# MULTILATERAL TRADE NEGOTIATIONS THE URUGUAY ROUND

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**Trade Negotiations Committee** 

# TRADE NEGOTIATIONS COMMITTEE

Thirty-Sixth Meeting: 15 December 1993

- 1. The Trade Negotiations Committee (TNC) held its thirty-sixth meeting at official level under the Chairmanship of Mr. Peter D. Sutherland.
- 2. The <u>Chairman</u> announced that Brunei Darussalam, which had become a GATT contracting party on 9 December 1993, had also become the 117th participant in the Uruguay Round Trade Negotiations. He welcomed Brunei Darussalam on behalf of the Committee. <u>Note</u>: Bahrain also became a GATT contracting party on 13 December 1993 and, therefore, the 118th participant in the Round. Bahrain, however, did not attend the present meeting.

#### A. INTRODUCTION

- 3. He recalled that at each previous TNC meeting under his Chairmanship, he had exhorted participants, sometimes in rather strong terms, to take all necessary steps urgently to conclude the Uruguay Round. Today, when seven years of hard work had come to a successful conclusion, he congratulated them on their momentous and historic achievement and asked all to stand back and measure what had been accomplished—truly a remarkable achievement, from any perspective. The results would mean more trade, more investment, more jobs and larger income growth for all. Economic operators across the globe would benefit; producers and consumers, investors and traders everywhere would gain.
- 4. He was convinced that today would be seen as a defining moment in modern economic and political history. There were those, not without some reason, who found the post-Cold War world full of new risks and tensions, and who had been faced with the choice of whether their security was better assured by erecting defensive barriers against the external world or alternatively by engaging in a broader system of international co-operation and interdependence. Trade bound people together. It compelled recognition of mutual interest and co-operation. Today the world had chosen openness and co-operation instead of uncertainty and conflict. The participants' decision today went a long way towards answering the question of what the world would look like as one prepared for the future.
- 5. The multilateral trading system was one of the three pillars of the post-War economic construction established at Bretton Woods. This system had provided the foundation for the manifold rise in world trade and output since then. Nonetheless, as all knew, that construction was incomplete. Today, one

was filling the gap by creating a World Trade Organisation (WTO) with powers commensurate to the challenging tasks the participants had assigned to it. This Organisation would ensure that the trade order which they had negotiated would be effectively enforced and efficiently administered. The confidence of producers, traders and consumers in the stability of the trade order would no doubt be enhanced by the decision to give that order a solid institutional basis.

- 6. In every sense, the Uruguay Round was a global negotiation with a global result. For the first time, a negotiation under the GATT's auspices had covered virtually every sector of world trade. For the first time too, participation had been global. Indeed, perhaps the most significant feature about this negotiation had been the large number of developing countries not only taking part, but actively so. Their contribution to the Round had been a vital one, reflecting the importance of the multilateral system in creating and maintaining opportunities for sustainable development.
- 7. Important new areas of the world economy had been brought under multilateral disciplines. The General Agreement on Trade in Services (GATS) provided for a new set of multilateral rules for the conduct of <u>services</u> trade. It simultaneously created a framework for a continuing process of liberalisation. These rules took account of the particular features of trade in services and were based on fundamental principles of non-discrimination and national treatment. The outlook for job creation in this fast growing and dynamic sector, which accounted for over 60 per cent of world production, was now better than ever.
- 8. Trade in <u>intellectual property</u> was also now the subject of a comprehensive set of new rules which should help to promote creative activities and innovation and to safeguard investments in intellectual property.
- 9. <u>Agriculture</u> too became subject to new disciplines designed to establish a fair and market-oriented agricultural trading system. Reductions in subsidies should lead to more sustainable markets for farmers world-wide and create opportunities for governments to relieve excessive burdens borne by taxpayers and consumers.
- 10. <u>Textiles and clothing</u> also would be brought back under GATT disciplines, even if the process would take considerably longer than for other sectors.
- 11. The results on market access for goods represented a major milestone in the history of the GATT. Tariffs were expected to have been reduced by around 40 per cent. Of equally far-reaching importance was the substantial rise in security in the world trading system by virtue of the large increase in tariff bindings, not only but especially by developing countries, many of which had undertaken wideranging economic reforms in recent years intended to achieve fuller integration with world markets. And if one factored in comprehensive tariffication of the measures affecting trade in agriculture, over 95 per cent of world merchandise products would now be secured by tariff bindings, representing an enormous advance in predictability and stability of trading conditions.
- 12. The Uruguay Round had gone further than any previous negotiation to extend and strengthen the <u>rule of law</u> in international trade, both by bringing GATT principles to apply in areas where they had been lacking, and by strengthening the existing rules, especially by ensuring their application through a more effective dispute settlement system. The improved <u>dispute settlement</u> procedures would enhance the credibility of the rules and of the multilateral system as a whole.
- 13. Added together, these achievements amounted to a major renewal of the world trading system. By giving new expression to the principles of the system, the participants in the Round, had not only given the world economy a much needed boost, they had also made a far-sighted investment in a better future.

