

MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND

RESTRICTED

MTN.GNG/MA/5  
13 January 1992

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

MEETING OF 29 NOVEMBER 1991

Note by the Secretariat

1. The fifth meeting of the Negotiating Group on Market Access was convened by GATT/AIR/3269 of 22 November 1991 and chaired by Mr. G. Denis. The Group adopted the following agenda:

- (a) Stock-taking of the market access negotiations;
- (b) Other matters.

2. The Chairman proposed that under the agenda item "other matters", the Group should discuss the issues of credit for tariff bindings and recognition for autonomous liberalization measures, and the future work of the Group.

Stock-taking of the market access negotiations

3. The Chairman reported on the consultations and stock-taking meetings that had been held on four areas of the market access negotiations. With respect to tropical products, an area to which developing countries attached great importance, some progress appeared to have been made. It had been understood that the tariffication process envisaged in the draft working papers on agriculture would apply to agricultural tropical products, and that this Group would continue to look at those products in accordance with the Montreal objectives. With respect to natural resource-based products and other sectoral proposals, some delegations had reported certain progress in their negotiations, but could not provide a definitive assessment. It appeared that natural resource-based products were being dealt with as an integral part of the market access negotiations. Other sectoral tariff elimination and harmonization proposals were being pursued as supplementary to the Montreal mid-term review target of tariff reductions. While no specific progress could be reported in the tariff and non-tariff measures areas, negotiations were advancing at an accelerated pace.

4. One developing country participant speaking on behalf of a group of countries said that achieving a substantial and balanced set of results in the market access area was an essential condition for the successful conclusion of the Round. It was all the more important in view of the substantial autonomous liberalization measures that had been undertaken by those countries and which had benefited the multilateral trading system, and in particular the major trading partners. Unfortunately, in contrast

to the advance made in the other negotiating areas, no progress could be reported in market access. The lack of progress could be attributed to several factors including the confusion created by the compartmentalization of the negotiations. Participants had thus been able to submit either minimal offers or offers which excluded products of export interest to many countries. Several of the offers had neither addressed the issue of high tariffs, tariff peaks and tariff escalation, nor that of the fullest liberalization of trade in tropical products and natural resource-based products. The negotiating procedures used thus far had also allowed certain participants to claim that the objectives of the Punta del Este Declaration and the Montreal Mid-Term Review had been fulfilled. However, it should be noted that the trade interests of the other participants, in particular those of the great majority of developing countries, had not been taken into account. Sectoral proposals had also impeded progress in the negotiations due to the imbalance in the scale of the required contributions, the exclusion of sectors of interest to other parties, and within each sector the exclusion of products of interest to the majority of participants. The conditionalities attached to the various offers and the linkages between the various negotiating groups had made it difficult to know what products were actually being negotiated and the offers made on them.

5. In order to advance these negotiations it was necessary that: offers be evaluated on the basis of the entire customs tariff and in the light of trade interests of developing countries; sectoral proposals be withdrawn; multilateral offers which fulfil the objectives of the Punta del Este Declaration and the Mid-Term Review and which take into account the trade interests of developing countries be submitted; the degree of conditionality of offers be reduced. Such undertakings should result in inter alia the submission by developed country participants of offers that include products of interest to developing countries and that fulfil the Montreal objectives. The weighted m.f.n. tariff average in developed countries applied to imports from developing countries should be equal to or less than the weighted m.f.n. tariff average applied to imports from other developed countries. Tariffs on products of interest to developing countries that are subject to high tariffs, tariff peaks or tariff escalation should be reduced by a greater percentage than that established in the Mid-Term Review Agreement. Duty-free treatment for tropical products and the fullest liberalization of trade in natural resource-based products should be attained. Negotiated results should be implemented gradually over a period of not more than three years on a preferential basis in favour of developing countries. The latter should submit offers that substantially increase the scope of bindings and/or that reduce tariffs by a percentage to be applied to the base rates. After a period to be agreed, no contracting party should maintain non-tariff measures not provided for in the General Agreement or in agreements or arrangements concluded under the auspices of the GATT. A specific, meaningful and operational multilateral approach should be implemented for granting credit for tariff bindings and recognition for autonomous liberalization measures. Achievement of positive results in the market access negotiations would lead to new export opportunities for developing

countries, including in the agriculture and the textile areas. The results should be supported by strengthened GATT rules and disciplines, in particular in the areas relating to the use of safeguards, anti-dumping duties and countervailing measures.

