

URUGUAY ROUND

OF MULTILATERAL TRADE NEGOTIATIONS

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COLLECTIVE DETERMINATION TO SUCCEED BUT NEGOTIATIONS BEHIND SCHEDULE, NOTES DUNKEL AT TNC

From the week of Monday 8 October, a final intensive phase of negotiation among senior trade officials will begin in Geneva. In effect, said Arthur Dunkel, Chairman of this week's meeting of the Trade Negotiations Committee at high-officials level, "we will have to consider that we are, de facto, in Brussels from that date".

Mr. Dunkel underlined the "very deep sense of concern" which had emerged during the TNC but noted "a collective expression of determination to succeed." His statement, which is attached, outlined the present situation, the major issues outstanding in each of the negotiating groups and the programme and structure of work for the final phase.

The TNC met from 23-26 July and took note of reports from each of the 14 negotiating groups covered by the Group of Negotiations on Goods, as well as reports from the chairmen of the Group of Negotiations on Services and the Surveillance Body.

Section 1: Where are we now?

In four months from now, Ministers will join our negotiating process for the third time. Their purpose in coming to Brussels will be to approve the final package of results of the Uruguay Round.

Will we be ready at that time to put forward the comprehensive and ambitious set of decisions that the Punta del Este Declaration calls for? Or in other words, with only 15 working weeks to go and taking into account the stage reached today in our preparations, can we make it?

This is the question that we have to put to ourselves and which in any case is put to us by all those around the world who depend so much on the success of our endeavours.

I have noted a collective expression of determination to succeed with these negotiations, both in terms of meeting the deadline and in terms of keeping with our high level of ambition in respect of the package.

At the same time, however, I cannot but underline the very deep sense of concern which has emerged from the TNC's thorough examination of the negotiating group reports. First, let me say about the profiles that many represent a compendium of positions, rather than draft agreements. Second, and this flows from the first, it is clear that we are collectively behind schedule. This has been accepted by all of you and all of you have asked for an intensification of the negotiating process in the final phase.

The profiles have indeed helped our negotiations to move forward. They have forced negotiators to focus on concrete options, on issues that need to be resolved and perhaps on potential meeting points. If, in spite of the good work done by the chairmen and by the participants in the negotiations, these profiles have not succeeded in doing more, this is for two reasons.

The first is the absence of new instructions from a number of capitals in key areas of the Round on the adjustment in positions that are needed in order that divergent interests are reconciled.

The second is the phenomenon of linkages within and among subjects which arise from the Uruguay Round being one single undertaking. Linkages can, and should be used positively to push the whole process forward. Unfortunately, up until now, they have been used negatively with negotiators largely playing hide-and-seek with each other and not revealing their hand.

We have now to move to the stage of reaching agreements on the substantive issues. Participants must now concentrate on their essential requirements in each area and identify the adjustments they must make to

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reach optimal solutions. To be able to do this, we must identify the issues at stake. What then are the major issues?

Section 2: Issues

Access negotiations

All participants should improve the quality of their offers on tariffs and non-tariff measures as soon as possible and should from the end of August intensify their bilateral negotiations in order to create the conditions necessary to reach the level of ambition set by Ministers. The process of tabling specific tariff and non-tariff offers on all product sectors must be completed by 15 October 1990. In order to reduce uncertainties as to where offers should be discussed, the Negotiating Groups on Tariffs, Non-Tariff Measures, Natural Resource-Based Products and Tropical Products should hold joint meetings.

Tropical Products

Tropical products have been singled out in the Punta del Este Declaration as a priority area of negotiations. Progress in this area has, however, been linked by some participants to developments in the other access groups and in agriculture. The process of improving offers on tropical products would greatly be facilitated by early submission of country lists in agriculture.

Rules of Origin and Pre-shipment Inspection

The Drafting Groups on Rules of Origin and Preshipment Inspection should identify possible compromise solutions before 15 October 1990.