### B. ADOPTION OF THE FINAL ACT

- 14. He proposed that all participants in the Uruguay Round:
  - (a) agree that the texts contained in the Final Act (document MTN/FA dated 15 December 1993¹), including the detailed Schedules of market access in goods and services to be submitted to the Secretariat, embody the results of their negotiations. In this regard he was glad to report that the same afternoon the Group of Negotiations on Services had reached an agreement on the texts of a Ministerial Decision on Negotiations on Maritime Transport Services and an Annex to the GATS Agreement on the same subject, copies of which were available in the room and would form part of the package of results;
  - (b) acknowledge that the texts might be subject to rectifications of a purely formal character that would not affect the substance or meaning of the texts in any way; and
  - (c) indicate their intention to submit the relevant texts or legal instruments to be formulated on the basis of the Final Act for the consideration of their respective authorities with a view to seeking approval of, or other decisions on, the relevant texts or instruments in accordance with appropriate procedures in their respective jurisdictions.
- 15. He would assume that by raising no objection before he brought down the gavel the participants would be indicating their approval of these proposals.
- 16. On market access, the Chairman declared that the substantive market access negotiations pursuant to the Ministerial Declaration on the Uruguay Round had been concluded. In this regard, he was relying on the fact that 95 participants had submitted draft Schedules of concessions covering both agricultural and non-agricultural products. A large number of participants had also confirmed that their offers were now final and that concessions exchanged would be duly reflected in their final Schedules to the Uruguay Round Protocol.
- 17. In regard to <u>agriculture</u>, the Secretariat had circulated the revised version of the negotiating modalities to establish commitments (MTN/GNG/MA/W/24).
- 18. The conclusion of the market-access negotiations meant that, as of the same day, the existing market-access result would not be reduced, except for minor adjustments which should have no significant impact on the overall and bilateral balances. Additional concessions could, of course, be incorporated in the final schedules.
- 19. In the area of <u>textiles and clothing</u>, the interests of certain participants required that market access negotiations continued. These negotiations were considered necessary to achieve a larger and balanced final market access package for these participants.
- 20. He then outlined the <u>procedures</u> that he envisaged would have to be put in place following the conclusion of the Round's market-access negotiations.

<sup>&</sup>lt;sup>1</sup>Corrigendum 1 to MTN/FA of the same date provides for the change in name of the MTO into WTO. Also of the same date, Addendum 1 provides for the additions to be made to the GATS Agreement, namely the Schedules of Specific Commitments, the Article II Exemptions, the Annex and Decision on Maritime Transport Services, and additional names to the Decision on Negotiations on Basic Telecommunications. Both the Corrigendum and the Addendum form part of the Final Act.

