

URUGUAY ROUND

OF MULTILATERAL TRADE NEGOTIATIONS

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"GOVERNMENTS MUST FACE DOWN VESTED INTERESTS AND PLACE POLITICAL LEADERSHIP BEFORE EXPEDIENCY" - SUTHERLAND TELLS TNC

Ministerial Conference envisaged for April 1994

"All governments will have to contribute according to their capacities towards a successful conclusion of the Round. The overall benefits of the Round will clearly outweigh perceived costs in particular sectors. Governments, therefore, must, in the interests of all, be prepared to face down vested interests and to place political leadership before expediency."

This was the central message given this morning to a meeting of the Trade Negotiations Committee by its chairman, Peter Sutherland. He told delegates in Geneva to resist pressures to maintain protectionist pressures.

"I recognize that powerful vested interests and lobbies may frequently appeal to your governments to maintain certain short-sighted protectionist positions and to avoid making the offers that are necessary to achieve a substantial and balanced agreement. When faced with such demands, I would ask for political leadership to be demonstrated. We must ensure that the long-term vision of a more effective and expanded multilateral trading system is not blurred and that we bear in mind the much larger, if sometimes more diffuse, constituencies, whose compelling interests do require success."

Among other points in Mr. Sutherland's opening statement were:

- That in the market access area, governments should resume negotiations immediately, and in particular to put forward offers, if necessary on a conditional basis, during the next few weeks. Comprehensive offers, in the area of goods, had been tabled by 54 of the 116 participants.
- A call to finalize the text of the framework Agreement on Services and its Annexes in the week beginning 13 September, with a revised text being produced by the Chairman of the negotiating group by the end of September. Offers of initial commitments in services had been tabled by 73 participants.

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- An informal group established, under the chairmanship of Ambassador Julio Lacarte-Muró of Uruguay, to work on the fleshing out of institutional issues in the Draft Final Act; namely the proposed Multilateral Trade Organization and the Integrated Dispute Settlement System. Other significant outstanding Draft Final Act issues will be addressed "at the appropriate time"
- Indicative work plan for the post-December period, leading to a Ministerial Conference in April 1994 at which agreements would be signed.
- Consultations to start on means of giving special attention to the problems and needs of the least developed countries.

The full text of Mr. Sutherland's statement follows.

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STATEMENT BY THE DIRECTOR-GENERAL

Trade Negotiations Committee

Tuesday, 31 August 1993

I believe that everybody accepts that we are now in the concluding phase of the Uruguay Round. Today's TNC meeting formally opens the last stretch of the negotiations that are so crucially important to the economic welfare of our peoples.

Since taking on this post, I have become strongly convinced that global economic recovery, development and new employment creation depends in significant measure on a successful conclusion of the Uruguay Round. Success will generate significantly greater business confidence. This in turn should stimulate new investment, leading to growth in output and trade and the creation of new jobs.

Thus, there can be little doubt that there are substantial economic benefits to be gained from a Uruguay Round package. If we succeed, we will make an important advance towards securing increased global prosperity.

But, most importantly, the eventual costs of failure would be appallingly high. No country, even the stronger amongst us, could readily bear the self-inflicted wounds that would flow from failure. If we fail, we will not remain where we are but we will slip back. For let no one be under any illusion, failure to reach agreement by the end of this year would undermine the multilateral trading system with unpredictable economic, political and, even, security consequences. Mushrooming trade disputes and deep antagonisms between regional blocs would foreshadow serious damage to the world economy. The process of economic recovery in the industrialized countries would not only be impeded but might well be reversed. A major contribution to the world economy has been expected from the large number of developing countries which have launched programmes of economic reform and liberalisation. Disarray in the world trading system as a result of a failure of the Round could seriously disrupt the process in these countries as well. Indeed, the full dimensions of these consequences would become apparent only after a failure occurs.

I recognize that powerful vested interests and lobbies may frequently appeal to your Governments to maintain certain short sighted protectionist positions and to avoid making the offers that are necessary to achieve a substantial and balanced agreement. When faced with demands from such interests, I would ask your Governments to demonstrate political leadership. The overall benefits of the Round clearly outweigh perceived costs in particular sectors. Governments therefore must in the interests of all be prepared to face down vested interest and to place political leadership before expediency. We must ensure that such demands do not blur the long term vision of a more effective and expanded multilateral trading system and that we bear in mind the much larger, if sometimes more diffuse, constituencies, whose compelling interests do require success.