Textiles and Clothing

The major issue impeding progress in this area clearly is the choice of a single modality by which the integration of textiles and clothing sectors into GATT will be carried out. National positions on the modalities question therefore need to be reviewed, and a decision taken, as a matter of urgency. Even when the modality is determined, there will be other difficult questions still to be settled. I have noted the very wide support in the TNC for a modality based on the MFA.

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Agriculture

On agriculture, it has been agreed that the de Zeeuw text is a means to intensify the negotiations. Negotiators on agriculture are well aware of the purport of this decision and I can confidently look forward to an acceleration of negotiations on this basis. All participants should be fully prepared to engage in this process and country lists should be submitted at the earliest possible date. Participants are urged not to hold back the submission of these lists until the deadline of 1 October, but to table these and their specific offers as soon as they are ready. In any event, offers must be submitted by 15 October 1990. It is indispensable that participants be given the additional flexibility needed for negotiations to move ahead rapidly both in the field of commitments and in the field of new GATT rules.

GATT Articles

The Group has made encouraging progress in a number of areas. On one outstanding issue - the proposal that negotiations should be engaged on the use of measures taken for balance-of-payments purposes - there is no sign of a meeting of minds. Participants should decide without delay whether or not they are to engage in a process of negotiation on this subject.

MTN Agreements and Arrangements

Negotiations are proceeding on the basis of specific texts in four areas (Customs Valuation, Government Procurement, Technical Barriers to Trade and Import Licensing Procedures). Detailed negotiations on a fifth area, that of Anti-Dumping, should begin in early September. These negotiations will have to take into account, on the one hand, the position of some participants that the disciplines on the use of anti-dumping duties should be improved and, on the other, the position of some participants that additional provisions are needed to ensure the effectiveness of anti-dumping measures. A new text will be drawn up to facilitate the process.

Safeguards

The single most critical issue is whether or not Article XIX actions should be permitted on a selective basis. Here it seems to me the onus is on delegations proposing the selective application of safeguard measures to demonstrate that this would strengthen the GATT system and to specify the exceptional circumstances which would in their view justify selective action. Another issue relates to the treatment of "grey-area" measures, seen by some participants as also being related to anti-dumping and countervailing duties. Participants need to make more concrete proposals for dealing with this issue. Consideration should be given to the

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suggestion that any contracting party which considers itself affected, directly or indirectly, by "grey-area" measures should invoke the dispute settlement procedures in order to establish whether these measures are in conformity with GATT provisions.

Subsidies and Countervailing Measures

It is clear that early progress on the basis of a revised version of the Chairman's text is necessary and that a solution in this area will require improved disciplines not only on the use of subsidies but also of countervailing duties.

Trade-Related Aspects of Intellectual Property Rights, including Trade in Counterfeit Goods

Given the complexity of the subject and the number of outstanding points, this is one of the subjects on which the pressure of time is most acute. The flexibility required of all participants must include readiness to envisage changes in their national legislation.

Trade-Related Investment Measures

The main substantive issues include what the present obligations of contracting parties are in this area, how development considerations should be taken into account, and what new disciplines should apply to TRIMs that cannot be related to GATT Articles. It is necessary that these issues be resolved quickly so that negotiations can proceed on the basis of a single text.

Dispute Settlement

The remaining issues in this area have been identified. A draft text of an agreement which brings together the various improvements in the procedures should be established no later than the month of September 1990.

Functioning of the GATT System

Participants will need to take appropriate decisions on proposals for the establishment of a small Ministerial group in the GATT and the strengthening of GATT's relationship with the IMF and the World Bank, as well as on the general issue of policy coherence, and the future rôle of the GATT and its secretariat.

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Trade in Services

The issues requiring decisions at this stage have been identified by the Chairman in his introductory note to the draft Framework Text (MTN.GNS/35). The vast majority of participants do not favour introducing into the framework the possibility of excluding sectors, in total or in part, from the coverage of the agreement. It is particularly urgent, for the substantive negotiations to proceed, that full consensus is reached on the coverage of the framework and that the question of the rôle of m.f.n. treatment in the process of liberalization is settled.

