WORLD TRADE ORGANIZATION

The Uruguay Round

Reflections by key players



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Cover image:
Peter Sutherland, Director-General of GATT (1993-1995), celebrates the conclusion of the Uruguay Round at a meeting in Geneva, Switzerland, on 12 December 1993.

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Foreword by Director-General Ngozi Okonjo-Iweala

The idea for this book began to take shape during an official visit I made to Uruguay in May 2024.

In Montevideo, I had the pleasure to mark the 30th anniversary of the conclusion of the Uruguay Round with some of the people who played a direct role in those historic negotiations.

At a lunch hosted by the Ministry of Foreign Affairs, I was honoured to sit next to two officials who played central roles both in launching the Round and bringing it to a successful close: Sergio Abreu, now Secretary General of the Latin American Integration Association (ALADI) and former chair of the GATT Trade Negotiations Committee, and Ricardo Zerbino, Uruguay's Minister of the Economy from 1985 to 1990.

At the end of the lunch, I asked for a photo with them to demonstrate the gratitude we owe to those whose tireless work helped build a more open and predictable global economy, which during subsequent decades would enable unprecedented improvements in human well-being.

The same day, I was invited as a special guest to a session of the ALADI Committee of Representatives, attended by ambassadors from member countries. Just before the session got under way, Sergio Abreu invited me into his office, where he showed me the gavel he used to officially close the Uruguay Round.

As he notes in this book, that strike of the gavel was the culmination of many years of cooperation and negotiation that led to the transformation of the multilateral trading system and the establishment of the comprehensive set of trade rules that still govern world trade today. It also led, of course, to the birth of the World Trade Organization just a few months later.

During my visit, I was also delighted to meet with another contributor to this book, María Cassarino, now Advisor to the Secretary General of ALADI. In 1991, she joined the Uruguayan mission to the General Agreement on Tariffs and Trade (GATT) in Geneva as Third Secretary in the team led by Ambassador Julio Lacarte Muró, a legendary figure in the evolution of the GATT/WTO system.



DG Okonjo-Iweala with Ricardo Zerbino (left - former Minister of the Economy of Uruguay) and Sergio Abreu (former Foreign Minister of Uruguay) at the Ministry of Foreign Affairs in Montevideo in May 2024.



DG Okonjo Iweala holding the gavel used to officially close the Uruguay Round, with María Cassarino (former Second Secretary of Uruguay) and Sergio Abreu (former Foreign Minister of Uruguay), in the latter's office in Montevideo in May 2024.

Over the course of these conversations, I began to wonder about the back story to these negotiations, as I heard many interesting stories and reflections that may not have been captured in the numerous scholarly and other works on the Uruguay Round. This volume is an attempt to ensure that some of these rich reflections are not lost.

Throughout my time in Montevideo, I got a strong sense of the pride Uruguayans feel that their country's name is forever associated with the largest trade negotiation ever, and most probably the largest negotiation of any kind in history. The negotiations that bear their name covered everything from toothbrushes to pleasure boats and expanded trade rules into new areas, such as banking, telecommunications and intellectual property rights. The round also created a binding dispute settlement system.

It is no coincidence, therefore, that Uruguay accounts for many of the recollections in this commemorative publication. Particular thanks are due to Enrique Iglesias, formerly Uruguay's Minister of Foreign Trade, who presided over the ministerial meeting that launched the Uruguay Round in Punta del Este in September 1986. His memories of that decisive meeting, soon to mark its 40th anniversary, are particularly poignant against the backdrop of the current disruptions in global trade.

I also wish to honour the memory of Ambassador Carlos Pérez del Castillo, who passed away recently. Just a few months earlier, he left us a thoughtful and richly detailed reflection on the Round's agricultural negotiations, drawing on his role at the time as Director General of Economic Affairs at the Ministry of Foreign Affairs.

I am hugely grateful to everyone who has contributed to this publication, which includes a wide variety of regional perspectives on the evolution and conclusion of the Round, encompassing the recollections of participants from all continents. I hope you enjoy reading their contributions as much as I have. I must say that I learned a lot and gained some insights into the ongoing issues that the WTO confronts today.



Dr Ngozi Okonjo-Iweala
Director-General

Memories of a beautiful multilateral epic



Hassan Abouyoub
Former Minister of Trade of Morocco

When preparations for the Punta Del Este Ministerial Meeting began, the Kingdom of Morocco had barely begun its accession process. It was therefore as an observer that it became involved in the November 1982 ministerial meeting in Geneva, particularly at the African Group level and in the Punta Del Este Ministerial. Later, it would become the host for the closing of the Uruguay Round in Marrakech.

Upon its official accession to the GATT on 12 June 1987, it immediately began work within the established negotiating groups. The speed of the accession negotiations and the quality of the Kingdom's dossier allowed it to be co-opted, almost immediately, by all the Contracting Parties.

Morocco was sought after in virtually every negotiating group. This status meant that it participated in most of the "Green Room" meetings.

The work invested in this accession, the experience accumulated as an observer, and the structural reforms implemented, particularly for the bold opening of its foreign trade, gave Morocco a special status. It was sought after in virtually every negotiating group. This status meant that it participated in most of the "Green Room" meetings, where representatives from the South could be counted on the fingers of one hand and where most of the consensus had been reached by the participating Contracting Parties.

