

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

**RESTRICTED**

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

**MEETING OF 27 September 1991**

**Note by the Secretariat**

1. The meeting was convened by GATT/AIR/3235 of 19 September 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 the modification or withdrawal of concessions on non-tariff measures;
- (c) Approach to give credit for bindings and recognition for autonomous liberalization measures;
- (d) Arrangements for future meetings.

**Stock-taking of the market access negotiations**

2. The Chairman referred to documents MTN.GNG/MA/W/1 and MTN.GNG/W/28, which contained his reports, to the Chairman of the TNC and the GNG respectively, on the state of the market access negotiations. He had also in these documents provided some ideas on the future work of the Group. He invited delegations to give an assessment of the state of play in their bilateral and plurilateral discussions.

3. One developed country participant stated that negotiations conducted since the last meeting of the Group seemed to have been filled with a sense of purpose. Consultations had continued with major trading partners, and in most cases it was felt that outstanding issues could be dealt with. On the bilateral level, her government had held fewer discussions and concentrated on those areas where concrete progress could be made. On the plurilateral level her authorities had focused on those sectors where work was most advanced which included the pharmaceutical, medical and had construction equipment sectors. Useful discussions had taken place with respect to the fish and chemical sectors and most delegations appeared ready to start technical work in those areas. Her government remained interested in pursuing the zero for zero option in other areas such as non-ferrous metals, electronics, wood, paper, steel and beer. She also hoped that the Director-General's decision to move the overall negotiating process forward would lead to further progress in the market access negotiations.

4. Another developed country participant agreed that there was an increasing consciousness of the importance of the market access negotiations. His authorities had held several bilateral and plurilateral consultations, and had initiated sectoral negotiations in two areas; the petrochemical and the textile and clothing sectors.

5. One developed country participant said that contact had been made with several developed and developing countries and that the range of outstanding issues had been narrowed down. The situation in agriculture was of major concern, and his country, in an effort to forward discussions, had tabled specific agricultural offers to individual negotiating partners. While his country was an active participant in the sectoral discussions, it could not participate in the zero for zero initiative concerning fishery and wood. Instead, for those sectors his government was ready to negotiate tariff reductions under some practical formula.

6. Several other participants stressed the importance of achieving a balanced market access package. They informed the Group that since the last meeting of the Group, their authorities had been engaged in a number of bilateral and plurilateral negotiations but that no substantial progress could be reported. In the case of non-tariff measures, one participant said that his authorities had suggested a procedure which it was hoped would lead participants to exchange concrete offers. Another participant, speaking on behalf of a group of countries, said that obtaining real market access for industrial and agricultural tropical products was of the highest priority, but that requests addressed so far to the major trading partners remained unanswered. The question of high tariffs and tariff peaks had also not been adequately addressed.

7. Many reasons were given for the insufficient progress made in the negotiations including the lack of clarity regarding the scope or coverage of the negotiations. The linkages between the various negotiating groups had, in the view of several participants, prevented the negotiations from advancing. In this connection, a few participants emphasized the fact that further contributions in the form of confirmations or improvements of current offers depended primarily on the outcome of the agriculture negotiations. The reluctance of participants to increase substantially the binding of their tariffs, the problem of inverse harmonization, the conditionalities attached to and the insufficient coverage of the various offers were mentioned as factors that had hindered detailed negotiations. The divergence in the positions of the major trading partners had also slowed down the negotiating process. In addition, benefits to be obtained by the other trading partners from a breakthrough in these discussions remained unclear and difficult to evaluate.

8. Many participants voiced concern at what they saw as a proliferation of sectoral proposals and stressed that such initiatives should only complement and not replace the tariff negotiations. One participant was of the view that any country participating in such sectoral discussions should have already met the Montreal target of tariff reductions. Another participant questioned the usefulness of this approach and stated that what

was important was trade liberalization in global terms and not in terms of specific sectors. It was pointed out that no objective guidelines had been established on how to proceed with such plurilateral discussions and the appropriateness of introducing new initiatives was questioned. Few participants felt that sectoral initiatives had impeded progress in bilateral discussions in that some participants were waiting to see the results of such plurilateral efforts before coming forward with improved offers. Another participant expressed concern at the pressure that was being exerted on his country and the group of countries he represented to participate in the plurilateral negotiations. In the view of one participant the zero for zero option did not benefit his country, however, the idea of harmonizing tariffs within sectors seemed to be interesting, especially the proposal to harmonize tariffs on textiles. The suggestion to elaborate a different approach in those areas which showed little signs of progress and the idea to multilateralize the process were put forward. The proposal to include fishery and forestry products in this process was supported by one participant. The hope was also expressed that these sectoral initiatives would in fact enable delegations to obtain a larger package of results than would have otherwise been possible.

9. Regarding future work many participants indicated a willingness to intensify their bilateral and plurilateral negotiations. In this connection one participant indicated his country's intention to submit an additional offer. Another participant said that perhaps a different negotiating methodology should be envisaged so as to ensure a more homogeneous progress in the market access negotiations. It was emphasized that the final Uruguay Round package should include a concrete set of results which reflected the interests of all participants.

