NEWS OF THE
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INDIA PRESENTS ITS VIEWS ON INTELLECTUAL PROPERTY AND INVESTMENT MEASURES WHILE HONG KONG AND US PUT RULES OF ORIGIN ON THE NEGOTIATING TABLE

The first cycle of meeting since the summer saw intensive activity in all fifteen negotiating groups. India presented its detailed views in the TRIPS and TRIMS groups; the European Community presented proposals on GATT rules and disciplines affecting agriculture; the US and Hong Kong jointly tabled a proposal on import licensing and, separately, ideas on rules of origin; and the services group considered financial and professional services. Several of the "market access" groups continued efforts to reach agreement on negotiating approaches.

Meetings since the last bulletin were as follows.

Safeguards ... 11, 12, 14 September

The meeting was devoted to a first reading of the Chairman's draft comprehensive agreement tabled at the last meeting of the Group (see NUR 030). Comments were offered by many delegations on the first section, dealing with the general provisions, and the second, covering the conditions for applying safeguard measures. In the latter area, particular attention was given to the concept of "an unforeseen, sharp and substantial increase" in imports as a condition for safeguard action as well as the means for establishing "serious injury". The issue of "selectivity" continued to constitute the main point of difference between participants with several calling for a re-affirmation of most-favoured-nation treatment in all cases of safeguard action. Further sections of the Chairman's draft will be considered at the next meeting.

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Trade-Related Aspects of Intellectual Property Rights ... 11-13 September

The Group concentrated on the applicability of GATT principles, enforcement of IPRs and trade in counterfeit goods.

The discussion on basic principles was spurred by a submission from India. This argued that concepts like mfn (most favoured nation) and national treatment as they apply in GATT could not apply to intellectual property rights since these obligations were related to goods and not to the rights of persons, as in intellectual property conventions. Moreover, mfn was concerned with border measures while intellectual property protection operated within national territories. On the other hand, the concept of transparency could have some applicability and the principle of differential and more favourable treatment for developing countries was valid. Some other delegations could see no reason why the GATT national treatment concept could not be applied in the context of intellectual property protection. It was pointed out that there had already been a panel report (that on the European Communities' complaint against the operation of Section 337 of the US Tariff Act) where national procedures for the enforcement of intellectual property rights had been found to be contrary to GATT Article III (national treatment). With respect to non-discrimination/mfn, it was argued by some that the existence of national treatment requirements for IP protection invalidated the need for an mfn rule - others, however, contended that notwithstanding the national treatment obligation there would still be a possibility of discrimination between third countries if the mfn concept were not applied.

Canada tabled a new proposal on the enforcement of intellectual property rights. Its submission argued that enforcement principles should include: procedures which are effective but not unnecessary obstacles to legitimate trade; procedures which ensure national treatment as well as unconditional mfn/non-discrimination; fair and equitable treatment to affected parties; provision of judicial and/or administrative civil remedies with the possibility of compensation for injury as well as criminal sanction and penalties for counterfeiting and copyright piracy; interim procedures to permit the detention of counterfeit or pirated goods by customs and recourse to multilateral dispute settlement in the GATT. While favouring an approach based on general principles, Canada also presented its more detailed views should a more detailed approach, as advocated by some other participants, be adopted.

An Indian submission on enforcement stressed the need to distinguish between enforcement at the border, which in their view should be dealt with separately in the context of the Group's work on trade in counterfeit goods, and internal enforcement. It emphasized that any set of rules on internal enforcement could not be linked to the GATT system. With this in mind it put forward a number of principles which might be applied to internal enforcement. These included: simple effective and adequate procedures which rest upon

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principles of natural justice and fair play; the possibility of provisional remedies but with compensation where IPRs are subsequently found not to have been infringed; national treatment for foreign owners of IPRs with respect to procedures; no obligation on governments to initiate enforcement proceedings or to allocate additional resources to establish separate machinery for the enforcement of IPRs.

