

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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Trade Negotiations Committee

TRADE NEGOTIATIONS COMMITTEE

Thirtieth Meeting: 30 September 1993

1. The Trade Negotiations Committee (TNC) held its thirtieth meeting at official level under the Chairmanship of Mr. Peter D. Sutherland.

2. The Chairman recalled that at the Committee's meeting on 31 August, he had referred to a growing perception that a successful conclusion of the Uruguay Round (UR) was essential to economic recovery, development and jobs. That perception had been greatly reinforced following an intensive series of ministerial contacts he had had over the past few weeks. This had been apparent at the Montevideo Ministerial Meeting of the countries of the Rio Group, and was reflected in the important Montevideo Declaration of 17 September (MTN.TNC/W/115). Moreover, earlier the same week in Washington, many ministers who had attended the annual meetings of the International Monetary Fund (IMF) and the World Bank had emphasized the crucial rôle negotiating efforts in Geneva had to play in restoring confidence in global economic prospects. It was important to emphasize this fact because virtually every minister had made that very point as a, if not the, major point of his or her submission. Furthermore, the IMF Interim Committee's communiqué had stressed "the essential rôle of trade and competitive forces in the growth prospects of all countries and the job-creating effects of liberalizing trade" and had called for "leadership and vision from all in order to resolve the remaining issues and conclude the Round by the end of the year."

3. He had also been heartened by the strong support for the Round efforts by the IMF's Managing Director and the World Bank's President as seen in the unprecedented joint statement issued by the heads of all three institutions that developed from the Bretton Woods arrangements. Such high-level concern about the positive economic impact of the Round placed, of course, on all UR participants a crucial responsibility to advance rapidly and intensively in October and to strike substantive deals on the critical outstanding issues. The focus was now squarely on the multilateral negotiations in Geneva, where it should be, and one could not, therefore, let events elsewhere become an excuse to induce a mode of paralysis or immobility in Geneva. All had to redouble their efforts to not only maintain but accelerate the momentum which had already been established. As he had indicated at the meeting on 28 July, he thought it useful to provide his assessment of where one stood and to identify the areas where he believed more focus and leadership was required in order to meet the objectives set at previous meetings of the TNC.

4. Focusing first on Market Access, he said he had been in close and regular contact with the Chairman of the responsible Negotiating Group who had reported to him on the overall state of play in the process. Re-engagement of negotiations after the summer break had been serious and had benefited in several important ways from the preparatory work done in capitals in August. As a result, capital-based negotiating teams from most participating governments were now in Geneva negotiating bilaterally or plurilaterally. He was assured that these and the Geneva-based teams of

other participating governments were now equipped to negotiate with the necessary authority and mandates to move decisively towards final deals. This meant that the scene was now conclusively set for the final phase.

5. The number and quality of the offers on the table was clearly a key factor in moving the negotiations ahead. He had been informed that 58 participants had so far tabled market-access offers, covering both agricultural and non-agricultural products. In addition, five participants had tabled non-comprehensive offers and eight others had expressed their intention to table offers shortly. Thus, some 70 participants had tabled market-access offers on goods, or were about to do so; of the remaining 45 participants still without such offers, 26 were least-developed countries. He recalled the reference he had made to their situation at the meeting in August. His assessment of the negotiating process had also confirmed his initial belief that from any perspective, a substantial and meaningful market-access package was an essential element for all participants, large or small, developed or developing.

6. While the negotiating framework from the Quad Tokyo meeting in July (MTN.TNC/W/113) had created favourable conditions to re-engage negotiations, the constraints resulting from the "unfinished agenda" both among the Quad countries, and between the latter and their trading partners, had now emerged as clear obstacles in Geneva. There had been no progress on additions to the lists of sectors identified for tariff elimination or harmonization. Many participants had indicated the possibility of accepting one or more sectoral proposals if sectors of interest to them were also added to the list in the Tokyo report. Others felt that the product areas of interest to them were to be taken up in the context of implementing other elements of that report which addressed the issues of tariff peaks or tariff cuts by an average of one third or more – elements on which there had not been sufficient progress.

