

MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND

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Group of Negotiations on Goods (GATT)
Negotiating Group on Market Access

MEETING OF 14 JUNE 1991

Note by the Secretariat

1. The meeting was convened by GATT/AIR/3195 of 7 June 1991 and chaired by Mr. G. Denis. The Group adopted the following agenda:

- (a) Stock-taking of the market access negotiations;
- (b) Application of Article XXVIII to non-tariff measures;
- (c) Approach to give credit for bindings and recognition for liberalization measures;
- (d) Date and agenda of the next meeting.

2. The Chairman welcomed participants to the meeting of the Negotiating Group on Market Access. He noted that when the Trade Negotiations Committee had established this Negotiating Group to cover the areas of tariffs, non-tariff measures, natural resource-based products and tropical products, the TNC Chairman had indicated that this negotiating structure was "designed to encourage substantive negotiations and to help achieve political breakthroughs with the minimum delay". Consequently, obstacles standing in the way of reaching well-balanced and significant trade liberalization results in all market access areas had to be overcome in the near future. Adequate transparency had also to be ensured in the negotiating process.

Stock-taking of the market access negotiations

3. The Chairman recalled that over fifty participants had so far submitted proposals on tariffs, non-tariff barriers, tropical products and natural resource-based products. These submissions had been made on the basis of the negotiating procedures adopted by the four previous negotiating groups. The review and assessment of proposals was still being conducted in accordance with those negotiating procedures. He observed that major gaps still remained between the substantive positions of many participants. Any advance in the overall market access negotiation would necessitate the intensification of serious and good faith bilateral, plurilateral and multilateral negotiations. He invited delegations to inform the Group of the situation with respect to such negotiations they had been parties to.

4. Several delegations from developed countries indicated the importance of achieving a well-balanced and substantial result in the market access area. Commenting on the state of play in these negotiations many of them pointed out that they had already undertaken a series of bilateral and plurilateral consultations, and were ready to intensify this process. One delegate stated that his Government had made substantial offers in all market access areas and was prepared to improve these offers. Another participant mentioned the need for broader participation especially on the part of developing countries.

5. One participant stated that attention should not be focused exclusively on tariffs; it was important to find solutions for other problematic areas such as non-tariff barriers. It was also necessary for countries to make a real effort to liberalize sectors where high tariffs and non-tariff measures were still being maintained. He referred in particular to the textiles and clothing sector and petrochemicals. His delegation hoped that these negotiations would result in the general harmonization of tariffs and in the reduction and/or elimination of non-tariff measures. However, he noted that to obtain a durable improvement in the market access area all tariff and non-tariff results should be bound to the largest extent possible. His delegation had started engaging in serious good faith negotiations with other major trading partners in order to identify each other's main interests.

6. Another participant said that since the beginning of the Uruguay Round, his Government had concentrated on integrating developing countries further into the GATT system. A key element of this process was to bind tariffs. He noted that a number of countries had bound their entire tariff schedules and he hoped that more countries would do the same. This approach would help to further equalize the obligations and commitments that existed among contracting parties. He also observed that very few countries had met the Montreal target of tariff reductions. He requested delegations to examine the zero-for-zero sectoral proposal more closely as it provided a quick way for countries to achieve this result. It was his Government's aim to reach agreement with countries that had taken autonomous liberalization measures to move these into the GATT system. He also hoped that some way could be found to bind results obtained in the non-tariff measures area. He confirmed that serious good faith negotiations had been initiated with major trading partners.

7. Several developing country participants emphasized the importance of a successful outcome in the market access negotiations. They welcomed the statements made by developed country participants to intensify the negotiating process and achieve breakthroughs. General concern was voiced at the fact that products of export interest to them, such as tropical products and natural resource-based products, had been excluded from the negotiations. They expressed the hope that this situation would be rectified and also their readiness to enter into good faith negotiations. One participant indicated his Government's intention to submit a substantially improved offer. Another participant informed the Group that the responses of trading partners to his country's improved offer and

autonomous liberalization measures had been inadequate, and that consequently his Government might withdraw part of its offer. Two participants explained that the lack of progress in the Negotiating Group on Textiles and Clothing and the severe budgetary constraints faced by their countries made it difficult for them to submit improved offers. One of these participants stated that his Government had unilaterally reduced tariffs on a number of products but that bindings would not be offered on these because of the uncertain state of his country's economy. He added that several non-tariff measures had also been removed and that these would be bound if substantial progress was made in the textile sector.

8. One participant, speaking on behalf of a group of countries, said that the contributions made by developing countries should be seen in the light of their level of development, and in the context of the relevant provisions of the Punta del Este Declaration and the Montreal Mid-Term Review which dealt with developing countries. It was important for participants to understand the principle of relative reciprocity.