- (a) A process of verification of final Schedules would need to be established to ensure that the results negotiated and agreed were accurately reflected. This process would have to be designed so as to provide for periodic monitoring and transparency. For this purpose, draft final Schedules would have to be submitted to the Secretariat no later than 15 February 1994. The verification process would end on 31 March 1994. This should provide the time necessary to prepare and complete final Schedules for attachment to the Uruguay Round Protocol to the GATT 1994 for adoption by the Special Ministerial Session scheduled for 12-15 April 1994.
- (b) While he strongly advised least-developed countries to finalise their market-access Schedules in accordance with this timetable, they had an additional year to submit their final schedules by 15 April 1995.
- 21. The Secretariat was, of course, ready to provide any technical assistance that participants may require.
- He asked the Committee therefore to note that he would also put in place a <u>legal drafting process</u> to effect rectifications of a purely formal nature in the Final Act. This work would begin on Monday, 17 January 1994 and conclude on 31 March 1994.
- 23. The Committee <u>took note</u> of the Chairman's proposals on procedures to be put in place following the conclusion of the Round's market-access negotiations, and of his intention also to put in place a legal drafting process.
- 24. Lastly, the <u>Chairman</u> said he was pleased to inform the Committee that the Government of the Kingdom of Morocco had kindly invited the participants to hold a meeting of the TNC at Ministerial level in April at Marrakech (MTN.TNC/W/127). He proposed that the Committee decide to accept the invitation from the Government of Morocco.
- 25. The Committee so <u>agreed</u>.
- 26. Before taking the decision on the conclusion of the Uruguay Round, he gave the floor to the following representatives, whose respective statements have been circulated separately as "MTN.TNC/40/ST/-" documents: Malaysia on behalf of the developing countries (ST/1), Canada (ST/2), the European Communities (ST/3), Pakistan (ST/4), Indonesia (ST/5), Egypt also on behalf of the African countries (ST/6), United States (ST/7), Australia (ST/8), Brazil (ST/9), Chile (ST/10), Argentina (ST/11), Peru (ST/12), Switzerland (ST/13), Austria (ST/14), Cameroon (ST/15), Korea (ST/16), Mexico (ST/17), Tunisia (ST/18), Hong Kong (ST/19), Japan (ST/20), El Salvador (ST/21), India (ST/22), Sweden on behalf of the Nordic countries (ST/23), and the Czech Republic also on behalf of the Slovak Republic (ST/24).
- 27. The Chairman then interrupted the proceedings and said that at this stage, first of all, he was grateful for the participants' indulgence for having opened the door to the world's media for the next few moments. What one was about to do was a historic act which deserved to be recorded and which would be of interest to people in every one of the participants' countries. He added that without the great interest shown by the Press in these negotiations, one might never have achieved success. To them also, therefore, he thought some credit and testimony should be paid. One had come to the end of the most far-reaching trade negotiation ever. The negotiators of the 117 governments involved had achieved an extraordinary success, a success that gave hope for the future of international co-operation, a success which would reinforce economic growth and development, a success which would aid the process of political and economic reform. It was in this context that, in accordance with the practice which had been developed, and having waited for a moment for the participants' silence to suggest

their consent, he intended to raise the gavel and conclude the Uruguay Round as a success. After seven long years, all had achieved something together, he thought, of considerable importance. With the participants' approval, therefore, he gavelled the Uruguay Round as concluded.