7. This unfinished agenda added a further complication to the lack of substantive progress on the agricultural market-access negotiations. These factors inhibited participants from exercising the negotiating flexibility that all recognized as essential to close out deals. Thus, achieving the necessary breakthroughs in most important areas like agriculture, including tropical products, textiles and a number of other key sectors, was the only way to remove a feeling of frustration and helplessness amongst participants. In this process, it was obvious that the major players had to be responsive to the specific requests made to them by developing countries. Leadership was needed and a larger share of the responsibility for movement had, therefore, to lie with the major players. While their efforts to enlarge the market-access package among themselves should obviously continue, they also had to develop modalities for making progress in parallel with other countries.

8. Breakthroughs had to occur in October if there was to be a solid market-access package. And since such a package was a sine qua non condition for the success of the Round itself, the implications of indefinite waiting on the key issues were clear. While the overall picture was not bad, clearly much more needed to be done on an urgent basis. He believed that the market-access negotiations had to be substantially concluded by mid-November if a market-access package acceptable to all was to be achieved by 15 December. What he had said at the TNC meeting in July in this respect was even more true now; for progress to be achieved, all elements had to move together. In his view, agriculture and textiles required very special and urgent attention in terms of their relationship to unblocking the process as a whole. For this reason, he had requested the Chairman of the Negotiating Group on Market Access to give them priority in the

course of his informal consultations, and to address them in a comprehensive manner, including the market-access-related Draft Final Act (DFA) issues in these sectors. They would be jointly monitoring developments, and he, as TNC Chairman, would, of course, intervene if necessary.

9. Turning to Services, he said that the Chairman of the Group of Negotiations on Services had reported to him on the work carried out within that Group. He noted with satisfaction that good progress had been made in this area. Intensive bilateral negotiations had taken place throughout the previous two weeks, which would continue in accordance with the July work programme. Since the TNC meeting in August, eight new and thirteen revised offers had been tabled, and a substantial number of additional ones were in the pipeline. This represented substantial progress, and one should recognize such progress positively when it existed. He recalled that at the Brussels Ministerial meeting in December 1990, when many had hoped that the Round could be finally concluded, only six offers on services had been on the table. Comparing these with the seventy-seven now available, one could see what progress had been accomplished. He urged participants to maintain the strong momentum which had been established and to be prepared to improve the offers already tabled in order to raise the quality of the final package on services.

10. The services negotiators had also worked intensively on the finalization of the text of the Framework Agreement and its Annexes. Good progress had been made on many of the issues under discussion, although consensus had yet to be achieved on a small number of issues. Accordingly, he had confirmed to the Group's Chairman his request that he should bring forward a new comprehensive text of the GATS Agreement which would reflect the results of his consultations, including solutions which appeared to enjoy a significant measure of support on the few points on which full consensus had yet to be obtained. The latter's intention was to make this text available the following day. Everyone was most grateful to him and the members of his Group for this very considerable achievement.

11. As regards institutional questions, the Chairman of the Informal Group on Institutional Issues had commenced work on the texts relating to the proposed Multilateral Trade Organization (MTO) and to the Integrated Dispute Settlement System. All wished him and the Group's participants every success as they sought to complete their important mandate. Once again, he urged that this be approached constructively and positively with a view to resolving issues.

12. Finally, he intended to keep under constant review any progress made and believed that a further comprehensive stock-taking by the TNC would be necessary at the end of October to evaluate progress in all areas, e.g., market access in goods and services, institutional issues, and the result of his own continuing contacts with governments. October clearly was a critical month. As in the past, the TNC remained on call to meet earlier, at short notice if necessary, in the intervening period.

13. The representative of Malaysia, speaking on behalf of the Informal Group of Developing Countries, said their countries hoped that in the coming months progress would continue to be made through bilateral and plurilateral negotiations. With regard to progress in the market-access negotiations, it was imperative for the Quad countries to translate the Tokyo report (MTN.TNC/W/113) into real and specific offers. The developing countries had made their offers and sincerely sought progress in market access. In this context, priority needed to be given to agriculture and textiles. On the question of institutional matters, they appreciated that the

Informal Group dealing with these matters had begun its work with the aim of achieving conclusions by the end of October. However, many developing countries were concerned in respect of some issues raised within that Group. It was hoped that the Group would adhere to the specific mandate it had originally been given and that it would not entertain new issues. Such new issues needed first to be brought to the TNC to see if there was a consensus for their inclusion in the Group's work. On services, some progress had been made and developing countries were pleased to be able to participate constructively in the discussions. Finally, it should be made clear that the developing countries and the least-developed countries would not use unresolved problems as an excuse for not participating in negotiations. On the contrary, they wanted to contribute, and some were even willing to come up with improved offers provided other participants did the same. Developing countries were sincere in their efforts to obtain results from the Round, since it meant much to them.