Standstill and Rollback

Participants should notify measures which they are prepared to roll back by 15 October. Participants should also be ready to take action on measures which are found to be inconsistent with the GATT only at the end of the negotiations.

Section 3: Programme of work in the final phase

This is indeed a daunting list and by no means complete. If I have heard one point of complete agreement in this meeting, it is that we must now have a radically changed and more urgent approach to the task before us. I could not agree more. And this is why we need a very clearly defined programme of work for pursuing and concluding these negotiations. I have specific proposals to make.

To begin, some essential facts. As I said earlier, Ministers will join us in Brussels in the week of Monday 3 December. And let me say that Brussels will be totally different from Montreal. In Montreal, we were negotiating work schedules and negotiating agendas for the fifteen subjects and those of you who were there, and, later in Geneva in April last year, will agree that even this limited task proved time-consuming and difficult. In Brussels, Ministers will be asked to adopt legal agreements which will often involve changes in national legislation and, these, almost invariably, in politically sensitive areas. I will say no more.

Brussels will, therefore, need very careful preparation. Ideally, we should go there with the Uruguay Round package fully settled and concluded. But experience tells me this may not be realistic. What then is the second best option? It is, in fact, the only one available to us; namely to reduce, to the barest minimum, the number of policy decisions to be taken at Brussels. This means that the great bulk of the issues which are still open must be settled in Geneva.

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How does this overall perception translate into a work programme? Let me use our Brussels mile-stone and work backwards.

To provide time for Ministers to prepare for the meeting, it is clear that documents will have to be ready in three languages by Friday, 23 November, at the latest. The evaluation by the GNG of results attained in the negotiations foreseen in Section G of the Punta del Este Declaration should take place early in November.

The pressure of time is, therefore, even greater than many of us would have thought.

To achieve the rapid breakthroughs that are needed in key negotiating areas, I propose therefore that from the last week of August to the first week of October, each negotiating group will meet formally and informally to seek to resolve the outstanding issues before them. Any points outstanding should be clearly defined in texts.

In my capacity as Chairman of the TNC at the official level, I will be requesting the Chairman of the negotiating groups to send me at the end of this period their assessments of the situation in their respective groups, in particular the major questions which still need to be settled. It goes without saying that during that period the TNC, meeting informally or formally, could be asked to help to cope with issues unresolved in the groups.

From the week of Monday 8 October we will have to consider that we are, de facto, in Brussels. This is the stage of establishing the final agreements. It means that senior officials responsible for the overall conduct of the negotiations must, from then on, be in Geneva with full power to negotiate and conclude agreements on the understanding that nothing is final until everything is final. During that period the focus will be on the TNC which will direct the negotiations with support wherever necessary from the negotiating groups. It will, therefore, also be necessary for all negotiating teams on all subjects to be present in Geneva.

During this stage of the work my aim would be to build up agreements on one subject after another and thus move towards a final and complete package.

Section 4: Economic and Political Background

We must never forget that the Uruguay Round is not an end in itself, but a vital element in a profound, difficult but necessary transformation of the world economy. During this meeting we have heard speakers from many countries describing the efforts being made to integrate their economies into the global economy, by opening markets and participation in the

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multilateral exchange of goods and services. It is obvious that the success of these efforts depends heavily on a successful outcome of the Uruguay Round. But if the countries which are now restructuring their economies towards greater reliance on international trade have a special stake in the Uruguay Round, the stakes are also high for all other countries, no matter how big or small, for which international trade accounts for a growing part of domestic output and demand. The dependence of all of your countries on international trade as a source of growth and development can only increase. It is clear from our discussions this week that all of you feel the need for the Uruguay Round to succeed, because history gives us no other choice. None of us can afford the disruption in the flow of goods, services and investment that failure would entail. You have accepted that success is vital; so now make it happen.

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 del 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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