Japan also spelled out in detail its further ideas on internal enforcement, setting out principles for civil judicial and administrative procedures, as well as the basis for provisional measures. In the view of Japan, participants to an agreement should regard the act of infringement of patents, trademarks and other IPRs as constituting criminal acts and should establish provision for criminal sanctions including imprisonment or fines. It also envisaged the possible confiscation of goods in the event of infringement.

A further Indian submission outlined ideas for a multilateral framework for international trade in counterfeit trademarked goods. Elements for such a framework as envisaged by India would include: provision for suspension of customs clearance of suspect goods normally upon the application of the trade mark holder and adequate documentary evidence; such suspension for a limited period pending orders of a competent judicial or administrative body and conditional on adequate security from the applicant; and forfeiture of infringing goods and their disposal in a manner not prejudicial to the owner of the trademark. The submission stressed that any framework should discourage trade in counterfeit goods but that measures under it should not themselves become barriers to legitimate trade. India also expressed itself as ready to consider the extension of this approach to imports of pirated goods; meaning goods involving unauthorized copying of copyrighted material.

Trade-Related Investment Measures ... 14-15 September

India, Japan and Mexico tabled new submissions. India called on the Group to focus on those investment measures whose adverse trade effects - in terms of trade restriction or distortion - are direct and significant. It maintained that the prohibition of certain investment measures is alien to the GATT framework. India regarded the following types of investment measures as not trade-related and without any direct or significant adverse trade effects: local equity requirements, remittance restrictions, exchange restrictions, investment incentives, manufacturing limitations, technology transfer and licensing requirements. Performance requirements on domestic sales and product mandating may have some trade effects but not to the extent that would warrant consideration in the Group, according to India. The performance requirements which, in India's view, could have some direct trade effects are export performance requirements, local content/local manufacturing requirements and trade-balancing requirements. However, India argued that the development dimensions

of these measures far outweigh their trade effects, and that they are needed to counter restrictive business practices of transnational corporations. It suggested that the Group also examine these private corporate practices. India maintained that development considerations must be integrated into the work of the Group and that the investment measures of developing countries are in conformity with the spirit and philosophy of the General Agreement.

Japan proposed the prohibition of TRIMs which have trade restrictive and distortive effects and which are either inconsistent with, or relevant to, GATT provisions. It noted that some TRIMs are binding measures enforceable under domestic law while others, like government incentives, are not. To the first category, Japan listed seven TRIMs that should be prohibited: requirements on local content, export performance, trade balancing, domestic sales, technology transfer, manufacturing and product mandating. Those TRIMs belonging to the second category would be subjected to the general disciplines of non-discrimination and transparency. Japan also suggested the establishment of a "TRIMs Committee" which would survey the reduction or elimination of TRIMs. The proposal also envisaged some exceptions for developing countries for limited periods.

The Group held an initial discussion of those two new submissions. The United States and Switzerland which submitted proposals containing the "prohibition" concept at the previous meeting (see NUR 030) said the Japanese paper indicated a growing convergence in the Group regarding a possible framework of disciplines on TRIMs. Several countries expressed serious misgivings about the concept of prohibiting TRIMs, and generally supported the Indian approach.

Mexico elaborated its suggestion made at the previous meeting to "test" or systematically analyse two pilot TRIMs (export requirements and local equity requirements) to identify their trade effects. It argued that this procedure will help streamline the work of the Group. Some participants said the procedure may not be practicable in view of the limited time available to the Group.

MTN Agreements and Arrangements ... 18 and 20 September

The Group received five comprehensive submissions which are expected to pave the way for detailed negotiations on three Tokyo Round agreements. On the Anti-Dumping Agreement, Hong Kong tabled several amendments aimed at strengthening disciplines on importing countries using anti-dumping measures. The proposal emphasised the need to allow comparative advantage to work; to encourage investigating authorities to take more into account the interests of the user industry, the consumers and the overall economic cost of anti-dumping action; and to subject anti-dumping action to stringent constraints. Some countries expressed general support for the Hong Kong proposal while some other participants viewed the existing GATT agreement as, in the main, adequate.