14. The representative of Chile, recalled the Chairman's statement at the August TNC meeting that "one of the tasks that had to be completed before the negotiations were concluded was an evaluation of the results in the area of goods in terms of the objectives and the general principles governing negotiations as set out in the Punta del Este Declaration, taking into account all issues of interest to developing countries" (MTN.TNC/33, p.3). He informed the Committee that on 17 September in Montevideo, a Group of Latin American countries, – the Rio Group, i.e., Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, El Salvador representing Central America, Mexico, Paraguay, Peru, Uruguay and Venezuela – had met at ministerial level to initiate this assessment. These countries were grateful to the Chairman for having attended this meeting.

15. Referring to the ministers' conclusions at that meeting (MTN.TNC/W/115), he said that they had expressed satisfaction with the re-launching of the negotiations on a multilateral level. The ministers had also reiterated their commitment to the objectives and principles of the Punta del Este Declaration and the Montreal Mid-Term Review, and to the significant liberalization of access to their markets, albeit without any reciprocity. On the other hand, there had been violations of the standstill agreement, as well as new protectionist measures. They were particularly concerned about the introduction of restrictive measures on bananas by the European Community and on tobacco by the United States, and also about the market-access negotiations which continued to be unsatisfactory in terms of the priority sectors – such as agriculture, textiles, tropical products and natural resource-based products – for their countries.

16. The ministers had reiterated that agriculture was a key and priority sector for their countries. For the success of the Round, and the subsequent approval of the results thereof, there had to be liberalization of market access, reduction of internal support and export subsidies, and the implementation of sanitary and phytosanitary measures on the basis of the rules and disciplines established in the DFA. In this respect, the Blair House Agreement represented a weakening of the DFA, which the countries of the region had accepted as a basis for reaching an agreement in the agriculture negotiations. The ministers had stated that the negotiations in market access in agriculture should improve the latter's scope in order to ensure its acceptance. They considered that efforts to re-open the DFA text seriously disrupted the delicate balance that had already been achieved. The establishment of an institutional framework which guaranteed observance of the agreed rules, and which included an effective and binding dispute settlement system, was necessary to ensure the balance of rights. Furthermore, liberalization of the multilateral trading system in the coming months was essential. One should eliminate discrimination and instead

strengthen multilateral trade generally. Their countries were ready to fully support the Chairman in order to reach a successful conclusion to the negotiations.

17. The representative of the United States said that while the Quad countries shared the desire to show leadership in the negotiations by moving beyond the Tokyo agreement and putting together a larger, and in some cases, more specific package which could be a basis for further negotiations, they would not be answering everybody's questions, nor resolving a lot of issues that were of importance to third countries. It was important, therefore, that the current intensive bilateral negotiating process be continued, because in many cases the most constructive answer lay in dealing with specific concerns and seeking specific responses. With respect to the appropriate jurisdiction of the Informal Group on Institutional Issues, he said that that Group should deal with all relevant issues if it was going to perform its function of moving as far as possible towards an overall ultimate consensus. All issues should therefore be on the table, and be dealt with as effectively, candidly and directly as possible in the Group; if, in the end, they remained unresolved therein, they would then have to be brought before the TNC. While the United States was so far encouraged by the activities of the Group, it was clear that a lot of additional work remained to be done.

