

URUGUAY ROUND

OF MULTILATERAL TRADE NEGOTIATIONS

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AGRICULTURE AND INTELLECTUAL PROPERTY RIGHTS GROUPS RECEIVE NEW PROPOSALS

Recent negotiating group meetings have been marked by the tabling of significant new proposals. In particular, the agriculture and intellectual property groups have received comprehensive proposals from a number of participants.

GATT Articles ... 22-23 October

Participants continued reviewing the various GATT Articles nominated for examination in previous meetings. Several delegations shared the concern about a lack of clarity in Article II (Schedule of Concessions) regarding the precise nature of the duties and charges on imports subject to a binding. This had made it difficult in some cases to establish the absolute level of a binding, not only at the time of a country's accession to GATT but also when a new tariff binding was accepted by a contracting party. A number of participants supported a thorough review of the Protocol of Provisional Application, which had been cited as a possible source of imbalance in the contracting parties' rights and obligations under the General Agreement. Regarding Articles XII, XIV, XV and XVIII. Some delegations remained unconvinced of the need for negotiations while others pointed out the lack of adherence and the need for greater clarity in certain provisions. The Group also discussed a number of proposals submitted in previous meetings on the redefinition of suppliers' negotiating rights under Article XXVIII. One delegation requested the review of two more GATT Articles: XXXV (Non-application of the Agreement between particular contracting parties), and the accession terms of Article XXVI:5(c).

Agriculture ... 26 and 27 October

With only one further meeting planned to complete the initial phase of the negotiation, the group has now received proposals from a large number of its participants. The October meeting was marked by proposals from the European Communities, the Cairns Group, Canada, as well as by indications of the starting positions of several other participants.

The European Communities' proposal stresses the need for a better balance between supply and demand in the agriculture sector. It envisages both an exchange of concessions at a later stage in the negotiations and a phased reduction of the negative effects of agricultural support policies on the international markets. The reduction in support would be achieved in two stages. Firstly, a series of short-term actions based on existing policies would include emergency measures relating to cereals, sugar and dairy products. At the same time, the contracting parties would enter into undertakings concerning the reduction of internal or external support measures in order to prevent the exacerbation of existing imbalances. The second stage of the process would be a concerted reduction in support coupled with a readjustment of external protection in order to stabilize major world markets. The plan envisages consolidating the progress made in these negotiations through improved and supplemented GATT rules and disciplines.

The Cairns Group* proposal has, as its fundamental aim, to provide the means to achieve fully liberalized trade in agriculture, to eliminate distortive agricultural policies and to bind the necessary undertakings under strengthened GATT rules and disciplines. The plan has three elements. The first is a long-term framework under which, inter alia, market access restrictions would be largely removed (with bindings of tariffs at low levels or zero) and new GATT rules and disciplines would be agreed covering the use of all subsidies and other government support measures affecting agricultural trade. The second is a reform programme involving governmental commitments to phase down aggregate levels of agricultural support using schedules of reduction for each country (to be facilitated by a new measurement of aggregate support, perhaps along the lines of the 'producer subsidy equivalent' or PSE). The phasing out of direct export subsidies and the systematic enlargement of import access opportunities, with certain agreed exceptions would be regarded as priorities. The third element, though the first to be implemented, would be a series of early relief measures including freezes on access levels and export and production subsidies together with commitments on the release of

* Members of the Cairns Group are as follows: Argentina, Australia, Brazil, Canada, Chile, Columbia, Hungary, Indonesia, Malaysia, New Zealand, Philippines, Thailand and Uruguay.

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stocks. At the same time, it is envisaged that a concerted multilateral effort would be made to cut subsidies and increase market access in order to provide relief from existing distortions.

While Canada is a member of the Cairns Group, it chose to elaborate its position in a further paper. Among other things, this proposal drew attention to the need for a comprehensive approach covering all subsidies and access barriers as well as the phasing out of all exceptions and waivers to provide equitable rights and obligations among contracting parties. Canada also developed the idea, based on the PSE, of a quantitative measurement for negotiating purposes covering all access barriers and trade distorting subsidies but omitting those measures agreed to be trade-neutral. The new measurement might be termed the "trade distortion equivalent" (TDE). While stressing that its proposal was an integral whole, Canada suggested seeking agreement first on the elements and use of the TDE, the depth of cut and the phase-in period, followed by the tabling of countries' plans for implementing their TDE reductions. Drafting of improved GATT rates would take place during the first stage.

Many countries chose to offer initial reactions to these various proposals and approaches. One common theme was the need to ensure that any short-term action was consistent with, and conducive to, a long-term agreement on the liberalization of agricultural trade in conformity with the objectives agreed by ministers at Punta del Este. Some participants also drew attention to the need for those countries whose principal interests are as importers of food to take a clear position in the negotiations.

Trade-related aspects of intellectual property rights ... 28 October

The meeting had a preliminary discussion of a comprehensive negotiating proposal tabled by the United States, as well as some less far reaching negotiating suggestions from other participants. The US plan proposes a GATT intellectual property agreement to reduce distortions of and impediments to trade caused by deficient levels of protection and enforcement of intellectual property rights. The objectives of the agreement would be implemented through internal and trade-based enforcement measures at a national level, based upon norms set out in the GATT agreement, and through a GATT consultation and dispute settlement procedure. The agreement would apply to patents, trade marks, copyright, trade secrets and semi-conductor layout-design.

While some participants welcomed the US proposal as addressing the major trade problems arising in connection with intellectual property rights, others felt that the proposal, particularly where it dealt with norms for the protection of importers went beyond the mandate of the Punta del Este Declaration. It was felt that the US suggestion and those put forward by other participants raised many complicated issues which would require much further consideration, not

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least the possible relationship between the work being proposed in the GATT and that of other multilateral fora concerned with intellectual property rights.

Subsidies ... 29 October

More submissions were received on how to improve the Agreement on Subsidies and Countervailing Measures. One pointed out that, while the Code seemed to cover effectively the use of clear-cut export subsidies, its provisions were inadequate with respect to domestic subsidies. One delegation elaborated a proposal, particularly with respect to certain terms and procedures in subsidy investigations contained in the Code. It stressed that governments should also take into account the interests of consumers and downstream industries which rely on subsidized imports before imposing countervailing duty measures.

Trade-Related Investment Measures ... 30 October and 2 November

Delegations completed their first review of the operation of the seventeen GATT Articles which have so far been identified as related to the trade-restrictive and distorting effects of investment measures. Besides III, VI and XVI, discussed at the previous meeting, the group considered Articles I, II, VIII, X, XI, XII, XIII, XV, XVII, XVIII, XXII, XXIII, XXIV and XXIX. Widely diverging views were expressed about the adequacy of the disciplines established by these Articles for dealing with the trade effects identified in the submissions. The secretariat will now prepare a compilation of the views expressed on the operation of each Article, as a basis for further discussion at the meeting of the Group on 26-27 November.

Note to Editors

1. Press bulletins on the Uruguay Round are issued regularly and are intended as an indication of the subject areas under discussion rather than as detailed accounts of negotiating positions. Journalists seeking further background information are invited to contact the GATT Information Service.
2. 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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