On the Technical Barriers to Trade Agreement, the European Communities proposed a "Code of Good Practice" for non-governmental standardizing bodies. The EC noted that while the Agreement imposes direct legal obligations on central government bodies, the standardization, testing and certification activities of non-governmental bodies are covered only through a "best effort" pledge. It called for a code that would require these bodies to report regularly on their activities, and the creation of a monitoring mechanism under the Agreement. Several delegations expressed strong support for the Community proposal. The Nordic countries submitted two proposals. The first merged two previous submissions which were aimed at ensuring that testing and inspection procedures conducted by central government bodies on imports should not pose unnecessary obstacles to international trade. The second was minor revision of an earlier submission calling for improved transparency under the Agreement.

The United States and Hong Kong jointly proposed a comprehensive revision of the Agreement on Import Licensing Procedures. The submission stressed that import licensing procedures should not be utilised in a manner contrary to GATT principles and that they should not impede the flow of international trade. The two countries urged that import licensing, particularly non-automatic import licensing, should be implemented in a transparent and predictable manner, and that non-automatic licensing procedures should be no more administratively burdensome than absolutely necessary (under automatic import licensing, approval of the import application is freely granted). They suggested that governments observe strict time-limits in notifying changes in import licensing procedures and advance publication of exceptions to non-automatic licensing procedures. In general, the proposal calls for simplification and streamlining of administrative procedures in the granting of import licenses.

Textiles and Clothing ... 21-22 September

The Group pursued its substantive discussions on modalities for the integration of the textiles and clothing sector into GATT on the basis of strengthened GATT rules and disciplines.

The United States explained its current position. Its statement stressed the need to ensure that any agreed integration process should address all trade-distorting measures and be based on real improvements in the GATT rules and disciplines affecting the sector. It suggested that such measures be classified in six categories, which should all be modified and integrated into GATT: (1) measures taken under a formal, multilaterally-agreed derogation, such as measures adopted under the Multifibre Arrangement or the voluntary restraint agreements concluded with non-MFA countries; (2) measures taken outside GATT by countries participating in the Uruguay Round, or (3) by non-GATT member countries participating in the Round; (4) safeguard actions or measures to protect infant industries or for balance-of-payments reasons; (5) measures which, while not

necessarily inconsistent with GATT, are not subject to its disciplines (for example, unbound tariffs); and (6) preferential measures not notified, justified or approved by GATT.

Like the European Community and Switzerland in previous submissions, the United States believed that there must be some parallelism between the negotiations on integration modalities and those on the strengthening of GATT rules which may affect the textiles sector.

Several countries, expressing their initial reaction, stressed that the United States' statement demonstrated its willingness to engage actively in negotiations. According to many developing countries, however, the classification of the measures requiring modification was arbitrary and included types of measures - in particular those of categories 4, 5 and 6 - which could not be accepted. The ideal of a synchronized or parallel approach between negotiations on textiles and those on other GATT disciplines was widely criticized.

The Group pursued its joint consideration of the EC and Swiss proposals (see NUR 030). The International Textiles and Clothing Bureau, which groups the main textiles-exporting developing countries, voiced agreement with some elements, in particular the fact that the integration process should begin as from the end of MFA IV.

It had sympathy with the European Community's apparent preference for the progressive elimination of existing restrictions under the MFA, rather than their transformation into tariffs, tariff quotas or global quotas as had been suggested by other countries. The ITCB felt that if each participant were free to choose its own method of cutting back restrictions, bilateralism would ensue. Several elements of the Community's proposal were a source of concern, in particular the introduction of a new provisional specific safeguard régime for the textiles and clothing sector.