10. While he sensed a renewed sense of purpose on the part of delegations to achieve a good market access package, the Chairman said that he was still concerned by the amount of good faith negotiations that remained to be done. He stressed the urgency for participants to undertake active and intensive negotiations if a balanced package of results in the market access area were to be included in the final Uruguay Round package.

**Application of Article XXVIII to the modification and withdrawal of concessions on non-tariff measures**

11. The Chairman recalled that at the last meeting of the Group a communication, contained in document MTN.GNG/MA/W/2, had been received from one delegation but that discussion on this question had been deferred to a later stage.

12. One participant said that his government continued to feel that Article XI of the General Agreement dealt adequately with the question of quantitative restrictions and consequently could not approve this agenda item. Another delegate recalled that this question had previously been identified as a technical issue which would be discussed independently of the market access negotiations. Unfortunately, such a discussion had not taken place. He wondered whether the results obtained in the other

Negotiating Groups, such as Agriculture and Textiles, would be included in the schedule of concessions as it would have some bearing on the issue under debate. One participant was of the view that a technical discussion on this subject was unnecessary as the binding of a non-tariff measure remained an optional procedure.

**Approach to give credit for bindings and recognition for autonomous liberalization measures**

13. The Chairman drew the attention of the Group to the revised "List of Liberalization Measures" prepared by the secretariat which took account of two more notifications circulated with documents MTN.GNG/MA/W/4 and MTN.GNG/MA/W/5. He then requested the delegate who had been charged by the Group at its last meeting to hold informal consultations with interested delegations on these questions to report on the discussions.

14. The delegate stated that a plurilateral meeting had been held on 23 September 1991 and that the discussion had been based on a non-paper dated 15 July 1991. He had at that meeting summarised the various points that had emerged from the previous informal discussions that had been carried out on the subject of credit. It had generally been agreed that the concept of credit applied only to bindings. However, the rate at which a binding would be considered worthy of credit had to be decided upon. Credit was to be given to rebound items only if they were bound at a certain level; this level had still to be determined. Credit for bindings which was related to the concept of binding coverage as a proportion of national tariffs was considered to be different from credit accorded to the traditionally bound tariff-cuts. The larger the coverage of bound products, the larger would be the level of the credit accorded. However, the question of product coverage and that of a methodology for calculating the credit had yet to be discussed. The concept of credit for a non-tariff measure concession had also been favourably received. Such a non-tariff concession was voluntary and would be handled in the same manner as a tariff concession, that is to say that contracting parties would indicate the precise terms of their offered binding, and that once such a concession had been established and reflected in a schedule of concessions the legal framework which applied would be the General Agreement. Unfortunately discussions undertaken at the plurilateral meeting had not been detailed. No operational methodology had been established to give effect to the concept of credit. He indicated his intention to hold a meeting of interested developing countries, which could result in the elaboration of a new text on credits. This meeting would also give the opportunity to those countries to clarify their positions with respect to the question of recognition so that the topic could be broached in a substantial manner at the next plurilateral meeting of developed and developing countries. He hoped that by the end of October a more clear-cut idea on how to transpose into concrete and applicable terms the concepts of credit and recognition would be found.

15. Several participants reported on autonomous liberalization measures undertaken by their governments in the context of either their domestic reform programs or their accession to the GATT. They requested that these

measures be reflected in the note of the secretariat entitled "List of Liberalization Measures". One delegate said that the measures adopted by some countries to liberalize their trading systems had been the largest ever undertaken in these countries and it was essential that appropriate recognition be given.

16. The Chairman stated that it was clear that the question of credit and recognition was critical to the market access negotiations. He had decided to assist the delegate concerned in his efforts to advance discussions on the subject and intended to have informal consultations with all interested delegations. He hoped that the more specific problems related to this matter would be dealt with in the course of these consultations.

#### Arrangements for future meetings

17. The Chairman indicated his intention to carry out informal consultations on those problem areas identified in his previous report to the Chairman of the Trade Negotiations Committee. He was aware of the fact that one of the major problems facing these negotiations was that of the scope or coverage of the negotiations. However, he felt that it would be more appropriate and productive to deal with this issue once the Chairman of the TNC had produced the revised document MTN.TNC/W/35/Rev.2. In the meantime he intended to examine more thoroughly the other issues which had impeded progress in the market access negotiations. In particular, he wished to discuss the problems related to non-tariff measures, tropical products, tariff bindings, natural resource-based products and sectoral negotiations, high tariffs, tariff peaks and low tariffs, and credit and recognition. Once the result of all the above-mentioned efforts had been assessed, he envisaged an auction type exercise where participants would complete their bilateral exchanges of concessions in an organized fashion. Bearing in mind the need for flexibility in the light of developments in the overall negotiating process, the Group agreed that its next meeting would take place on 30 October 1991.