

URUGUAY ROUND

OF MULTILATERAL TRADE NEGOTIATIONS

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TROPICAL PRODUCTS NEGOTIATION MOVES AHEAD
AS INDUSTRIAL COUNTRIES BEGIN TO TABLE OFFERS

The United States, Japan and the Nordic countries have now tabled lengthy and specific lists of offers for trade liberalization in the area of tropical products, at least some of which could be implemented, provisionally, following the Montréal Mid-Term Review in December. A meeting of the Tropical Products Negotiating Group, on September 20, also heard of detailed liberalization measures being undertaken by New Zealand in this area and other participants promised to table offers of their own.

The following meetings have taken place since the previous bulletin.

Dispute Settlement ... 6 and 7 September

Participants focused their discussions on proposals for special and differential treatment of less-developed contracting parties in the GATT dispute settlement process, and examined a paper which compared existing GATT texts on dispute settlement with a summary of proposals made to date. Participants continued their examination of

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objectives of the dispute settlement mechanism and procedures related to notification, consultations, good offices and mediation and conciliation. Requests for and council decisions to establish panels and their terms of reference and composition were discussed as were multi-complainant procedures, third-party rights, and the adoption and implementation of panel reports. The delegation of Mexico said a proposal focusing on special and differential rights for developing countries in the dispute settlement mechanism was forthcoming.

Agriculture ... 12 and 13 September

Among new submissions made to the group on this occasion was a comprehensive proposal by Egypt, Jamaica, Mexico, Morocco and Peru, supported by a number of other developing countries with interests as food importers. With respect to market access the proposal envisages a formula tariff-cutting approach leading to zero or low tariffs in developed country markets, GSP improvements and reforms in the non-tariff area including the removal of voluntary export restraints and bilateral quotas affecting developing countries. In the context of improving the competitive environment the proposal called for the strengthening of rules and disciplines affecting trade-distorting subsidies but would leave it for each contracting party to decide the extent to which such subsidies were affecting its market and the remedies to be applied. It warned that policy reforms in this area should not lead to increased world market prices being passed on to importing developing countries. New rules and disciplines affecting trade in agriculture would have to recognize the major role played by this sector in the economic development of developing countries and their dependence on agricultural trade both as exporters and importers: this would involve, for example, a degree of flexibility for these countries in accepting new obligations.

A statement by Japan spelled out in greater detail than hitherto the position of that country in the negotiation in advance of the presentation of a further formal submission before the next meeting. The statement covered the possibilities for short-term "temporary" measures which could be implemented after the Mid-Term Review in December, while stressing that such measures would have to conform to the fundamental elements of the long-term framework which should be agreed upon at the same time. While noting that it was already liberalizing in the farm sector, Japan considered it important that participants be given the flexibility to select the concrete measures to be implemented in the context of short-term actions. In discussing the longer term, Japan recognized the need for a much greater liberalization of agricultural trade but considered that the final picture could not be one of complete liberalization. In this context it believed that a reformed Article XI could permit an exception to the general elimination of quantitative restrictions for "basic foodstuffs". The intention was not to reinforce the scope of import restrictions but to recognize that a stable supply of basic foodstuffs was essential for every country from the point of view of food

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security, and especially for those with a low self-sufficiency rate. In the case of Japan, rice was an example where there was a "solid national consensus" that it be supplied domestically even if at a higher cost.

The Group agreed to establish a working group on sanitary and phytosanitary regulations and barriers which, among other things, would look at the scope for greater international harmonisation of international standards in this area and at the possibilities for strengthening GATT rules and disciplines. The technical group which is already looking at the development of approaches to the measurement of government support for agriculture, was asked to report on options for the use of aggregate measurement in connection with possible commitments which might be adopted at the Mid-Term Review.

Trade-Related Aspects of Intellectual Property Rights ... 12-13 September

Members of the Group pursued their examination of the proposals submitted by Switzerland and the EEC at the previous meeting. Switzerland gave examples of the types of situation which could be included in the indicative lists suggested in its proposal. These are situations where insufficient or excessive protection, or the lack of any protection, for intellectual property rights may create trade distortions. The EEC provided further explanations on certain points, for example the relationship and compatibility between its suggestions and existing conventions concerning intellectual property, possible conflicts between those conventions and the General Agreement, and dispute settlement machinery.

