

# URUGUAY ROUND

## OF MULTILATERAL TRADE NEGOTIATIONS

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### DISPUTES SETTLEMENT, TROPICAL PRODUCTS AND SERVICES PROPOSALS FEATURE IN LATEST NEGOTIATING GROUP MEETINGS

Recent negotiating group meetings have continued to be marked by the tabling of new proposals covering a wide range of issues. Among those submitted in the meetings reported below were a suggestion that the Council could meet in a specific dispute-settlement mode as a means of aiding the settlement of dispute cases and ensuring the implementation of adopted panel reports; a detailed proposal by five African countries on reducing barriers to trade in tropical products; and the US paper on a possible framework agreement on trade in services.

### Functioning of the GATT System ..... 3-4 November

Discussion continued on suggestions for closer ministerial involvement in the GATT. Several participants called for the creation of a GATT Ministerial body built along the lines of the Consultative Group of 18. Some representatives, however, suggested a smaller ministerial body while some others preferred reinforcing the practice of ministerial participation through the annual sessions of the Contracting Parties. Assisted by a summary prepared by the secretariat, participants took stock of six proposals tabled so far on improved surveillance functions for the GATT. Delegations recognized that, in principle, all contracting parties should report regularly on their trade policies and should be subject to periodic GATT reviews. The frequency of such reviews could depend on certain indicators, such as the country's importance in international trade.

MTN Agreements and Arrangements ..... 5-6 November

Participants focused on various suggestions for improving the GATT Anti-Dumping Code. A group of countries tabled a proposal that, in particular, questioned the relevance of the Code's definition of "dumping" to today's business world. They pointed out that, more and more, exporters when attempting to adapt to prevailing prices in foreign markets face threats of anti-dumping measures. One participant submitted a proposal that, among other things, stressed the need to clarify the scope of the Code's application to "like products", particularly to imported components or parts. Two further Codes were the subject of suggestions: the Customs Valuation and Government Procurement Codes. Concrete proposals were also tabled with respect to the Code on Import Licensing, bringing to six the number of MTN Codes examined by this group. Delegations also continued their examination of previous proposals and held detailed discussion on the possible procedures and organization of work for the next phase of negotiations.

Dispute Settlements ..... 9 and 20 November

At their final two meetings for the year, the participants took stock of the many proposals for improving the dispute-settlement mechanism in the GATT. Several new proposals were also tabled, including a joint submission by six countries calling for regular GATT Council meetings under a separate chairman in a special dispute-settlement mode. According to the countries concerned, this approach would improve the monitoring of the whole dispute-settlement process as well as enhancing compliance with adopted panel recommendations. Several participants suggested that, to facilitate the resolution of disputes, the contracting parties involved should be excluded from the decision-making process of the Contracting Parties or Council. Another participant, citing its disappointment with the results of a recent complaint in which it was a party, submitted a proposal which took into account the limited retaliatory power of small and less-developed countries. Several delegations put forward suggestions for conciliation, mediation, arbitration, the "right to a panel", as well as to the use of "standard terms of reference", and for improved surveillance of the implementation of panel reports.

Tropical Products ..... 12-13 November

Five African countries introduced a proposal to liberalize trade in tropical products along with a list of products of export interest to them. The proposal includes the following: the harmonization of tariffs on processed and semi-processed tropical products at the lowest rate existing in developing countries; the immediate binding of tariff rates, particularly the duty-free entry of raw tropical products; the elimination of internal taxes, global quotas and discretionary licensing; and the easing of sanitary or technical standards. They stressed that this liberalization should take into account both the acquired advantages under existing contractual arrangements and the particular situation of the African countries as recognized by the international community. The United States, noting

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that a majority of tropical products are agricultural, put forward a proposal based on its submission to the Negotiating Group on Agriculture. It proposed a more expeditious time-table for eliminating all support and protective measures on trade in agricultural tropical products, contingent on a global arrangement being reached in the Agriculture Group. For non-agricultural tropical products, it suggested negotiations based on the request-and-offer procedure. Another participant proposed a formula-based reduction of all tariffs to a particular level and the binding of rates at that level. The request-and-offer procedure would then be used to achieve reductions below this level. It also proposed that contracting parties agree to a formula and a time-table for the reduction or elimination of all non-tariff measures. The participants decided that the Chairman should submit proposals for possible negotiation procedures, including on the tabling of the initial requests and offers.