- 28. The Trade Negotiations Committee formally <u>adopted</u> the Final Act of the Uruguay Round Negotiations in document MTN/FA and Corr.1 and Add.1.
- 29. A long period of warm applause followed, including a standing ovation of the participants, the galleries, and the Secretariat. The Press duly and extensively recorded this event.
- 30. The representative of <u>Morocco</u> noted that his country's invitation to host the Ministerial Meeting in Marrakech in April 1994 had been greeted in a way which showed that Morocco, too, had been right in making its contribution to the overall strengthening of the multilateral trading organisation. It was also a testimony of the confidence which his country placed in the overall organisation. One would, in fact, be setting the foundations for the formal adoption of the Final Act. On behalf of the Government of His Majesty the King, he conveyed through the Chairman Morocco's gratitude to all participants in the Round for their support. He reiterated the readiness of his Government to do everything within its power to ensure the success of the Ministerial Meeting which it would be their pleasure of hosting next April.
- 31. The representative of <u>India</u>, speaking as Chairman of the GATT CONTRACTING PARTIES, proposed that the gavel with which the Chairman had gavelled the Final Act should be presented to him as a memento, since he had once been described as the "Champion of the Gavel".
- 32. The Committee so agreed.
- 33. The general statements then resumed and the representatives of the following participants spoke: <a href="https://doi.org/10.1036/nj.nc.2016/">Turkey (ST/25)</a>, <a href="https://doi.org/10.1036/nj.nc.2016/">Costa Rica (ST/26)</a>, <a href="https://doi.org/10.1036/nj.nc.2016/">Jamaica (ST/27)</a>, <a href="https://doi.org/10.1036/nj.nc.2016/">China (ST/28)</a>, <a href="https://doi.org/10.1036/nj.nc.2016/">Romania (ST/29)</a>, <a href="https://doi.org/10.1036/nj.nc.2016/">Côte d'Ivoire (ST/30)</a>, <a href="https://doi.org/10.1036/nj.nc.2016/">Colombia (ST/31)</a>, <a href="https://doi.org/10.1036/nj.nc.2016/">Bangladesh (ST/32)</a>, <a href="https://doi.org/10.1036/nj.nc.2016/">Myanmar (ST/33)</a>, <a href="https://doi.org/10.1036/nj.nc.2016/">Sri Lanka (ST/34)</a>, <a href="https://doi.org/10.1036/nj.nc.2016/">And Macau (ST/36)</a>, <a href="https://doi.org/10.1036/nj.nc.2016/">Morocco (ST/37)</a>, <a href="https://doi.org/10.1036/nj.nc.2016/">Venezuela (ST/38)</a>, <a href="https://doi.org/10.1036/nj.nc.2016/">Guatemala (ST/39)</a>, <a href="https://doi.org/10.1036/nj.nc.2016/">Madagascar (ST/40)</a> and <a href="https://doi.org/10.1036/nj.nc.2016/">Madagascar (ST/40)</a> and <a href="https://doi.org/10.1036/nj.nc.2016/">Madagascar (ST/40)</a>
- 34. The representative of <u>Uruguay</u>, <u>on behalf of the Government of Uruguay</u>, of <u>Minister Abreu</u>, <u>Chairman of the Committee at Ministerial level</u>, said he was very happy to express Uruguay's gratitude to all governments that had taken part in the Round concluded today and which bore the name of their country. In the years since one had begun work in Punta del Este, one had run into many obstacles because of the complexities and the ambitious nature of this unprecedented Round of negotiations. Above all, what was important was the agreement reached, a milestone in the history of world trade negotiations. Uruguay had a long tradition of supporting GATT from the very start of its institutional life, and in the seven years of the Round, four of its Ministers had successively had the honour of chairing the TNC. Uruguay shared the general feeling of happiness expressed by many and would bring maximum support to the World Trade Organisation, hoping to achieve fairer trade within the framework of international legislation.

# C. FUTURE WORK PROGRAMME<sup>2</sup>

- 35. The <u>Chairman</u> drew the participants' attention to the proposed future work programme to implement the results of the Uruguay Round contained in his statement of 13 December (MTN.TNC/W/126) and proposed that the Committee approve this work programme. It was evident that significant additional administrative, budgetary and staffing implications would arise from the implementation of the Round's results and it was his intention to seek approval of such additional budgetary provisions as might be necessary at the April Ministerial meeting.
- 36. The Committee <u>approved</u> the proposed future work programme to implement the results of the Uruguay Round contained in MTN.TNC/W/126. The work programme is reproduced in Annex 1.

# D. DECISION ON TRADE AND ENVIRONMENT

- 37. The <u>Chairman</u> recalled that during the negotiations, it had been agreed that the Committee would adopt a work programme on trade and environment. Accordingly, he was submitting for the TNC's approval the draft Decision on Trade and Environment which had been circulated in document MTN.TNC/W/123.
- 38. The Committee <u>adopted</u> the Decision in MTN.TNC/W/123. The text of the Decision is reproduced in Annex 2.