Japan submitted a further elaboration of the proposals it had tabled last autumn. Other countries expressed their views on substantive standards and the degree of specificity of the undertakings to be made, and the mechanisms which should be established to ensure observance of intellectual property rights at the frontier. Several countries presented relatively detailed views on the fundamental objectives and scope of possible undertakings under the GATT and the procedures, remedies and safeguards which should be provided in relation to barriers to legitimate trade.

The provisions of the General Agreement applicable to the protection of intellectual property were again discussed in order to find common ground in the perception of those provisions.

Several developing countries recalled the concerns they had also expressed in the Group of Negotiations on Goods in July with regard to the differing interpretations of the negotiating mandate given in Punta del Este with regard to trade-related intellectual property rights.

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MTN Agreements and Arrangements ... 14 September

Participants discussed the Agreements on Import Licensing Procedures and Technical Barriers to Trade. The United States submitted a proposal stating that the overall use of import licensing, particularly non-automatic licensing, should be minimized or decreased and that no licensing procedures shall be adopted or maintained without an accompanying GATT justification and notification. While some delegations praised the proposal's objectives and agreed that licensing practices often result in extra costs and do constitute a barrier to trade, others viewed the US proposal as trying to change the scope and nature of the Code.

In their discussion of the Agreement on Technical Barriers to Trade, participants examined proposals from the United States, Japan and the European Communities. Proposals from the US called for improved transparency in regional standards activities and in bilateral standards-related agreements. A communication by Japan set out procedures for ensuring transparency of the operation of certification systems by central government bodies and addressed delays for standard processing periods of certification systems. Proposals by the EC included a code of good practice for non-governmental bodies in the agreement on technical barriers to trade, and a proposal to extend the major obligations under the agreement to local government bodies.

Natural Resource-Based Products ... 16 September

Chile called on other participants to recognize an urgent need to liberalize trade in this area. It proposed that negotiations should: bear on the reduction or elimination of government aid to this sector which affects trade; follow a generic, rather than a product-by-product approach and focus, at the first stage, on existing product groups (non-ferrous minerals, forestry and fisheries) to facilitate results in Montréal. Several delegations shared, in general, the Chilean view, including Australia which reiterated that subsidies inhibit and distort trade in this field and cited as an example extensive government support to the coal industry in several industrial countries. Some other members did not see the need for greater urgency; they viewed work in the Group as proceeding satisfactorily in terms of bringing to the table a wide range of trade problems and a substantial body of background information. Opposing views were expressed on product coverage with some delegations maintaining the importance of including energy-related products in the negotiations.

Textiles and Clothing ... 19 September

Members of the International Textiles and Clothing Bureau (ITCB) put forward a number of proposals for consideration by ministers at the mid-term Ministerial meeting in Montréal. Members said ministers

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should recognize that any regime for textiles that is selective and discriminatory has no future under strengthened GATT rules and disciplines and that ministers should emphasise the crucial importance of achieving results in this sector. In their statement, members said the examination of modalities which would allow the eventual integration of this sector into GATT is over, that a firm basis for the negotiations should be adopted at Montréal and that the group should start to engage in substantive negotiations early next year. The statement also said that a former submission by ITCB members should be adopted as the framework for future negotiations and that a first priority should be to freeze further restrictions and to stop the introduction of new selective and discriminatory restraints under the MFA. ITCB members said a date for the termination of the discriminatory and exceptional treatment given to this sector will have to be agreed upon in the course of the Uruguay Round.

The Group also received a submission by Canada outlining a range of options for modalities to integrate the textile and clothing sector into GATT. The options were divided into two categories. One pertaining exclusively to options for phasing out the MFA. The other, for phasing out the MFA in the context of provisions which would be necessary to permit the integration of this sector into the GATT. Participants did not object to a request by the Nordic countries for an analysis to be carried out by the Secretariat concerning the global economic and trade consequences of dismantling the MFA and other trade restrictions in this field, provided that the study be requested and undertaken in the framework of the GATT Textiles Committee.