18. The representative of Norway, speaking on behalf of the Nordic countries, said that September had been a fairly good month. Progress had been made in the services area concerning outstanding issues in the Framework text as could be seen in the solution that was emerging for handling integrated labour markets such as that of the Nordic countries. Their countries looked forward to studying the new Services text. In the bilateral negotiations on the schedules of market access and initial commitments, maximum restraint would be required when revisiting the question of m.f.n. exceptions. Overall, the Nordic countries thought that all participants were well-prepared for the final stage of the services negotiations: the issues had been identified, and the political importance in certain countries of sensitive sectors such as the maritime, telecommunication and audiovisual services, was well-known. It was important, however, that the agreement covered all sectors and that all major suppliers in individual services sectors undertook meaningful commitments. In the area of market access for goods, much work remained to be done if there was to be progress in the areas of interest to all participating countries. In response to claims that the Tokyo package of sectoral solutions was mainly of interest to developed countries, he drew attention to Paragraphs 4(c) and (d) of MTN.TNC/W/113, which included sectors of interest to a wide variety of participants, not least in the developing world. Progress in the content of these paragraphs could help in maintaining momentum and in removing blockages, which could then lead to finalizing the Round by the 15 December deadline. With respect to agriculture and the related political problems it presented for a number of participating countries, the Nordic countries thought that quiet consultations under the leadership of the Chairman of the Market Access Group could prepare the ground for the difficult decisions that would have to be taken. As regards institutional issues, given the political nature of the MTO question, the Nordic countries welcomed the decision by the Chairman of the Informal Group dealing with these matters to start with dispute settlement issues. As regards the DFA, the Nordic countries felt that the text currently on the table would succeed in strengthening the multilateral trading system and that participants should exercise maximum restraint in presenting proposals to change it, particularly in the rules package where the internal balance could be easily upset.

19. The representative of Japan said that since 13 September, Japan had held bilateral and plurilateral meetings with more than twenty countries. Non-Quad participants had been invited to

actively join the Tokyo agreement. Nevertheless, Japan was concerned with the slow progress in the area of market access for goods and called on participants to radically change their approach to the conduct of business by actively exchanging specific and concrete offers. In this context, Japan was very much encouraged with Malaysia's statement on behalf of many developing countries. At present, it was important to make further progress in the bilateral tariff negotiations and to build up a substantial package in sectoral negotiations with the largest possible participation. With respect to the Tokyo agreement, while Japan was aware that further efforts were necessary among the Quad members, it emphasized that this agreement was not a substitute for the UR negotiating objectives. With its tariff offer on industrial products, Japan had gone beyond the objective agreed in the Montreal Mid-Term Review. Japan strongly expected that a similarly positive stance would be shown by other major participants in various areas, including electronics, and that participants, other than the Quad's, would play a more active rôle. Since Paragraph 4(c) of the Tokyo agreement had been mentioned, he reiterated that Japan would present its offers in the course of bilateral negotiations, and, if possible, in multilateral negotiations. As regards services, Japan had actively participated in these negotiations therein. It hoped that textual changes to the Framework Agreement would be minimal and that the text thereof would be finalized as soon as possible.

20. The representative of Egypt, speaking on behalf of the African developing-country participants, said that their Group was unhappy with the progress in agriculture, including tropical products, and in textiles. They therefore appealed to their industrialized trading partners to respond positively to the demands of developing and least-developed countries. The lack of progress in agriculture was a major concern for Egypt and other net food-importing developing countries. He welcomed the Chairman's proposal to keep progress under constant review and suggested a re-evaluation of progress in the negotiations by mid-November which in turn could help developing countries to assess the results of the Round from the point of view of their specific interests. As regards institutional issues, he agreed with the views expressed by Malaysia.

21. The representative of Bangladesh, speaking on behalf of the least-developed countries (LLDCs), thanked the Chairman for his timely initiatives and support for the concerns of their countries. He added that the joint statement made by the TNC Chairman and the Heads of the IMF and the World Bank was much appreciated. The LLDCs intended to remain engaged in the Round and were grateful for the Secretariat's technical assistance. He appealed to the more developed participants to show indulgence in their scrutiny of the LLDCs' market-access offers. The LLDCs remained seriously concerned about the results in textiles and agriculture. They also strongly urged all participants to fully honour the Punta del Este political commitment.

22. The representative of Hong Kong said that Hong Kong was encouraged by the Chairman's recent ministerial contacts, including the joint statement issued with the Heads of the World Bank and the IMF. It saw merit in informal consultations to be conducted by the Chairman of the Market Access Group. Hong Kong, which had a significant interest in textiles, expected to be party to these informal consultations, which no doubt would be guided by the usual principle of transparency. Hong Kong saw this exercise as one aimed at facilitating and advancing the market-access negotiations which were critical in advancing the whole negotiations forward to a successful conclusion. He hoped that this exercise would not be used as a pretext for raising new, in particular non-market-access-related, issues in the DFA.

