule changes and formula approaches. However some delegations thought the proposal could lead to lengthy discussions which would delay negotiations, while others cited certain difficulties with the proposed categories. Two other submissions were related to the initiation of bilateral request-offer procedure which would be undertaken as part of a comprehensive approach to tariff and non-tariff measures. Some countries raised doubts about the appropriateness of integrating problems in these fields because the General Agreement itself specifically separated tariff from non-tariff measures. One of the submissions emphasized that no price should be

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required for the elimination of GATT-illegal practices in this area but that the question of GATT-consistency of non-tariff measures might be postponed until the end of negotiations. Some other countries said that this would not be consistent with the undertakings contained in the Ministerial Declaration.

Trade in Services ... 29 June-2 July

A detailed discussion was conducted by the group on the subject of statistics relating to the production and trade of services. From the experience of national delegations as well as the four international institutions which presented papers and made statements (the UN Statistical Office, the IMF, the UN Centre for Transnational Corporations and UNCTAD), it was clear that there is considerable need for improvement in the area of statistics, especially with respect to the international dimension of services activities. Suggestions were made for further cooperation and the establishment of a focal point for the development of services statistics; the possibility of the provision of technical assistance for developing countries was also mentioned. In the context of the concepts which might underlie a framework of rules on trade in services, one submission raised questions relating to the principle of non-discrimination (a principle which is the foundation of the GATT in the area of goods). It was suggested that a framework agreement based upon unconditional, non-discriminatory treatment might not be practical. Some countries expressed a preference for unconditional MFN application of a services agreement. Another submission addressed the topic of transparency - setting out possible notification requirements and procedures covering national rules and practices which affect service sectors either as border measures, or in terms of domestic operations. One participating government presented an extract from a very preliminary national inventory of barriers to services trade. The information in the inventory was based largely upon the experience of the private sector in that country. This led to an extensive discussion on the concepts on which the format and presentation of the inventory were based. As the first such submission made to the group, it led to an extensive discussion both with respect to its substance and to its format.

Note to Editors

1. The previous bulletin (006) on the Uruguay Round included a schedule for the third series of negotiating group meetings. Following consultations, the meeting of the safeguards group will now take place on 5, 6 and 9 October and that on dispute settlement on 21 and 24 September. Inadvertantly, the schedule of meetings for the Group of Negotiations on Services was omitted from that same bulletin. There will be three meetings of the Group in the second half of the year: 15-18 September, 3-6 November and 14-15 December.

2. 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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3. 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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