# E. PROPOSALS BY THE EUROPEAN COMMUNITIES

- 39. The <u>Chairman</u> recalled that during the negotiations, the European Communities had circulated two proposals which participants had agreed to discuss at a later stage in the appropriate fora. These proposals were:
  - (a) the Understanding on the Interpretation of Article XXIV of the GATT (MTN.TNC/W/125);
  - (b) the question of identification of developing countries (MTN.TNC/W/128).
- 40. These proposals are reproduced as Annexes 3 and 4, respectively.

# F. <u>CONCLUSION</u>

41. The <u>Chairman</u>, on behalf of the Committee, said he wished to record its appreciation of the efforts of the very many people who had participated and contributed to the Uruguay Round during its various stages. So many people had made such an enormous contribution that it was not feasible on this occasion to mention all of them. However, he wanted the Committee to pay a special tribute to his predecessor, Arthur Dunkel, who had done so much to shape the Final Act. The latter, unfortunately, could not be present today as he had an unavoidable commitment in Poland.

<sup>&</sup>lt;sup>2</sup>The Chairman of the Committee on the Agreement on Civil Aircraft has drawn the attention of the Trade Negotiations Committee to the following proposal: "The Signatories recognize the need to continue negotiations aimed at broadening and improving the disciplines in this Agreement on the basis of mutual reciprocity. They shall commence such negotiations promptly, and shall seek to complete such negotiations within one year. The negotiations shall take place on the basis of the draft agreement presented by the Chairman of the Aircraft Committee on 12 December 1993 and other proposals. In the course of these negotiations, an understanding among Sig atories should be developed setting out the criteria for the identification and allocation of subsidies bestowed directly or a rectly upon the manufacture, production or export of civil aircraft."

- 42. He expressed his gratitude to the Friends of the Chair, Mr. Michael Cartland, Mr. Germain Denis, Ambassador David Hawes and Ambassador Julio Lacarte, without whose dedicated commitment, professionalism, skill, and perseverance, the quality of the results would not have been as great as it was.
- 43. He also thanked the Secretariat staff, who had certainly done a tremendous job in helping the participants and the Chair and his friends to deliver the conclusions arrived at today.
- 44. The Committee <u>took note</u> of all the statements made.

#### ANNEX 1

# FUTURE WORK PROGRAMME IN CONNECTION WITH THE URUGUAY ROUND NEGOTIATIONS

Statement by Mr. Peter D. Sutherland on 13 December 1993

I believe it would be helpful to delegations if I outline how I see the work that will have to be one between 15 January and the Marrakesh meeting, envisaged for 12-15 April 1994, that I would propose to set out in a more definitive manner at the TNC meeting on 15 December.

I have already indicated the activities we will undertake in regard to legal drafting, as well as to adjustment and verification of Schedules.

We will adopt a TNC Decision next Wednesday on <u>Trade and Environment</u> that will require a report ahead of the Marrakesh meeting.

However, there are other issues on which I would like you to reflect. First, we must deal with the situation of four categories of countries that I hope would wish to be original Members of the MTO: (i) The least-developed countries have the option of taking an extra period of one year from 15 April 1994 to lodge their Schedules, although I have urged all of them to lodge their Schedules by 15 December; (ii) then, there are three countries which are full participants in the Uruguay Round but which have not completed their negotiations for entry into GATT: these are Algeria, China and Honduras; (iii) twelve countries which have been associated with the Round and which are at varying stages of progress in their own negotiations, ranging from the earliest stages to near finalization; and (iv) the eighteen countries which apply GATT on a defacto basis and have not participated in our multilateral negotiations.

After 15 December we will have to address these different situations bearing in mind our common objective that the MTO should be truly representative of world trade through the widest possible membership willing to meet the obligations. For this purpose, proposals will be submitted on the appropriate process, taking into account that the TNC is likely to lapse after the Marrakesh meeting.