23. The representative of Korea assured the Committee of Korea's cooperation in the work programme outlined by the Chairman, which should accelerate further the pace of the multilateral negotiations. Amidst the numerous issues of political significance, agriculture tariffication was of particular importance to Korea, not only in economic terms but also because of its wide socio-cultural implications in his country.

24. The representative of Pakistan recalled some of Pakistan's minimum concerns which had been expressed at the TNC meeting on 31 August. He said that imbalances arose because of the perceptible gap between the offers and commitments already made, or to be made, by his country, and the response Pakistan had been receiving from its trading partners, despite the fact that the significance of its offers had been duly appreciated. In the market-access negotiations, major sectors had yet to be given sufficient specificity in accordance with the Tokyo agreement. Clarifications were lacking in the area of agriculture which hindered Pakistan's assessment of the benefits or disadvantages that might accrue to it. He welcomed the announcement that the Chairman of the Market Access Group would be addressing all market-access related issues in agriculture and textiles.

25. The representative of the European Communities said that the Community was satisfied with the overall picture of the negotiations as depicted by the Chairman. More interesting than any specific progress made, however, was the potential it offered. The best way in which the Chairman and the participants could have been helped would have been for all of them to have remained silent and to have gone on negotiating. Unfortunately, that had not been the case. However, the time for negotiation and action had now come, whether or not it had to be sparked off by a crisis. Now was not the time to just lament and ask others to make efforts. For the Community, all subjects were on an equal footing. Once again, it had to make clear that there could be no question of sequential negotiations. If, as the Community agreed, certain problems existed with regard to market access, the thing to do was, therefore, to negotiate market access. In this connection, he referred to the Tokyo agreement and said that while the Community would abide by it in good faith, quite clearly that agreement consisted of a balanced whole or a platform which, depending on what one, including the Quad members, put into it, could be extended or reduced through a give and take exercise. The Community was thinking how best to demonstrate its good faith. If its partners did not follow the Community in this, it would then have every right to either reduce or extend its own input.

26. One did not negotiate through lengthy statements, or by asking and waiting for others to do everything. No participant would be in a position to recommend that its authorities accept an agreement with less therein than there had been the previous day; the agreement had to contain some bonus, some extra, and this could be quantified. As regards Japan's statement on what that had been achieved so far, he said that the revenue losses resulting from concessions made could, indeed, be measured exactly by reference not to bound rates, but to applied ones. He reiterated that the Community was prepared to negotiate, in silence and in a discrete manner.

27. The Community recognized that there was a problem for the developing countries. While he confirmed that the Community would give thought as to the best way of taking into consideration the LLDCs' problems, there were the other developing countries as well. In this respect, he had taken note of Malaysia's statement. While the Community would look at the developing countries' overall situation at the appropriate time, many of those countries were obviously not in a position to actively and specifically take part in the negotiations. One might,

therefore, have at the end of the day to face a considerable problem if thirty or forty countries were simply not capable of actively participating now. He appealed to the Chairman and to the Secretariat to somehow help those developing countries which were not in a position to cope with the negotiations or to make offers, to continue participating therein until the end.

28. The Chairman said that there had been some divergency of views regarding aspects of the work currently being undertaken and on the extent of the remit or otherwise, particularly in the context of the Informal Group on Institutional Issues. He believed that this could be best handled by those charged with the responsibility for the various negotiating groups and, if necessary, by himself in consultation with the parties concerned in the event of difficulties arising and in the context in which they arose. One could not resolve this divergency of views by saying anything further than referring to the agreement that had originally been reached in regard to the creation of the Groups, and in letting the latter proceed with their work and watching developments very carefully. Disagreement, if it occurred, would then obviously have to be dealt with. Otherwise, all participants should be bolstered by the general positive attitude adopted by each of them. It remained to be seen whether that general positivism was now being translated into specific action, because it was not a matter of the remaining months, as some had said, but, in his view, of the remaining days within which these negotiations could be brought to fulfilment. If, indeed, the month of October was to provide the market-access package as the basis on which the whole negotiations would be concluded, then now was not the time for holding back. He could only implore every participant to take a positive step forward at this time with a view to trying to bring the negotiations to the satisfactory conclusion that all seemed to be wanting.

29. The Committee took note of the statements.