#### Tariffs ..... 16-17 November

Participants considered three new submissions on how the group might conduct tariff-cutting negotiations. One country put forward a harmonization formula with special and differential treatment for developing countries. At the same time, it called for an increase in the scope of tariff bindings by developing countries on a certain proportion of their total imports. Another participant suggested an integrated approach to the assessment of negotiated reductions on both tariff and non-tariff measures, including subsidies, and provided a measurement technique for assessing the reduction of government assistance to domestic industries (see Non-Tariff Measures). The third submission envisaged a tariff-cutting formula with a harmonizing effect for developed countries, and a choice of approaches for developing countries.

#### GATT Articles ..... 16-17 November

One participant called for a review of GATT Article XXI (Security Exceptions) and urged the group to consider the competence of GATT in questions relating to security matters and the relationship between the GATT and the United Nations in political or national-security affairs. Another participant tabled proposals on two GATT Articles. It suggested that the accession procedures under Article XXVI:5(c)<sup>1</sup> should be reviewed to improve the ability of contracting parties to clarify the obligations of governments acceding to the General Agreement. It also urged the examination of Article XXXV<sup>2</sup> with a view

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<sup>1</sup> According to GATT Article XXVI:5(c), newly-independent countries in respect of which the General Agreement had been previously applied may be deemed to be Contracting Parties upon sponsorship through a declaration by the relevant existing contracting party.

<sup>2</sup> Article XXXV provides that any contracting party, as well as any acceding country, has the right to withhold all GATT benefits, or alternatively the application of its Schedule of Concessions, from another contracting party, if the right is invoked at the time of accession, and if the two have not entered into tariff negotiations with each other.

to allowing the contracting parties and an acceding country to enter into tariff negotiations without impairing their rights to invoke the Article and decline to apply the General Agreement to each other. The representative of a group of countries suggested that, while changes in the international monetary system called into question the relevance of Article XII (Restrictions to safeguard the balance of payments), the case for Article XVIII:B (Restrictions by developing countries experiencing balance-of-payments difficulties) was not in doubt. The implementation and operation of the provisions of the latter did, however, require examination, since certain problems of interpretation had arisen.

Non-Tariff Measures ..... 17 and 19 November

One participant noted that the use of non-tariff measures (NTMs) had increased sharply in recent years. It proposed that the group should assess levels of government assistance to domestic industries in measuring progress in reducing tariffs and NTMs (see Tariffs). At the same time, it announced that it was prepared to eliminate all its quantitative import measures designed to protect domestic industries. A group of countries proposed entering important NTMs into a central negotiating register to monitor and evaluate the NTM plurilateral or bilateral negotiations. Some delegations welcomed this idea but others felt that it would restrict the scope of negotiations. Another participant provided illustrative examples to explain a proposal for an integrated, item-specific request-and-offer procedure in the negotiations.

Natural Resource-Based Products ..... 19 November

A leading producer called for the elimination within ten years of all import barriers - tariff as well as non-tariff measures - which directly affect trade in natural resource-based products. It proposed bindings on all tariffs and an immediate freeze on all export subsidies. The proposal was aimed at reducing and eventually eliminating all forms of government industry assistance to natural resource-based products which affect trade. Participants continued the exchange of views on how best to proceed to the next phase of negotiations.

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Services ..... 3-5 November

Several new submissions marked the resumption of discussion on the five elements set out in the initial phase of negotiations. The United States presented a comprehensive proposal for the inclusion of the concepts of transparency, non-discrimination and national treatment in a framework agreement on trade in services. The US urged that a framework be designed to achieve a progressive liberalization of a wide range of service sectors in as many countries as possible. Several delegations felt that the US proposal did not sufficiently take into account the concerns of developing countries. Another submission dealt with the general objectives and concepts of relevance to an agreement on trade in services, e.g. national treatment, MFN principles and transparency. A group of countries presented comprehensive information on their external trade in services, as well as a report on their current work in gathering services statistics.

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.