The EC's insistence on a parallel approach with other negotiations was also the subject of further concern. However, several developed countries considered that the idea should not be interpreted narrowly. It was logical to consider that progress should be made in the negotiating groups dealing with matters of interest for textiles, in particular safeguards. The Punta del Este mandate indicated that reintegration should take place on the basis of strengthened rules and disciplines; it was important to address the realities rather than exaggerating the importance of a specific formulation. All in all, most of these countries said that they were in favour of the negotiations covering the largest possible number of measures affecting trade in textiles; reintegration should lead to greater market openness and healthier competition, and the introduction of a specific temporary safeguard mechanism might prove necessary. Some countries stated that their position on this latter point would depend on the course of the negotiations on safeguards.

Agriculture ... 25-26 September

The European Community submitted a communication on GATT rules and disciplines affecting agriculture. It centred on the idea that the particular status of agriculture should be maintained, the objective being to improve existing rules rather than fundamentally alter them. The Community was in favour of a global approach which would tighten up the existing links between domestic measures and measures taken at the frontier. In particular, it considered that the distinction established under Article XVI:1 of the General Agreement between domestic and export subsidies reflects a misunderstanding of the problems, and has not permitted the correction of the imbalances affecting world agricultural markets.

Likewise, Article XI should establish a more direct link between the volume of restrictions and the variations in production or marketing in the importing country. The provisions of Article XI should be extended to a whole range of other restrictions, such as those stemming from state-trading enterprises, boards and other state agricultural agencies, as well as the voluntary restraint arrangements that have grown up outside the framework of the General Agreement. In the case of variable levies, the Community considers that certain constraints could be placed on the operation of such systems, such as greater transparency in their method of calculation and a smaller difference between domestic and world prices. Likewise, the differences between minimum prices and domestic prices should be abolished. Finally, with respect to export competition, export subsidies should not be prohibited but rather subjected to strengthened disciplines bearing in particular on the level of the subsidy, a better definition of the "equitable share" concept and processed agricultural products.

Many countries considered that the Community's ideas involved only minor improvements, and seemed designed to maintain the status quo. Some were critical of the maintenance of the dual-price system and variable levies. Several countries considered that the proposal fell short of the guidelines laid down at the Mid-Term Review.

Japan also made a statement developing its ideas on the need to take full account of non-trade concerns, in particular food security and stable supplies of basic foodstuffs. Japan considered that it is essential to maintain some level of domestic production, as food security cannot be ensured solely by the maintenance of potential production capacity, food stocks, bilateral agreements or diversification of suppliers. Japan intended to state its views at a later stage with regard to the manner in which these non-trade concerns should be included in the GATT rules and disciplines.

The Group also discussed the preliminary ideas submitted by Switzerland and the Nordic countries in July. Switzerland proposed that countries having difficulties in implementing an across-the-board reduction in support should adopt a complementary approach that would

enable them to achieve the same result by different methods. The minimum level of market access or rate of self-sufficiency would be the basic element for determining the disciplines to which countries, whose agricultural policies are based on non-commercial concerns, would be submitted. The Nordic countries, while calling for stricter GATT rules and disciplines and a liberalization of agricultural trade, argued that it would not be realistic to stick rigidly to the theory of comparative advantage while failing to recognize that many countries would continue to need some protection at the frontier.

Among the other questions considered by the Group was the aggregate measurement of support. Austria submitted a technical paper on the definition and use of the AMS, and the measures which should be included or excluded from its calculation. It considers in particular that the AMS should be used to monitor the implementation of a basic commitment. The Cairns Group submitted a communication on sanitary and phytosanitary measures and a preliminary discussion was held on the ideas advanced by Brazil concerning special and differential treatment for developing countries.

Non-Tariff Measures ... 28 September

The meeting was marked by the tabling of two proposals relating to rules of origin, on which a preliminary discussion was held. The first proposal, from Hong Kong, identified the main problems associated with the application of origin rules. Firstly, it considered that the increase in specialization of processes and the multi-country processing and manufacture of goods have made the determination of origin difficult and led to uncertainty as to which rules are being applied. Secondly, an absence of uniform international rules of origin had left importing countries with an undesirably-high degree of discretion, which included the possibility of modifying the rules in a way which could make them operate as barriers to trade.

