

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/8
8 July 1987

Special Distribution

Group of Negotiations on Goods (GATT)

GROUP OF NEGOTIATIONS ON GOODS

Seventh meeting: 26 June 1987

1. The Group of Negotiations on Goods met on 26 June 1987 under the Chairmanship of the Director-General. The Group had on its agenda a review of progress in the negotiations under Part I of the Ministerial Declaration; observer status for international organizations; other business, including the date of the next meeting.

Review of progress in the negotiations under Part I of the Ministerial Declaration

2. Most delegations considered that good progress had been made across a broad front in the negotiations, due to the constructive spirit shown by participants and a shared desire to push forward the negotiating process. Specific proposals had been made in most areas and these had permitted a focussed discussion of issues. The view was expressed that the speed with which substantive work had been engaged was encouraging when compared with the Tokyo Round, for example.

3. Several delegations suggested that another series of meetings of the Negotiating Groups would be necessary before a really meaningful assessment of progress could be made. Moreover, as the work proceeded, it would become more delicate, so complacency should be avoided. There was a need to concentrate increasingly on the technical substance of issues and to generate adequate momentum to ensure the completion of the initial phases of the Negotiating Plans by the end of the year. Some delegations cautioned against compromising the quality of the work through focussing on the question of timing. Some expressed concern at the amount of time being spent on procedural issues, such as the attendance of international organizations at Uruguay Round meetings, and urged that such matters be settled as soon as possible.

4. Reference was made by some delegations to the pace and content of work in particular Negotiating Groups. It was also suggested that the achievement of early results in some areas would be helpful in demonstrating progress and in giving an impetus to the process as a whole. Another view was that it may not be helpful to emphasize this idea, because it was the quality of the results of negotiations that counted most, and also because at this stage it was unclear what early results might be achieved. Several delegations emphasized that progress in the negotiations would be at risk unless the negotiating mandates set out in the Ministerial Declaration were fully respected; there should be no attempt to reinterpret or to go beyond them.

5. In terms of the practical arrangements for the remainder of the Initial Phase, it was suggested that the Negotiating Groups should work out how much formal and informal meeting time they would need to complete their work. This was important in view of the limited time available until the end of the year. A number of delegations expressed their gratitude to the secretariat for the background material it had prepared for Negotiating Groups, which they had found helpful. Reference was also made to the need of smaller delegations with limited resources for technical assistance in order to be able to participate adequately in the negotiations. The Chairman remarked that this question was under active consideration in the secretariat.

6. Many delegations referred to the relationship between the Uruguay Round negotiations and global economic and trade policy conditions. It was suggested that in the current economic situation, characterized by sluggish growth and a variety of other problems, as well as continued protectionist pressures in many countries, participants in the Uruguay Round had a responsibility to send positive signals to capitals in regard to the progress of the negotiations. The view was also expressed that the major economic and trading powers had a particular responsibility in this regard. Some delegations argued, however, that while good progress in the Uruguay Round would constitute a positive contribution in the present climate, it would be a mistake to lay too much emphasis on this contribution, since there were many complex factors at work which would have to be addressed in their appropriate context.

7. A number of delegations expressed particular concern about the prevailing situation in the financial and monetary field. Monetary and exchange rate instability, fiscal deficits, and debt and balance of payments problems in many countries were all contributing to the present problems. There was an urgent need for coordination and appropriate concurrent action. This kind of cooperative action had been identified in the Ministerial Declaration as one of the objectives of the negotiations. Several delegations also referred to the precarious situation facing many developing countries, and considered that this called for special attention in the negotiations and for the extension of special and differential treatment to developing countries. Particular mention was made of the plight of the least-developed countries.

8. Some delegations emphasized the importance they attached to the GNG's rôle in supervising and coordinating the negotiations on goods and in providing a forum for the assessment of progress, including in the relationship between the negotiations and policy-making in capitals. The involvement of the GNG was of particular assistance to small delegations with limited resources, and was also essential in ensuring a global approach to the negotiations. It was suggested that globality did not necessarily mean that the initial phases of all Negotiating Plans had to be completed simultaneously. If some Negotiating Groups could finish earlier than others, they should do so.