What is at stake are not just the considerable benefits of the Uruguay Round to consumers and producers worldwide, but the very effectiveness and future of the multilateral trading rules

that have underpinned global economic development and co-operation in the latter part of this century.

Therefore, all Governments will have to contribute according to their capacities towards a successful conclusion of the Round. All negotiators have a particularly heavy responsibility in the coming weeks to be flexible in negotiation so as to respond to the crucial economic interest of all of our peoples.

At the TNC meeting on 28 July, we agreed on an intensive work programme for the autumn, especially in the areas of market access and services, with the clear objective of concluding the Round before the end of this year. I urged delegations to use the August period to prepare carefully in capitals and to adjust negotiating positions in order to facilitate the achievement of early, substantial and concrete results in the major outstanding areas. I also urged Governments to instruct their chief negotiators and teams from capitals to be constantly available in Geneva during the concluding phase of the negotiations. I hope and trust that Governments have prepared themselves accordingly. In any event, it is on this understanding that I now request you to resume negotiations immediately, and in particular to put forward negotiating offers, if necessary on a conditional basis, during the next few weeks. It is my intention to remain in close touch with delegations and the Chairmen of the various groups, with Mr. Denis on market access and Ambassador Hawes on services, and with the Chairmen of any other bodies that might be established. I will constantly monitor progress and seek to deal with blockages, if necessary, directly with individual delegations and Ministers in capitals. At this point I can assure you that there will have to be very intensive work at all levels - bilateral, plurilateral and multilateral - with regular assessments of our progress. Naturally, I will be willing to play a mediating role should it be advisable.

The work schedule in relation to the market access negotiations on goods and services is now about to resume. It is my understanding that 54 participants out of a total of 116 Uruguay Round participants have so far tabled comprehensive offers in the area of goods. I find it disturbing to say the least that so many delegations have yet to put forward their offers. I would urge those participants, who have not yet provided offers, to do so immediately. As such offers are necessary to advance the negotiations, the Secretariat will monitor progress closely in the next few weeks.

To table offers is the first step. The other, more difficult but equally substantive step is to improve the offers. While clearly this is a function of the negotiating process, I can already see that all Governments will have to make major efforts to make the ultimate market access deal substantial and attractive at the multilateral level.

As regards the negotiations on services, you will remember that it was agreed by the informal Group on Negotiations on Services in July that the text of the framework Agreement and its Annexes should be finalised in the week beginning 13 September. There are not a great number of issues to be resolved. To dispose of them quickly would add helpful momentum to the overall Uruguay Round process. It would also free negotiators to concentrate during the remainder of the autumn on completing the negotiation of the Schedules. I therefore consider it very important that delegations should arrive on 13 September fully prepared to take the decisions necessary to finalise these texts since I will be asking Ambassador Hawes, who is chairing these negotiations, to produce a revised text of the framework Agreement and its Annexes by the end of September.

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The major task of the services negotiators in the autumn will be to complete the negotiations on initial commitments and the Schedules. The work programme adopted by the informal Group on Negotiations on Services in July provides for two intensive phases of bilateral negotiations, in September and October. It is clear that, in order to be able to participate effectively in these negotiations, countries must first put on the table their own initial commitments on services. As with the tabling of offers in the area of goods I find it rather disturbing that some 40 participating countries have still not done so. Initial offers, many of which subsequently have been revised, have been tabled covering 73 countries. I would urge all participants which have not yet done so to table their initial commitments as soon as possible. The Secretariat is ready to provide any technical assistance that may be needed in the preparation of offers.

At the last meeting of the TNC, I had specifically indicated that I would be making proposals on work to flesh out the Draft Final Act where substantive negotiations need to be completed. I had particularly in mind the institutional issues surrounding the proposed Multilateral Trade Organisation and the Integrated Dispute Settlement System. Following my consultations with delegations in recent days, I propose to establish, under my authority as Chairman of the TNC, an informal group which would complete the work still required in these two areas. I further propose to ask Ambassador Julio Lacarte-Muró of Uruguay to guide the work of the informal group as its Chairman. Mr Lacarte will be acting under my specific directions and with a clearly defined mandate to conclude the work by the third week of October.