Dismissing the possibility of negotiating internationally-harmonized rules of origin in the time-frame of the Uruguay Round, the Hong Kong proposal set out ideas to secure non-discriminatory application of rules of origin; to ensure they are objective and predictable and are implemented impartially and transparently; to require them not to have trade-distorting, restrictive or disruptive effects, nor to nullify or impair the rights of contracting parties under the General Agreement.

While the United States also set out procedural rules and principles to govern the application of rules of origin, it suggested a programme of analysis and negotiation aimed at the harmonization of rules of origin through an approach using the harmonized system nomenclature to identify product transformations sufficient to confer origin. This work, to be pursued in the Customs Cooperation Council in Brussels and, later, in the GATT would take up to two years and

could not be completed before the end of the Uruguay Round - a point which was of concern to a number of participants in the Group.

Subsidies and Countervailing Measures ... 26-27 September

Switzerland and Japan tabled new proposals on how subsidies should be classified into the three categories suggested in the negotiating framework approved during the Mid-Term Review. The main yardstick, according to Switzerland, should be the degree of trade-distorting effects as measured by normative and quantitative criteria. It called for listing measures very likely to cause trade distortion, such as export subsidies, under the category of prohibited subsidies subject to countervailing action. The illustrative list of illegal subsidies appended to the 1979 Subsidies Agreement, according to Switzerland, should be made definitive after some revision. A second category would consist of subsidies exempted from any countervailing action. These measures would include domestic programmes related to structural adjustment, environment, research and development, regional aid, and the promotion of cultural values. The third category would be composed of non-prohibited subsidies which would not be subject to countervailing action unless they cause negative trade effects. In addition, Switzerland proposed using quantitative criteria, or trade impact as indicated by the amount of subsidy and the quantity of imports, to determine whether a subsidy should be prohibited or not. It suggested the establishment of a GATT standing body which would make quick determination of the legality of subsidies or appropriateness of countervailing action, and submit recommendations to the GATT Council.

In the course of the meeting, Japan presented a proposal calling for strict guidelines on the imposition of countervailing action. It listed export subsidies as well as domestic subsidies which favour local goods over imported products under the prohibited category. Two types of subsides, according to Japan, should be exempted from any countervailing action: generally available subsidies (when the programme is open to all companies) and specific subsidies with significant social or economic policy objectives (e.g. measures on structural adjustment, research and development, and regional development). Like Switzerland, Japan also suggested adopting the 1979 illustrative list, with some revision, as a definitive list of prohibited subsidies. However, it opposed the use of any quantitative criteria.

The participants exchanged views on the key issues facing the Group, based partly on the Swiss submission and the Canadian proposal tabled at the previous meeting (Japan's submission would be examined at the next meeting). There was widespread support for controlling trade-distorting subsidies but differences remained on the appropriate disciplines that would be required. Some participants expressed general support for the concept of prohibiting certain subsidies, as advanced by the Swiss and the Canadian papers. The United States reiterated the need for much tougher rules on subsidies and explained

that its recent trade actions regarding steel and ships were related to its view that heavy government subsidization has distorted trade in these two products. On the other hand, some countries underlined the importance of subsidies as policy instruments for achieving socio-economic goals, and expressed opposition to the concept of prohibiting subsidies per se.

Tariffs ... 27 September

Stressing the urgency of moving forward the market-access negotiations, Canada proposed a broad and systematic attack on tariff and non-tariff barriers (the same proposal was submitted to another five "market-access" groups: Non-Tariff Measures, Natural Resource-Based Products, Textiles and Clothing, Agriculture and Tropical Products). It presented a formula which would cut tariffs by between 32 per cent and 38 per cent, and which would eliminate duties of 4 per cent and below. According to Canada, this formula would be supplemented by early request-offer negotiations aimed at achieving deeper cuts. Tariff concessions should be bound and implemented in equal annual steps over an agreed period, with longer phasing for "sensitive products" and for cuts to be made by developing countries. It proposed simplifying procedures by rounding off the rates after the application of the formula, and the use of six-digit instead of eight-digit tariff headings.