Services ... 19-23 September

The Group continued to develop ideas in the context of a glossary of terms used in the negotiation. The glossary, which covers both definitions of common terms as well as an identification of national positions relating to those terms is seen as an instrument for developing areas of convergence as the negotiation proceeds. As an aid to the discussions, the delegations of Australia and New Zealand tabled the text of the recently-concluded Protocol on Trade in Services which forms part of the Australia/New Zealand Closer Economic Relations Trade Agreement. The Protocol covers many issues under discussion in the GNS including definitions, market access, national treatment, commercial presence and trade liberalization. In informal sessions, the Group began to discuss the nature of its report for the Trade Negotiations Committee when it meets at Ministerial level in Montréal at the beginning of December.

GATT Articles ... 20-21 and 23 September

Two new communications were submitted to the Group during the meeting. One, from the United States, concerned the balance-of-payments provisions of the General Agreement; it noted the

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harmful effects which, the United States believes, the use of those provisions has had upon trade, and advocated stricter disciplines focusing on adjustment rather than the adoption of import restrictions. The other communication, from Chile, stressed that most of the GATT articles under discussion in the Group concern exceptions to the principles of the General Agreement. Chile mentioned, in particular, Articles XXIV, XXV:5, XXXV and the Protocol of Provisional Application. It considered that a comprehensive approach should be taken to the negotiations on the various articles so as to maintain the existing balance between the rights and obligations stemming from the application of these exceptions.

The Group pursued its discussion of Article XXVIII and the practical implications that would arise from the various proposals aimed at broadening the granting of a negotiating rights when tariffs are raised. With regard to the New Zealand proposal, in connection with Article II, for the inclusion of all duties, and not only customs duties and charges, in tariff bindings, some countries considered that this would lead to greater transparency and security; others wondered about the real extent of the ensuing improvements and the feasibility of achieving them.

The Group also discussed Article XXIV, in particular the practices of unilateral withdrawal and subsequent renegotiation of tariff schedules, during the formation of a customs union, the notion of reverse compensation in case of a consequent lowering of the level of duties, and the absence of Article XIX among the exception provided for in Article XXIV.

Tropical Products ... 20 Septmeber

Five initial offers or elaborations of previous proposals - involving leading markets and hundreds of tropical products - were tabled. The Nordic countries gave more precision to their proposal for a Tokyo Round tariff-cutting formula with the submission of illustrative lists from Finland (57 products) and Norway (139 products), and a Swedish offer to eliminate duties on several tropical products. Japan tabled an initial offer covering some 144 tropical products: 123 proposed for tariff reduction or elimination, and some others for removal of certain non-tariff measures.

The United States, while reiterating a previous proposal based on its submission to the Agriculture Group, stated it was prepared to negotiate the elimination of all market-access barriers on some 128 agricultural tropical products which make up over 75 per cent of the value of its imports of such products but preferred leaving the negotiation of support measures to the Agriculture Group. On non-agricultural tropical products, the US suggested aiming for the elimination of duties on raw products, lowering duties on semi-processed or processed products, the reduction of very high tariffs, and the elimination of very low duties; non-tariff measures

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were to be reduced or eliminated to the maximum extent possible. New Zealand gave details of its current trade liberalization programme as it applied to a comprehensive list of tropical products. In an elaboration of an earlier proposal, Switzerland offered a specific formula for possible tariff-cutting on tropical products.

The new submissions, except for New Zealand's, provided for early implementation but were made contingent on certain factors, including the extent of contributions from other participants. They were generally welcomed as a significant advance although some delegations requested clarification of certain points. On the Group's table now are several significant offers, including previous ones from the European Communities and other participants, enabling work to proceed into the next stage under the arrangements agreed in July (see NUR 018): consultations and negotiations. In order to keep all participants apprised of developments in possible bilateral and plurilateral negotiations, the Group agreed to hold informal sessions during October.

Note to Editors

1. Press bulletins on the Uruguay Round are issued regularly and are intended as an indication on 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 and Media Relations Division.

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 1987 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 and Media Relations Division.

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