

# ROUND

## OF MULTILATERAL TRADE NEGOTIATIONS

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### GENERAL SATISFACTION WITH PROGRESS AFTER FIRST FIVE MONTHS OF NEGOTIATION

#### 105 countries and territories participating in Round

The Trade Negotiations Committee, the senior-most body of the Uruguay Round, met on Friday 3 July and heard reports from the Group of Negotiations on Goods, the Group of Negotiations on Services and from the Surveillance Body.

#### Trade in Goods

In his report on the activities falling within the purview of the Group of Negotiations on Goods (GNG), Mr. Arthur Dunkel, Director General of GATT and Chairman of the Group, said that progress so far in the fourteen individual negotiating groups had been regarded as generally satisfactory across a broad front. On a technical level, the negotiating process was working efficiently and had been brought quickly to matters of detailed substance through the tabling of a growing number of proposals. It was recognized that only through the submission of proposals could the negotiation be moved forward.

Mr. Dunkel said that the GNG had recognized that a great deal needed to be done if the initial phases of the negotiating plans were to be completed by the end of this year - an acceleration of the pace of work would be necessary in the autumn. He noted that there had been some discussion in the GNG of the possibility that early results might be

achieved in some areas of the negotiations and might give a very positive signal to businessmen and policy-makers. At the same time, some participants, while recognizing this possibility, had suggested that, for the present, attention should be concentrated on the quality of results rather than their timing.

#### Trade in Services

Mr. Felipe Jaramillo, the chairman of the Group of Negotiations on Services (GNS), told the TNC that discussion in the GNS had centred around the five elements set out in the initial phase of negotiations. He noted that differing degrees of emphasis had been placed on the importance, for the commencement of the negotiating process, of arriving at an agreed definition of trade in services and of a comprehensive data base. Considerable discussion had taken place on the availability and adequacy of statistics on trade and production of services and on the efforts that could be made to seek improvements that would further the negotiating objectives in this area.

With respect to the broad concepts upon which principles and rules for trade in services might be based, there had been a discussion of the significance and relevance of concepts such as transparency, non-discrimination, mutual advantage and national treatment among others. Mr. Jaramillo said that the Group had addressed itself to the possible relationship between existing international disciplines and arrangements and the multilateral framework on services. Suggestions had also been made as to how perceived barriers to trade in services might be examined.

#### Other TNC Decisions

The reports of the GNG, GNS and Surveillance Body (see below) were noted by the Committee. The TNC agreed that Guatemala should be allowed to participate in the Round - although the Guatemalan application for provisional accession to the GATT had been received after the 30 April deadline on Uruguay Round participation laid down in the Punta del Este

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Declaration, members of the TNC agreed that the unavoidable delay in the transmission of the Guatemalan application warranted an exception in this case. This decision means that there is a total of 105 participants in the Round. The TNC also agreed the criteria under which other international institutions would be invited to attend Uruguay Round meetings in the initial phase of the negotiations.

Group of Negotiations on Goods ... 26 June

As noted above in the report of the Chairman to the TNC, participants expressed themselves as largely satisfied with progress in the individual negotiating groups. Many delegations referred to the relationship between the Uruguay Round and global economic and trade conditions. Some spoke of the apparent contradiction between the progress being made within the Round and the difficulties affecting the conduct of trade relations in general. A number of participants expressed particular concern about the current problems relating to monetary instability, fiscal deficits, debt and balance of payments problems which, for some, confirmed the need for heightened coordination of macro-economic policies.

The GNG confirmed the dates of the third series of negotiating group meetings (attached).

Surveillance Body ... 18 June

The Surveillance Body, set up to oversee the commitments to 'standstill' and 'rollback' in the Ministerial Declaration considered a number of notifications of possible breaches of the standstill.

The Notifications covered three measures in the United States: the Customs User Fee (currently also the subject of a GATT dispute panel examination); the tax on imported petroleum and petroleum products (the subject of a recent GATT dispute panel report, adopted by the Council) and the Department of Defense Appropriations Act in respect of machine tool procurement. A further notification covered a prohibition on the export of certain tropical woods by Indonesia and two others covered the extension of the list of products for which import licences are currently suspended in Brazil.

Since these notifications were circulated only shortly before the meeting it was noted that the brief discussion on each of them could be continued at the next meeting of the Surveillance Body which will be in September or October.

A number of other issues were raised in general debate as representing possible threats to the standstill. There was widespread concern about a proposed tax on oils and fats in the European

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Community and protectionist draft legislation currently before the US Congress. In addition, a group of participants spoke of the danger that current Article XXVIII negotiations related to the implementation of the Harmonized System could lead to non-neutral results - thus creating unfair advantages in the Uruguay Round negotiations.

Notes to Editors

1. The Chairman of the meeting of the Trade Negotiations Committee was Mr. Arthur Dunkel.
2. Press bulletins on the Uruguay Round will be 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.
3. 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.

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Negotiating Groups - Meeting Schedule

Tariffs	29 and 30 June
Non-Tariff Measures	30 June
Natural Resource-Based Products	1 July
Textiles and Clothing	1 July
Agriculture	6 and 7 July
Tropical Products	3 July
GATT Articles	14 and 15 September
MTN Agreements and Arrangements	17 and 18 September
Safeguards	21, 22 and 25 September *
TRIPS	23-25 September
Subsidies	28-30 September
TRIMS	1 and 2 October
Dispute Settlement	5 and 6 October *
Functioning of the GATT System	6-8 October

\* Subject to consultations

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