Second, I have indicated at a previous TNC meeting that we will need to prepare a <u>Ministerial Declaration</u> to be approved at Marrakesh. This will be a subject for careful consideration, as well as the other matters that will appear on the agenda at our Marrakesh meeting.

Third, we need also to look beyond 15 April next so that Ministers may provide accordingly at Marrakesh.

In the light of the results of the Round, the proposed MTO will not be a successor agreement to GATT, as defined in the Vienna Convention. The two instruments are "legally distinct" and this means that insofar as governments put the Uruguay Round agreements into force and do not simultaneously withdraw from GATT under the Protocol of Provisional Application (which stipulates a sixty-day period after notification before withdrawal takes place), they will be bound by two MFN clauses which will apply to different sets of commitments and countries. Arising both from this consideration and from the need to launch the MTO under the best possible auspices, we should undertake intensive work after 15 April next. Some of the areas to be covered would be:

— the accession negotiations of the four categories of countries mentioned earlier;

- technical assistance missions to a number of those countries to contribute to their participation in such negotiations;
- the questions which follow directly out of the contents of the MTO Agreements and which are specifically provided for therein. For these cases, which vary considerably in importance, timing and nature, implementation procedures would need to be worked out as appropriate;
- other substantive subjects that arise in terms of:
  - (i) the link between trade and environment;
  - (ii) the contents of the Marrakesh Ministerial Declaration; and
  - (iii) the fact that since the MTO will have a considerably larger scope and responsibilities than GATT, efficient coordination procedures and courses of action need to be established:
- the Rules of Procedures for the Ministerial Conference, General Council and subsidiary bodies that will need to be drafted;
- the administrative, personnel, budgetary and financial issues, which will be complex because of the "legally distinct" concept. GATT and the MTO are likely to co-exist for a period of time that is presently unforeseeable and this prospect will call for careful and thorough planning;
- the question of ICITO/GATT also needs to be considered;
- the preparation of the Implementation Conference, in regard to which we have only the most sketchy indications in the Punta del Este Declaration.

Let me add that practically every item that will appear on the agenda of the MTO's inaugural Conference will have to bring together different elements that will need to have been worked out beforehand.

It seems to me that the institutional solution to enable us to prepare properly for the work ahead and to cover the issues I have mentioned, among others, will be the establishment by the TNC at Marrakesh of an open-ended Interim Committee for the MTO that would undertake these tasks and thus concentrate on the setting up of the new organization under the best possible conditions.

As will be clear from this partial enumeration of tasks, there is a great deal to be done after the signature of the Final Act and up to the Implementation Conference.

In the 15 January-15 March period we will carry out the preparatory activities that shall enable the Marrakesh meeting to approve the necessary mandates, and I expect to call a meeting of the TNC at the end of March to approve appropriate drafts for submission to Ministers at Marrakesh.

#### ANNEX 2

# **DECISION ON TRADE AND ENVIRONMENT**

The Trade Negotiations Committee,

# Noting:

- the Rio Declaration on Environment and Development, Agenda 21, and its follow-up in GATT, as reflected in the statement of the Chairman of the Council of Representatives to the CONTRACTING PARTIES at their 48th Session in December 1992, as well as the work of the Group on Environmental Measures and International Trade, and of the Committee on Trade and Development;
- (b) the work programme envisaged in the Decision concerning Article XIV:B of the Services Agreement; and
- (c) the relevant provisions of the TRIPs Agreement;

Considering that there should not be, nor need be, any policy contradiction between upholding and safeguarding an open, non-discriminatory and equitable Multilateral Trading System on the one hand, and acting for the protection of the environment, and the promotion of sustainable development on the other:

Desiring to coordinate the policies in the field of Trade and Environment, and this without exceeding the competence of the multilateral trading system, which is limited to trade policies and those trade-related aspects of environment policies which may result in significant trade effects for its members:

Decides to draw up a programme of work:

