Personal perspectives on the Uruguay Round and related events



John M. Weekes
Former Ambassador of Canada to the WTO (1995–1999); also served as Canada's Ambassador to the GATT during the Uruguay Round

As I began thinking of how to describe my experience and reflections[1] regarding the Uruguay Round, I found it hard to separate my thoughts from the current challenges the WTO is facing and from my broader experience with the GATT and the WTO over more than half a century.[2] So, I decided to use this essay to reflect on how the GATT contracting parties approached the preparations for, the negotiation of, and the implementation of the Uruguay Round. In so doing, I touch on many issues that remain relevant today, such as consensus building, reciprocity and the role of both exports and imports in an economy, single undertakings, and ministerial engagement.

A work programme for a new round

In Ottawa, I was directly involved in the preparations for the 1982 GATT ministerial meeting. In retrospect, I believe that it was that meeting which marked the launch of serious preparations for what became the Uruguay Round.

In their Declaration,[3] ministers recognized "that the multilateral trading system, of which the General Agreement is the legal foundation, is seriously endangered. In the current crisis of the world economy, to which the lack of convergence in national economic policies has contributed, protectionist pressures on governments have multiplied, disregard of GATT disciplines has increased and certain shortcomings in the functioning of the GATT system have been accentuated."

The meeting was hyped as the meeting to end protectionism, that somehow GATT ministers would come together and through a declaration would rectify the situation.

Not surprisingly, the meeting was perceived as having failed because it did not achieve this objective. However, ministers did establish a work programme, which was discounted at the time. Outside observers did not see it as being of any significance, but it was a major achievement. Without that meeting, I doubt that we would have launched the Uruguay Round in Punta del Este in 1986. The work programme was surprisingly broad and, significantly for the future, included new issues for the GATT, trade in counterfeit goods, and services. It also put major emphasis on trade in agriculture.

Building consensus

In the trade world, much of the period between November 1982 and September 1986, when the Uruguay Round was launched in Punta del Este, was devoted to consideration of whether a negotiation was necessary, what the objectives of the negotiation should be, and more specifically what subjects should be included. There were serious differences of view among contracting parties to the GATT on these matters.

The process of building consensus was long and arduous and was only completed during the ministerial meeting in Punta del Este. Much of the work took place of course in Geneva in the GATT and also informally among delegations. Significantly, considerable work was conducted outside Geneva in other organizations and in ad hoc conferences and gatherings involving various combinations of ministers, senior officials, academics, business leaders and representatives of civil society.

Several intergovernmental organizations were involved, including notably the OECD which made important contributions of a technical nature in particular areas of the preparations including in agriculture and trade in services.

In the mid-1980s, I was the Canadian representative to the OECD Trade Committee and went to Paris for meetings of the committee, where many discussions occurred about various issues regarding preparations for the new negotiations. Many informal discussions occurred in the margins among representatives to the committee, including senior representatives of major EC member states. These exchanges allowed for a better understanding of the underlying factors which influenced policy development in various OECD countries.

The process of building consensus was long and arduous and was only completed during the ministerial meeting in Punta del Este.

Particularly important was the meeting of the OECD Council at Ministerial Level in April 1986. In their communiqué: “Ministers vigorously endorsed the need to launch a comprehensive new round of multilateral trade negotiations. Ministers noted with satisfaction the preparation in GATT for a Ministerial meeting in September for this purpose. Member countries’ governments are determined to do their utmost to support the new round and the

process leading to its launching. All countries, developed and developing, have a stake in the early launching and successful completion of a new round."

"The new round should, *inter alia*, address the issues of trade in services and trade related aspects of intellectual property rights and foreign direct investment." Of course, the same key officials from various countries often appeared at meetings dealing with these issues in various locations.

In the mid-1980s, I had responsibility for managing the preparation for Canada's participation in various quadrilateral trade ministers' meetings.[4] These meetings played a very constructive role in preparing for the launch of the Uruguay Round.

"The new round should, *inter alia*, address the issues of trade in services and trade related aspects of intellectual property rights and foreign direct investment."