9. Several delegations informed the Group of liberalization measures taken by their governments in connection with either their structural adjustment programmes or their domestic reforms towards market economies. One participant said that his authorities would soon submit a notification which described the liberalization measures implemented in his country since its accession to the GATT. A few participants stated that such measures would continue to be adopted even after the conclusion of the Uruguay Round. A number of delegations stressed the importance of receiving credit for bindings and recognition for autonomous liberalization measures. Referring to the note by the secretariat entitled "List of Liberalization Measures" dated 14 June 1991, one participant observed that most of the countries mentioned in the document were developing countries. It was apparent that these countries had contributed greatly to the multilateral trading system. These measures had benefited a large number of major trading partners in terms of increased trading opportunities and should be seen as advanced contributions in the market access negotiations. Another participant expressed concern at the ideas developed by one contracting party regarding credit for bindings. He hoped that his Government could participate in future consultations regarding this matter. He noted that while the concept of giving credit for bindings appeared acceptable to most participants, the same could not be said of the idea of giving recognition for autonomous liberalization measures. One participant suggested that the criteria and modalities which would allow these elements to be taken into consideration should be established. Another participant proposed holding informal consultations to analyze the various proposals that had been submitted on these issues.

10. The Chairman noted that the exchange of views on the situation of the negotiations had been useful. The concerns expressed by delegations had been specific and there was a need for countries to begin substantive negotiations. He observed that efforts would have to be intensified bilaterally and plurilaterally if progress was to be made to narrow down the range of outstanding issues, and to achieve a substantial and balanced package of concessions as soon as possible.

Application of Article XXVIII to non-tariff measures

11. The Chairman recalled that this point had been discussed during informal consultations among participants prior to the Brussels meeting. The draft Market Access Protocol also contained a paragraph relevant to this issue which read "In case of modification or withdrawal of concessions relating to non-tariff measures, the provisions of Article XXVIII of the General Agreement and the Procedures for Negotiations under Article XXVIII (BISD/27th Suppl. page 26) shall apply". Following a request made by participants at the informal consultations held in March 1991 the secretariat had prepared a note entitled "Security of Non-Tariff Concessions" dated 17 April 1991. There had been a first exchange of views during an informal meeting held on 26 April 1991, but several delegations had expressed the need for more time to study the paper and the wish to take up this matter at the present meeting.

12. A number of participants stated that while the binding of a non-tariff measure was not obligatory, it had several technical and legal implications which had to be clarified before a final decision could be taken. One participant said that it was difficult to understand why and how for example concessions on non-tariff measures like quantitative restrictions which were clearly prohibited by Article XI, a key provision of the General Agreement, should be bound and subject to the procedures under Article XXVIII. While he agreed that there were exceptions to every rule, exceptions from Article XI were based on such clear requirements that in practice they were virtually impossible to invoke. One participant stated that the idea in the draft Protocol to treat a non-tariff concession in the same manner as a tariff concession, i.e. under Article XXVIII, was acceptable to his delegation. However, he shared the view of other delegations, that this undertaking should not impair the rights of contracting parties to invoke other Articles such as Article XVIII:B. One delegate suggested that the secretariat prepare a technical note on the relation of a non-tariff concession to other GATT articles. A few other delegates supported the suggestion put forward by the Chairman to engage in informal consultations.

13. The Chairman reiterated the fact that the secretariat note merely demonstrated the availability of a certain procedure and that no delegation was obliged to adopt it. Consequently, he did not think that a decision by the Group was necessary. He was also of the view that concessions could not be made on non-tariff measures which were illegal under the General Agreement. However, he admitted that this issue did raise several technical and legal questions which could be dealt with during bilateral consultations. Any remaining problems could be discussed by the Group at its next meeting.

Approach to give credit for bindings and recognition for liberalization measures

14. The Chairman recalled that the Montreal Declaration stipulated the "need for an approach to be elaborated to give credit for bindings; it is also recognized that participants will receive appropriate recognition for

liberalization measures adopted since June 1986". He referred to the revised version of the secretariat note "List of Liberalization Measures" dated 14 June 1991 and stated that several new notifications had been submitted. It was clear that the question of credit and recognition was of paramount importance. He noted that while these issues could be seen as linked, they were separate. He observed that there was a wide acceptance of the idea that, in line with GATT practice and as reflected at the Montreal meeting, credit should be given for bindings of specific tariff items. As to the evaluation of these bindings, both in terms of the modalities and how much credit they should be accorded, the general view was that participants should take such situations qualitatively into account in their respective bilateral negotiations. The question of recognition for autonomous trade liberalization measures, also of critical importance to several countries, would have to be further examined.

15. According to one delegate there appeared to be a willingness on the part of participants to examine the problem of credit and recognition. He agreed that these issues were separate and should be dealt with accordingly. A certain number of interesting ideas regarding these questions would be examined during the course of plurilateral consultations that his delegation intended to organize. He requested the use of GATT facilities and invited members of the secretariat to these meetings. He also conveyed his intention to report back to the Group and the Chairman on the progress made during these discussions.

Date and agenda of the next meeting

16. The Group agreed that a review and assessment meeting would be held on 18 July 1991, and a meeting of the Group on 19 July 1991.