

ROUND

OF MULTILATERAL TRADE NEGOTIATIONS

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THIRD CYCLE OF MEETINGS COMPLETED

The following groups have met since the summer break, thus bringing the third cycle of meetings to a conclusion.

GATT Articles ... 14-15 September

As called for in its negotiating mandate, the Group began the process of reviewing the various GATT Articles nominated for examination in previous meetings. Several delegations supported a submission calling for a review of Article XVII (State Trading Enterprises) due to, among others, shortcomings in notification arrangements. Another proposal with respect to Article XXIV (Customs Unions and Free-trade Areas) noted the growing proliferation of these arrangements and stressed the need for wider market access to them. Some participants, on the other hand, cited their positive aspects including trade-creation and potential benefit to developing countries. Some countries proposed more stringent procedures in the granting of waivers under Article XXV:5. Several delegations supported while some others expressed disagreement with a submission calling for a review of GATT balance-of-payments provisions. A submission by 15 countries - from both developed and developing countries - requested an illustrative list based on a recent sample of Article XXVII (Modification of Schedules) negotiations. This was in relation to the continuing debate on the issue of whether to modify the definition of suppliers' rights in GATT trade negotiations.

MTN Agreements and Arrangements ... 17 September

In proposing the review of the Agreement on Technical Barriers to Trade, a group of countries called for a code of good practice for non-governmental standardizing bodies and the extension of major

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obligations to local government bodies. Some participants suggested improving transparency in bilateral agreements and the strengthening of provisions dealing with testing, inspection and certification systems to avoid possible discrimination. A submission dealing with several Agreements, after noting that only a few developing countries have joined the Agreement on Government Procurement, proposed changes in its accession procedures. There was also a further exchange of views on issues related to the "Anti-Dumping Code", including determination of injury, definition of domestic industry and uncertainties arising from the initiation of anti-dumping measures. Participants also discussed the question of improved disciplines in the Agreement on Import Licensing Procedures.

Dispute Settlement ... 21 and 24 September

A number of delegations noted that the GATT dispute-settlement system had been functioning well but that the procedures could stand further improvement. After the tabling of many new proposals, several participants noted a great deal of convergence in the following areas: the enhancement of the consultation and mediation processes, improvements in specific dispute-settlement procedures, and the removal of obstacles to the adoption and implementation of panel reports. For example, parties should have the choice of several techniques and mechanisms in resolving disputes. Some suggested the elaboration of a single text to encompass all the dispute-settlement procedures. Two elements were emphasized: the need for a conciliation phase and the importance of consensus in adopting panel reports. There was also an exchange of views on a large number of submissions, including on the question of whether arbitration should be binding or not. Some participants suggested the creation of a GATT body dedicated to dispute settlement, or as an alternative, regular dispute-settlement meetings of the GATT Council. Another participant stressed the need for according differential and more favourable treatment to developing countries in disputes with more powerful contracting parties.

Trade-related Aspects of Intellectual Property Rights ... 23 September

The attention of participants was directed mainly at a secretariat compilation of the issues raised by participants and the views expressed on them. The comments were mainly with respect to the enforcement, the availability and scope, and uses of intellectual property rights - the trade effects of these practices and the relevance of GATT provisions. Some participants maintained that, based on the points raised in the compilation, it would be difficult to dispute the significant trade effects of inadequacies, excesses and discrimination in the protection and enforcement of intellectual property rights. Some others were of the opinion that many of the issues raised went beyond the Group's mandate.

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Functioning of the GATT System ... 25 September

Delegations examined the relationship between the GATT and international financial organizations. Several delegations advocated closer co-operation as a means of ensuring that trade would be given its proper place in the fashioning of international economic policy. At the same time, others drew distinctions between the role of GATT, as a contract, and those of the other organizations. One of the new submissions proposed that the role of the GATT should be expanded to include wider trade-policy functions. Others, however, stressed the need to keep a clear distinction between the surveillance functions of the financial organizations and the trade-monitoring role of the GATT.

Trade-related Aspects of Investment Measures ... 1 and 2 October

A detailed examination started on the operation of various GATT Articles earlier identified as related to the trade-restrictive and distorting effects of investment measures. On Article III (National Treatment), many participants were of the view that local-content requirements could result in purchases from local sources being given more favourable treatment than those of imported products. At the same time, several delegations felt that the Article covered only the sale and purchase of imported products and had no bearing on local production which might result from investment measures. There was a brief discussion on Articles VI (Anti-Dumping) and XVI (Subsidies and Countervailing Measures) as they relate to export-performance requirements. The potential trade effects of these requirements, according to some, include: dumped exports, third-country trade effects and subsidized exports. Several participants questioned whether these requirements could automatically be associated with dumping or subsidization and called for specific evidence on this issue.

Safeguards ... 5 and 6 October

Participants had their first exchange of views on three new proposals. The first was a comprehensive submission which contained many elements, including according priority on compensation rather than retaliation for the country affected by the safeguard measure, notification before implementation of the measure, and the creation of a body to settle safeguard-related disputes. Another proposal stated that certain safeguard actions - "grey area" measures taken to meet structural difficulties of an industrial sector - seemed to fall outside the scope of the General Agreement. It defined as an objective of a safeguards regime the elimination of all "grey area" measures. The third submission contained among other elements the proposal that developed countries should not apply safeguard action to imports from developing countries. A common thread in the three proposals was the emphasis on limiting the duration of safeguard measures.

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Subsidies and Countervailing Measures ... 6 October

Several participants continued to maintain that an agreement must first be reached on the basic definitions and concepts, such as what is a subsidy and how should it be measured. Some delegations felt that this process might delay the work and pointed out that existing disciplines in this field had been developed without the benefit of agreed definitions. The Group, according to them, should instead focus on the key question of how to deal with trade-distorting subsidies. Further explanation was also provided on issues earlier proposed for negotiations. They included: criteria and definitions used in the investigation of subsidies, and certain GATT disciplines and notification procedures. One participant suggested that the issues can be classified into three: those where existing rules are satisfactory, those where they should be revised through negotiations, and finally, those in need of new provisions - in particular the granting of special treatment to developing countries.

Services ... 15-17 September

Discussion continued on the five elements set out in the initial phase of negotiations. With regard to the concepts of the multilateral framework, proposals on national treatment, non-discrimination and transparency were discussed. There was a debate on the applicability of the principle of national treatment in Article III of the General Agreement to trade in services with some delegations emphasizing the differences between trade in goods and services and therefore the difficulty associated with the application of the concepts of GATT Article III to services. On the subject of non-discrimination and the applicability of a most-favoured-nation clause, some participants felt that the benefits of a multilateral services agreement should be available to the largest number of countries possible. With regard to transparency, some participants had questions about the extent to which this notion would be given practical application and how it may be related to the particular circumstances of developing countries. Views were also expressed on the treatment of labour and labour intensive services with respect to the coverage of a multilateral framework for trade in services.

Note to Editors

1. 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.
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 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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