Many participants welcomed the new proposal as constructive, and reiterated their support for the use of a tariff-cutting formula in the negotiations. The widespread view was that time for negotiations was running short, and that there was urgent need for agreement on a common negotiating approach. The United States expressed agreement with several elements contained in the Canadian paper but maintained it will continue to pursue the negotiations through the request-offer method. In addition to the request lists already addressed to 14 participants, the US announced it will be presenting such lists to a further nine participants in October. In inviting other participants to present requests either in the form of a product list or a formula, the US argued that there was little practical difference between the request-offer and the formula methods. Some other delegations pointed out that a large majority of participants have expressed support for the formula approach.

Natural Resource-Based Products ... 29 September

Many participants welcomed the Canadian proposal (see "Tariffs") as a substantive contribution to the negotiations in this sector. Several countries supported the "generic" or broad product coverage proposed in the new submission although some other delegations expressed their reservations in this regard. The Group agreed on further arrangements for the negotiations. Participants are to notify trade and barrier data, including those submitted in other negotiating groups, by the end of November. In December, the Group is to examine the notifications and consider the establishment of necessary

negotiating approaches, taking into account the approaches developed in other relevant groups (e.g. Tariffs and Non-Tariff Measures).

Dispute Settlement ... 28-29 September

Many participants underlined the need for further improvements in the GATT dispute-settlement system encouraging, in particular, panel reports of high quality and their early adoption and implementation. The Group paid particular attention to three issues: compensation for the aggrieved party, non-violation complaints under Article XXIII:1, and binding arbitration as an option of settling disputes. The first two points were the subject of Secretariat background studies while the third was the subject of additional proposals contained in a submission tabled by Switzerland at the previous meeting. Several participants expressed concern at compensation being made obligatory, and warned that this might become a loophole for the offending party and discourage the primary objective of the dispute-settlement system: the removal of the measure in question. This objective, according to some participants, does not apply to "non-violation" complaints where the primary goal is achieving "good-faith" negotiations to restore the previous balance of rights and obligations under the GATT. Non-violation complaints are those under subsections (b) and (c) of Article XXIII:1, where the measure in question does not contravene specific GATT provisions but nonetheless impairs or nullifies another member's benefits under the General Agreement; there have been 13 such complaints out of 130 formal disputes under Article XXIII in the GATT from 1948 to 1988.

The Group also discussed certain issues related to the implementation of panel reports, such as granting a "reasonable delay" in the implementation of panel reports when domestic legislative procedures are required, and the right of appeal. Several participants supported giving a breathing space to the losing party in certain cases to encourage adoption of panel reports. Another view was that offending parties might abuse such a provision as well as the suggested right of appeal, and hence discourage early implementation of panel reports.

Services ... 18-22 September

In the third and final meeting of a series in which the "Montreal principles" have been examined in the context of individual service sectors, the Group looked at financial and professional services.

Financial services include banking, securities-related and insurance services. It was noted that banking and securities-related services could be considered, firstly, in regard to cross-border financial flows and, secondly, in the context of establishment or commercial presence. These services are highly regulated since they represent instruments of national and international economic

management - monetary policies, debt management and fiscal policies for instance. Their institutions and markets are widely subject to prudential and other supervision. Many delegations stressed the importance of maintaining the integrity of regulatory systems because of these wider economic preoccupations and it was generally recognized that the application of a new framework of trade rules might often entail as much re-regulation as de-regulation. Nevertheless, substantial deregulation and liberalization has been achieved in both developed and developing countries in recent years, often associated with the liberalization of capital movements. However, a number of participants considered that many regulations still affecting establishment, acquisition of domestic enterprises and the operation of foreign-owned banks and securities houses were often over-restrictive and could be subjected to disciplines in a multilateral framework. Many developing countries stressed the importance of banking to the development process.