6. Several developing country participants supported the above statement. One participant said that for his delegation obtaining results in the agriculture and the textile areas were as important as achieving results on tropical products. He hoped that the consultations to be conducted by the Chairman would address those two issues. Another participant recalled that a positive outcome in the textiles group had been a condition set out in the tariff offer submitted by his country. He expressed disappointment at the continued stalemate in this group, and hoped that more positive results in the other areas would contribute towards advancing the market access negotiations. He added that the negotiations had been further complicated by the fact that requests on agricultural products had been submitted by several participants, and that the question of how to deal with tariffs on such products still remained unclear. It was his government's view that tariffs whether on agricultural or industrial products should be dealt with in the market access group and that one methodology should be used. A number of participants stressed the importance of reaching multilateral agreement on a formula or a set of guidelines for giving credit for tariff bindings and recognition for autonomous liberalization measures. One participant, speaking on behalf of a group of countries, said that the principle of according credit for increased scope of bindings and giving progressive credit for improved qualitative bindings was acceptable. He pointed out that many countries had taken significant autonomous liberalization measures for which recognition should be given. Concern was expressed at the state of the negotiations regarding certain sectors, in particular fisheries. In view of the importance of this sector to his country's economy, one participant stressed that attaining the objectives of the Punta del Este Declaration and the Mid-Term Review of full liberalization for those products was essential. Another participant complained that areas outside of the Punta del Este Declaration had been introduced in the negotiations and that sectoral exceptions and linkages to questions outside of the negotiations had also been made with respect to these products. The problem of the erosion of preferential tariff rates was also mentioned. A participant said that maintaining these preferential rates was important for her country, especially now that her country's economy was undergoing a structural change. She recalled that one of the objectives of the Uruguay Round was to reach balanced results taking into account the interests of all parties in the negotiations.

7. Two delegations stated that to further advance the negotiations their governments had submitted improved offers. These improvements consisted of reduced ceiling bindings and the signing of some Codes. It was also pointed out that these offers were conditional and depended inter alia on the results achieved in the Uruguay Round as a whole, and on the compliance by other participants of the Punta del Este and the Montreal objectives concerning tariff reductions. A few other participants indicated their willingness to improve offers. One participant stated that in view of the

present unclear situation in the market access negotiations, it would be a problem for his government to submit an improved offer. However, his authorities were still prepared to engage in serious negotiations. Another participant said that it would be difficult to conduct real negotiations or improve his country's offer without knowing the outcome of bilateral consultations between the two largest trading partners regarding sectoral proposals. His government continued to be of the view that countries participating in such sectoral discussions should have already met the Montreal target of tariff reductions; such sectoral initiatives should only complement and not replace the tariff negotiations.

8. One developed country participant said his authorities had undertaken serious discussions with a number of countries and that progress had been made. While outstanding issues remained in the agriculture and the textile negotiating groups, participants should try and advance as far as possible in the other areas. Considerable discussions had also taken place on the sectoral proposal concerning pharmaceuticals. With respect to the other sectoral proposals, attempts were being made on a bilateral level to identify and resolve the concerns of individual countries. A number of meetings had also been held on non-tariff measures.

#### Other matters

(i) Credit for tariff bindings and the liberalization of non-tariff measures. Recognition for autonomous liberalization measures.

9. The Chairman stated that this agenda item remained an important outstanding aspect of the market access negotiations. Further progress had been made towards elaborating the Chairman's "Guidelines" for use by participants in assessing the scope and level of tariff bindings and for the liberalization of non-tariff measures by developing countries. However, sufficient consensus among participants had not been obtained, and consequently the guidelines could not be formally circulated. He indicated his intention to continue, with the help of the delegations concerned, to work on these "Guidelines".

10. Several delegations stressed the importance of making operational the concepts of credit and recognition and appreciated the efforts made to date. One participant recalled that in Montreal a political commitment had been made to set up procedures to give credit for tariff bindings. Another participant pointed out that the concept had been proved technically feasible, and that political decisions were now required to reach an agreed solution. It was important that a multilateral approach and not a bilateral one be adopted by the Group before the Round concluded. This would give participants a degree of certainty as to what could be obtained under this concept. He also recalled that with respect to the question of recognition, a proposal had been forwarded by several countries in 1990, but that so far reactions had not been forthcoming. He urged participants to submit further proposals so that discussions could be undertaken on this subject.

(ii) Future work of the Group

11. The Chairman noted that the pace of the market access negotiations appeared to have accelerated. He hoped that this continuous bargaining process would result in a substantive trade liberalization package before 20 December 1991. This process was based on the TNC understanding that "nothing is final till everything is agreed". Although he could not report any political breakthroughs, the Chairman stated that the process had to be sustained and he indicated his intention to maintain the maximum possible transparency by organizing plurilateral consultations as necessary. He urged participants to have their negotiating teams in Geneva by the first week of December. The GATT secretariat would continue to provide appropriate facilities for further bilateral or plurilateral negotiations. His oral report on the status of the market access negotiations to the Chairman of the TNC would include the points made at the present meeting.