I remember the Quad ministers' meeting in July 1985 hosted in Ontario by the Canadian trade minister, Jim Kelleher. This meeting went a long way towards ironing out remaining differences among the Quad members and produced a level of enthusiasm for launching the new round that contributed very positively to the above-mentioned OECD ministerial meeting the following spring.

Other important contributions made to developing the agenda for the Uruguay Round came from deliberations in the GATT Consultative Group of 18 chaired by the Director-General, and from the Leutwiler Report,[5] "Trade Policies for a Better Future".

As can be seen from these brief recollections, consensus building was a complex process but did produce the Punta del Este Declaration, which proved a solid basis for conducting the Uruguay Round.

Reciprocity, mercantilism and the economic benefits of trade

These themes recur in all major negotiations, so I think it is useful to include some of my recollections from the Tokyo Round which are still relevant today. At the beginning of those negotiations in the early 1970s, participants were talking about what they wanted to get out of the Round. In some ways, this is

the most satisfying part of any negotiation because participants can stake out exactly what they would like to see happen.

Canadian representatives were asserting that Canada would be prepared to pay "in good coin" if it secured the outcomes it wanted. This "in good coin" expression came from Simon Reisman, who was then deputy Minister of Finance and had been part of the Canadian delegation at the Havana Conference. There was a very strong flavour of reciprocity. This was my first experience with a big negotiation and being exposed to a lot of very senior officials. I was the young guy and still very much on a learning curve.

When we got to the end of the negotiations and the final bargaining in 1979, we did not achieve a number of our priority objectives. However, we still made a lot of concessions.

The overall result was beneficial for Canada. But what was particularly interesting to me was how our rhetoric changed when we turned to the job of selling the results to the Canadian public. Suddenly all these things that would be so painful to give away - our "good coin" - became benefits: benefits for consumers, benefits for manufacturers who could import intermediate products more cheaply, benefits for food processors who had better access to a more reliable supply of agricultural products and so on.

So, suddenly the language went from being very mercantilist, when we looked at how to explain the results domestically, to being more about the broader economic interests of the country. For me, this was a good lesson to learn early on in my career.

Single undertaking or not

Much is made of the fact that the Uruguay Round was concluded as a single undertaking. And since then, the argument has often been made that the prospects for future big negotiations would be improved if they were treated as single undertakings. I beg to differ on two grounds.

First, the Punta del Este Declaration launching the Uruguay Round did provide that "the launching, the conduct and the implementation of the outcome of the negotiations shall be treated as parts of a single undertaking". However, at the launch in Punta del Este, no one thought that those words would evolve to mean that all countries would accept all aspects of the results. For

instance, no one thought that all countries would accept all of the revised Tokyo Round plurilateral agreements (often called codes) on matters such as subsidies and countervailing measures, and product standards. The decision on the nature of the single undertaking was only taken when the final results emerged, and it became clear that implementation would be facilitated if there was one inseparable package.

Second, the dynamics of a single undertaking stifle creativity. Many participants are afraid to discuss new ideas or approaches because they are worried that they will subsequently be compelled to accept the result. For instance, at the start of the Uruguay Round there was a general assumption that all the Tokyo Round codes would continue as separate GATT agreements among limited numbers of parties. Agreement on the Punta del Este Declaration might never have been reached if potential participants thought that joining the codes might become a requirement.

Ministerial involvement

Obviously, ministerial involvement is essential to the WTO and the multilateral trading system. How to make it effective is a recurring topic. The following two accounts help to provide useful perspective.

The Mid-Term Review of the Uruguay Round by the Trade Negotiations Committee (TNC) was convened at ministerial level in Montreal in December 1988. While considerable progress had been made in the negotiations, a number of countries led by Latin American and other Cairns Group members blocked further work because of lack of progress on agriculture. The negotiations were also at an impasse in the areas of textiles and intellectual property.

Ministerial involvement is essential to the WTO and the multilateral trading system. How to make it effective is a recurring topic.

With negotiations effectively suspended, ministers decided to ask the Director-General, Arthur Dunkel, in his capacity as chairman of the Trade Negotiations Committee (TNC) at official level to conduct consultations, with a view to finding a way to agree on the future orientation of the negotiations going forward. In Montreal, ministers had decided on a provisional basis to implement certain elements of the round. However, provisional

To make a negotiation succeed, you need political involvement.

implementation was also caught up in the suspension.