Naturally, his group will be open to all interested participants and all the requirements of transparency will be fully respected. I believe that delegations will welcome the appointment of Ambassador Lacarte to chair this informal group in view of his vast and unique experience. Ambassador Lacarte has informed me that he would be willing to take on this mandate. He would be in a position to start the work of the group in the week beginning September 20.

I am conscious, of course, that apart from the MTO and Dispute Settlement, there are a number of issues within and across individual texts in the Draft Final Act. Some of these pertain to the task of ensuring overall coherence and consistency in the Draft Final Act. The work here is important for two reasons: one, because of the need to deal with matters of detail; two, and this is more delicate, because of the line between purely legal changes and alterations which could have a bearing on substance is sometimes thin and blurred.

I know that the Legal Drafting Group has been tackling these areas and that very significant progress has been made under the chairmanship of Mr. Mathur. I propose to keep this group on hold for the time being. We will, most certainly, be needing its services on some purely legal drafting issues following the completion of the substantive negotiations by mid-December and prior to signature of the final results by governments early next year.

I am aware, of course, that there are other significant outstanding Draft Final Act issues, including issues related to market access. I can assure you that I shall stay in touch with delegations on these issues and that I will address them at the appropriate time. This, coupled with the concept of conditional offers where necessary, should ensure that the linkages in the negotiations become a dynamic force for moving the process forward rather than be an excuse for creating blockages. This is true for negotiations within sectors as well as globally across sectors. In any event, you can take it that the Secretariat will wish to engage pro-actively in seeking to assist participants to identify workable solutions to these issues.

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As I mentioned at our last meeting, seeking substantial and widespread changes to the Draft Final Act would not be conducive to a successful conclusion and all participants will have to exercise maximum restraint and self-discipline in this area. Indeed, any delegation seeking changes should be ready to accept that it will have to demonstrate to its negotiating partners that the proposed change is a matter of major substance and has good prospects of attracting consensus multilaterally.

Another task that has to be completed before the negotiations conclude is an evaluation of the results in the area of goods in terms of the Objectives and the General Principles Governing Negotiations as set out in the Punta del Este Declaration, taking into account all issues of interest to developing countries. I shall continue consultations with delegations with a view to determining the most opportune time for conducting this evaluation.

I thought it might also be useful to clarify what can be expected in the post December period, that is, the period after the completion of substantive negotiations. I foresee the need for three processes. Starting in mid-January and finishing in mid-March, we would undertake firstly, to tidy up the text from a legal viewpoint and secondly, to certify and rectify Schedules and consult with delegations on any final adjustments necessary for purely legal consistency. I propose to conclude these two processes by mid-March so that there will be sufficient time for printing and circulation of the complete Uruguay Round documents prior to formal signing of the agreements at a Ministerial conference in April 1994.

While these two technical processes are being undertaken, I intend thirdly, to consult with delegations on the content of a Joint Declaration and a future work programme that might accompany the final agreements.

Before concluding my remarks, I wish to inform the Committee on developments related to two groups of countries.

Firstly, the least developed countries. We are all aware of the valuable support of the least developed countries for the aims of the Round and equally of their concerns as to how the varied technical aspects of the negotiations will affect them. Accordingly, I have initiated consultations on how to achieve the Punta del Este objective of giving special attention to the problems and needs of the least developed countries. These consultations will be pursued in the coming weeks and I will remain closely involved. The relevant provisions of the Punta del Este Declaration, of course, continue to apply to the current phase of our negotiations and I would urge all participants to bear in mind the particular needs of the least developed countries. The Secretariat will continue to provide technical assistance to least developed countries as the negotiations move to a conclusion.

Secondly, as regards countries currently negotiating their accession to the General Agreement, I wish to inform the Committee that following our last meeting on July 28, I communicated the Committee's offer to associate the governments concerned with the activities of the Uruguay Round negotiations and invited them to notify me of their intentions. Since then, seven out of the ten governments concerned have replied to my letter of August 4. They are Bulgaria, Ecuador, Nepal, Panama, Saudi Arabia, Slovenia and Chinese Taipei. I have been informed that replies from the remaining three governments - Albania, Mongolia, and the Russian Federation - are forthcoming. I take this opportunity to welcome, on behalf of the participants, the representatives of these governments present here today.

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