9. In his concluding remarks under this agenda item, the Chairman said that a fruitful debate had taken place in which delegations had sought to assess both progress in the Uruguay Round and the relationship between the negotiations and the general economic situation. As far as the round was concerned, he detected general satisfaction with the pace and direction of the negotiations so far. However, he strongly agreed with those who believed that it would be necessary to accelerate the present pace in order to complete the Initial Phase of the negotiations in a timely manner. There was no room for complacency, and new challenges would emerge as the work proceeded. He took note of the remarks made in relation to technical assistance for small delegations with limited resources. As far as the assessment of the general economic situation was concerned, there had been a fairly widespread expression of concern at present trends, but also a general awareness of the potential contribution that the Uruguay Round negotiations could make in a wider economic context.

Observer status for international organizations

10. The Chairman recalled that at its last meeting the Group had agreed in principle to invite, for the Initial Phase of the negotiations, the Secretary-General of the United Nations secretariat, the Secretary-General of UNCTAD, the Managing Director of the International Monetary Fund and the President of the World Bank to be represented at its meetings. It had also been agreed that the Chairman should be authorised to issue invitations to the present meeting of the Group unless it appeared that further consideration was needed. His consultations had led him to the view that further consideration was necessary and the invitations had therefore not been issued. It had been suggested to him that the question of observer organizations should be taken up in a wider sense by the Trade Negotiations Committee at its meeting of 3 July. If the GNG shared this view he would propose to carry out consultations on the matter in the days preceding the TNC meeting, in the expectation that delegations would make every effort to facilitate a decision by the TNC. It was so agreed.

11. As regards the question of inviting international organizations to attend meetings of Negotiating Groups, the Chairman noted that following the GNG's agreement on 14 April three of the Negotiating Groups had made recommendations concerning the international organizations they would wish to invite to attend their meetings. His own view had been that these recommendations should be endorsed and that the other Negotiating Groups should be invited to consider the matter further. It had, however, been suggested that decisions in the Negotiating Groups would be facilitated by general guidelines on the participation of international organizations and that such guidelines, possibly based on those agreed by the Negotiating Group on Trade-Related Aspects of Intellectual Property Rights, including Trade in Counterfeit Goods, should also be the subject of consultations.

12. In discussions a number of delegations expressed the view that the recommendations made by three Negotiating Groups should now be endorsed. One suggestion was that they might be endorsed now but not put into effect

until the guidelines on the attendance of international organizations had been agreed. Other delegations took the view that it would be best to agree guidelines before considering recommendations by the Negotiating Groups and suggested that it might be possible through consultations to arrive at an overall decision on the attendance of international organizations in all Uruguay Round bodies and on the conditions for their participation.

13. The Chairman concluded that there was no consensus to endorse the recommendations already made. He suggested that the Group take note of his description of the situation and of his intention to consult intensively on the subject in the coming days. It should also be noted that he did not exclude the possibility of a short meeting of the GNG prior to that of the TNC. The Group took note. One delegation reserved its position on the necessity of reconvening the GNG.

Other business including the date of the next meeting

14. It was agreed that the next meeting of the GNG should take place on Monday 12 October.

15. The Chairman circulated an informal paper bearing the dates agreed by Negotiating Groups for their third meetings. These dates were confirmed by the GNG, but with the agreement that consultations would be held concerning the dates proposed for the next meeting of the Negotiating Group on Safeguards (21, 22 and 25 September) in order to avoid a clash between its meeting and the meeting of the CG.18 which is also scheduled for 21-22 September.

16. Turning to the further schedule of meetings of the Negotiating Groups, between their third meetings and the end of the year, the Chairman said that careful planning would be needed both of the normal programme of GATT meetings and of the Uruguay Round schedule. Efforts would be made in consultation with the Chairmen of GATT bodies to plan the GATT programme as economically as possible in terms of meeting days. It would also be necessary, in consultation with the Chairmen of Negotiating Groups, to evaluate the time needed by each Group, in terms of meeting days, formal and informal, to complete the Initial Phase of its negotiating plan. A preliminary assessment suggested that the needs of Groups would differ; while some would be likely to need two or three days of meetings, others might need five or six. He suggested that each Negotiating Group should be asked to evaluate the number of days - formal and informal - needed to carry out the Initial Phase and to indicate its wishes in terms of the timing of meetings. All such indications would have to be considered by the GNG at its next meeting, so that it must be understood that they might not be automatically agreed. Since it would be necessary to reconcile the needs of different Groups, the final decision would rest with the GNG.

17. It was agreed that each Negotiating Group should be asked to indicate its needs in terms of meeting time - formal and informal - between its third meeting and the end of 1987 in order to complete the Initial Phase.