So, what happened? First, Arthur Dunkel visited capitals to consult with political leaders in countries key to finding a solution. Next, he convened a series of meetings in Geneva on each of the three outstanding issues. Each country was allowed to have two representatives at each meeting. Most decided to be represented by their local head of delegation and a senior capital-based issue specialist. This process of getting the round back on track was one of Arthur Dunkel's great achievements. He managed it very effectively.

The result came at the beginning of April, when Arthur Dunkel convened a meeting of the Trade Negotiations Committee, at which (I think) all participants decided to be represented by senior officials. Agreement was quickly reached. Negotiations resumed and the areas of provisional agreement were provisionally implemented. All this was done without a further ministerial meeting but there had been very effective ministerial engagement throughout.

The second example is related to the negotiations on telecommunications and financial services. These negotiations had not been completed during the Uruguay Round, but it was agreed they would continue afterwards. When I arrived in Geneva as permanent representative to the WTO, in the late summer of 1995, those negotiations were technically going on. Officials were coming from capitals to meetings every few months. But, if you went back to Ottawa, and talked to people at a senior level, they had no idea that these negotiations were underway.

The issues involved in both sets of negotiations would require decisions that would have to be taken at a senior political level. Legislative changes would be needed for many participating countries. There was a striking disconnect between what was happening and what was needed for success. To make a negotiation succeed, you need political involvement.

In my experience, political involvement means that officials have consulted ministers and have

Understanding the history of the multilateral trading system requires a long-term perspective.

obtained a proper mandate to be able to conduct that negotiation. Normally, the negotiation would be done by officials rather than ministers. It is important to let ministers interact with each other on the issues under negotiation.

But whether ministers want to spend the time necessary to get into the matter in sufficient detail to really negotiate something out is another matter. It is both a question of aptitude (maybe for many ministers they do not have the background) and comparative advantage. It is not something most ministers want to spend their time on; they do not have the inclination to do it; they could do it, but they do not really want to spend their time that way.

In the end, the negotiations on telecommunications and financial services were brought to a successful conclusion without the need for a ministerial meeting.

Afterthought

In these brief recollections, I have tried to show that understanding the history of the multilateral trading system requires a long-term perspective. I suggest it will be important to bear this in mind in the challenging period that lies ahead.

Endnotes

1 In preparing this essay, I have drawn on interviews I did with Rosine Plank-Brumback in 2008 as part of the Oral History of the World Trading System project of the Institute of International Economic Law at the Georgetown University Law Center.

2 From 1971 to 1999, I served as a Canadian trade policy official based either in Ottawa or Geneva. This included six years as part of the Canadian delegation to the Tokyo Round (73-79), four years as ambassador to the GATT during the Uruguay Round (87-91) and four years as ambassador and permanent representative to the WTO (95-99). My Geneva experience included chairing the GATT Council in 1989, the WTO General Council in 1998, the GATT Articles Negotiating Group in the Uruguay Round, the Committee on Regional Trade Agreements and the working party on the Accession of Saudi Arabia to the WTO. From 1979 to 1987 in Ottawa, I played a lead role in managing Canada's approach to GATT matters, first as a divisional director and then as the director general for trade policy. From 1999 until 2009, I remained in Geneva as a senior trade policy adviser in the private sector, mostly with Sidley Austin advising clients on WTO related matters.

3 Document GATT L/5424 contains the contents of the Ministerial Declaration of 28 November 1982 and makes very interesting reading against the current background of events.

4 The Quad as it was then known was an informal grouping of the trade ministers of the United States, the European Commission, Japan and Canada. In the mid-1980s, the Quad accounted for approximately 80% of world trade. In the run up to the Uruguay Round, the Quad met two or three times a year at ministerial level. There were also many Quad meetings involving officials. These quiet discussions proved useful in allowing these four participants in the GATT to compare notes, narrow their own differences and consider ways of providing leadership to the broader international trade community.

5 Fritz Leutwiler, chair of the Swiss central bank and president of the Bank for International Settlements, was asked by the Director-General to chair a group of seven eminent persons to conduct a study of problems facing the international trading system.