- (a) to identify the relationship between trade measures and environmental measures, in order to promote sustainable development;
- (b) to make appropriate recommendations on whether any modifications of the provisions of the Multilateral Trading System are required, compatible with the open, equitable and non-discriminatory nature of the system, as regards, in particular:
  - the need for rules to enhance positive interaction between trade and environmental measures, for the promotion of sustainable development, with special consideration to the needs of developing countries, in particular those of the least developed among them; and
  - the avoidance of protectionist trade measures, and the adherence to effective multilateral disciplines to ensure the responsiveness of the Multilateral Trading System to environmental objectives, including Principle 12 of the Rio Declaration; and
  - surveillance of trade measures used for environmental purposes, of trade-related aspects of environmental measures which have significant trade effects, and

of effective implementation of the multilateral disciplines governing those measures;

Agrees to present the programme of work, and recommendations on an institutional structure for its execution, for adoption as soon as possible and no later than at the Ministerial Conference of April 1994.

#### ANNEX 3

# UNDERSTANDING ON THE INTERPRETATION OF ARTICLE XXIV OF THE GATT

# Proposal of 12 December 1993 by the European Communities

# Background

- 1. In situations where the participants have not been able to reach formal conclusions with regard to Article XXIV-type agreements, the overall conformity of these agreements with the GATT can presently be questioned at any moment through the Dispute Settlement procedure (Article XXIII:2). From a systemic point of view, this means that even after years of implementation of an economic integration agreement, duly notified and examined by the GATT, no legal security is guaranteed for such agreements vis-à-vis GATT.
- 2. The Uruguay Round participants, signatories of the present proposal<sup>3</sup>, do not agree that under paragraph 12 of the Understanding on the Interpretation of Article XXIV of the GATT panels could question the conformity of existing customs unions and free-trade areas, as well as interim agreements leading up to customs unions and free-trade areas as such, when such agreements have been notified to the CONTRACTING PARTIES and the latter have not made specific recommendations with respect to such agreements.
- 3. The European Communities and the other Uruguay Round participants signatories of the present proposal believe that this situation would be best addressed by amending paragraph 12 as indicated below:

# <u>Proposed amendment of paragraph 12 of the Understanding on the Interpretation of Article XXIV</u> of the GATT

"12. The dispute settlement provisions of the General Agreement may be invoked with respect to any specific measures arising from the implementation of those provisions of Article XXIV relating to customs unions, free-trade areas or interim agreements leading to the formation of a customs union or free-trade area. Such recourse to the dispute settlement provisions, however, shall not be allowed to question the conformity with GATT of existing customs unions, free-trade areas or interim agreements leading to customs unions or free-trade areas which have been notified to the CONTRACTING PARTIES, as long as the CONTRACTING PARTIES have not made a specific recommendation under Article XXIV:7 of the General Agreement".

<sup>&</sup>lt;sup>3</sup>EC, Mauritius, Jamaica, Morocco, Uganda, Zaïre, Côte d'Ivoire, Dominican Republic, Ghana, Trinidad & Tobago, Senegal, Cameroon, Algeria, Tunisia, Egypt, Zimbabwe, Tanzania, Hungary, Romania, Zambia, Cyprus, Malta, Madagascar, Israel, Czech Republic, Slovak Republic, St. Vincent and the Grenadines, Nigeria, Antigua & Barbuda.

# Proposal of the European Communities

4. The European Communities recognize that this is a complex and politically important matter. Since we are so near the conclusion of the Round, the Communities are willing not to pursue their proposal now, on the basis that Uruguay Round participants would agree that this matter be discussed in the contracting parties immediately after the conclusion of the negotiations in the Uruguay Round.

# ANNEX 4

# <u>IDENTIFICATION OF DEVELOPING COUNTRIES</u>

# Proposal of 13 December 1993 by the European Communities

# Background

The European Communities have been concerned for some time with the problem of graduation. The Communities were obliged to raise the question in a notification to the Chairman of the TNC of December 1991 (MTN.TNC/92).

# Proposal of the Communities

The European Communities agree not to pursue the general question of graduation now, on the understanding that the participants agree to take this matter to the Committee on Trade and Development and its successor in the MTO for comprehensive consideration.