Total premiums paid, in 1987, for both life and non-life insurance has been estimated at US$1,070 billion, with companies in North America taking 40 per cent of the business, those in Europe over 30 per cent and those in Asia 25 per cent. The premium income of developing countries in total was around 5 per cent. Again it is a highly-regulated sector: partly on the basis of consumer protection and partly because insurance premiums frequently provide a major source of investment funds. Apart from re-insurance, transport-related insurance and worldwide coverage of multinational businesses, cross-border trade in insurance services is often excluded by regulation. Regulations related to establishment usually determine whether a foreign insurer can be admitted to the market and the terms on which it may carry out its business. While some participants believed that the integrity of national insurance industries could be threatened by the application of liberal trade principles, others saw significant scope for progressive liberalization of the sector.

Forms of professional services which are internationally traded include accounting, legal, management, advertising, health care, architectural, engineering and software services. The nature of trade may be cross-border (via computer terminals, for instance, or through travel by the supplier or customer) or through a local commercial presence. The motivation for regulations in this sector tend to include consumer protection, promotion of domestic business and local employment, the need to manage foreign exchange and the preservation of cultural identity. In particular, the recognition of professional qualifications and the licensing of the right to provide the service often stands in the way of access of foreign professional service firms. In discussion, participants drew attention to the disparate nature of professional services and the danger of generalizing. Nevertheless, a key issue was the practice of discrimination on the basis of nationality and the recognition of foreign qualifications in order to practice. Developing countries stressed the difficulties they face in training and educating skilled professionals who are subsequently attracted abroad.

In discussions on specific principles which may be included in a services framework the Group looked at the question of safeguards raising the question of whether an Article XIX-type safeguard would be appropriate or necessary or whether some alternative mechanism was needed. A number of problems were raised including the difficulty of identifying the object of "injury" and the nature of any potential remedy given the absence of tariffs and the predominance of regulatory "barriers" in the services sector.

Switzerland and New Zealand were the first participants to table proposals setting out overall structures and mechanisms for the services agreement. The Swiss proposal envisaged three parts to a "General Agreement on Trade in Services", namely: general provisions applicable to the universe of commercial services including obligations to negotiate and institutional aspects; an agreement on immediately applicable achievements; and provisions on the long-term process of progressive liberalization including bindings. Thus, an initial level of commitments affecting a number of commercially-important service sectors could be the "entry ticket" to the agreement. Progressive liberalization would be achieved by the successive inclusion of different sectors under the substantive rules and disciplines of the agreement through autonomous measures or in bilateral, plurilateral or multilateral negotiations.

The New Zealand approach envisaged a "General Agreement on Trade in Services" consisting of generally applicable rules accompanied by individual country schedules of reservations and concessions. The list of reservations would allow each signatory to spell out those areas - sub-sectors or activities - to which the obligations of the framework could not be applied immediately. Measures would be gradually eliminated from the schedules of reservations through regular negotiating rounds and then bound. According to the New Zealand plan the Agreement would be applicable to all traded or tradeable services. It also envisaged an "entry fee" to the Agreement through an assessed, balanced initial level of commitments.

In coming meetings the GNS will discuss these and further submissions concerning the structure and content of the future framework, continue to discuss specific issues needing clarification and expedite its work towards the assembly of the necessary elements for a draft agreement on which negotiations will take place.

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 and Media Relations Division.

2. These accounts of negotiating meetings should be read in conjunction with the text of the Punta des Este Ministerial Declaration (GATT/1396 - 25 September 1986), 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) and the TNC Mid-Term Review decisions (NUR 027 - 24 April 1989). Further copies of these documents are available from the GATT Information and Media Relations Division.

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