Among the reasons for this unique treatment are:

- The scope of the reforms implemented, as a pioneer in the South, to adjust the economy and its trade.
- These reforms are such that Morocco has moved somewhat away from the dogma of "special and differential treatment" and moved closer to a system similar to the reciprocal exchange of tariff or non-tariff concessions.
- Its extremely active participation in agricultural negotiations and its contribution to the econometric formulation of the measurement of support mechanisms were respected. As a result, and given the strength of our agricultural structure, which ticks all the boxes (import, export and subsistence),

Morocco has not aligned itself with the Cairns Group, nor with the group of net food-importing countries, and even less so with the Quad. This stance allowed us to play a discreet role as moderator and facilitator, like a handful of other countries.

- The theme of "Trade, Money, Finance" coherence was primarily championed by Morocco. Its monetary stability dimensions to curb the unfair use of the exchange rate to alter comparative advantage and its necessary financing of the development of countries in the South, called upon to make the same concessions as those in the North, were among the arguments that fueled the negotiations on the "Dispute Settlement Mechanism" and the "Trade Policy Review Mechanism".

Anecdotally, the TPRM was designed and finalized in Montreal during the mid-term review. It was late at night on Wednesday 7 December 1988 in a meeting with the late Arthur Dunkel that I proposed, with a view to dispelling the climate of failure weighing on the ministerial, the adoption of a proposal for a "trade policy review mechanism" inspired by Article 4 of the IMF to be adopted by the meeting.

I argued this proposal with the few colleagues present, emphasizing that it is difficult for a Contracting Party to evade the principle of transparency and peer review. These principles, clearly specified in Paragraph B of the Punta Del Este Declaration, could even be applied, notwithstanding the "single undertaking" principle, before the conclusion of the negotiations under the "standstill and rollback" rule.

The following day, the "Green Room" meeting had accepted the principle of adopting the mechanism. This midterm meeting made no progress on any major issues other than the improvement of the DSM (Dispute Settlement Mechanism) and tariff concessions on tropical products.

In a meeting with the late Arthur Dunkel, I proposed the adoption of a proposal for a "trade policy review mechanism".

The Trade Negotiations Committee (TNC) formally adopted the mechanism at its April 1989 meeting and decided on its provisional implementation prior to its inclusion in the Marrakesh Agreements (Annex III).

To put the Contracting Parties at ease, particularly developing countries, and in agreement with the Director-General, Morocco offered to be the guinea pig for the first review. This was indeed done on 13 December 1989.

To ensure this initiative had strong political significance, Arthur Dunkel successfully convinced Australia and the United States to submit to the same review on 12 and 14 December. To make this experiment a success, close coordination was maintained between the three countries and the Secretariat, with the discreet support of IMF experts.

Another highlight of the Uruguay Round negotiations were the preparations for the closing ministerial meeting of the Round in Brussels, at the Heysel stadium in December 1990. At that time, I chaired the Textiles and Clothing Group, along with Anita Gradin (Sweden) for agriculture, Domingo Cavallo (Argentina) for services, etc.

The day before the meeting, a small "wind of optimism" was blowing through the Heysel stadium. The coordination meeting, chaired by Arthur Dunkel with the chairs of the various thematic groups, in the presence of Carla Hills and Sir Leon Brittan, did not really indicate that failure was in the air, despite the ambiguity skillfully distilled by the European Commissioner.

On the morning of 19 December, Louis Mermaz, French Minister of Agriculture, freshly landed from Paris, had requested an urgent meeting with Arthur Dunkel before the conference began. This turned out to be a crushing blow following the announcement that France was unable to accept the consensus reached in the agricultural sector.

This sovereign decision signalled the failure of the closing ministerial meeting in accordance with the "single undertaking" principle agreed upon in Punta Del Este.

Meeting under the authority of the Director-General, the thematic negotiating leaders, along with certain key ministers, assessed the situation and decided what to do next. After lengthy discussions, it was decided to ask Louis Mermaz to keep France's decision confidential, with Sir Leon Brittan taking charge of a final attempt to save the Round by convincing France to join the consensus.

It was also agreed to begin work at the ministerial conference while waiting to see how things would move, or not, forward.

In the Textiles and Clothing Group, the Agreement had been virtually finalized during consultations that lasted almost the entire year, representing a considerable investment of time and energy. It should be remembered that this was nothing less than dismantling the Multifibre Arrangement and introducing rules and disciplines in a sector vital to developing countries.

I had tried, as much as possible, to intelligently use the time allocated to the meeting to further explain the agreed provisions, clarify the interpretations of certain clauses, and above all, ensure at all costs that negotiations were not reopened. It was particularly important to contain pressure from countries like Pakistan, Bangladesh and Turkey, which continued to consider the dismantling periods for importing countries' quantitative protections as too long.

The committee chair ultimately succeeded in saving the agreement reached by setting it in stone, pending the next ministerial meeting.

It had to be acknowledged: France's inflexibility was irrevocable.

Arthur Dunkel, in a plenary session that remains in our memories, announced the failure of the ministerial meeting with an emotional voice mingled with frustration and disappointment.

In the Textiles and Clothing Group, the Agreement had been virtually finalized during consultations that lasted almost the entire year, representing a considerable investment of time and energy.

A painful meeting of what I will call the negotiations' "steering committee" followed. It ended with a single decision: to find an alternative venue to Brussels as soon as possible for the new attempt to close the Uruguay Round. This place must be mobilizable at short notice.

As I walked with Arthur Dunkel to the residence of the American Embassy to the EU, where Carla Hills (USTR) was hosting the final working dinner, I asked him the following question: What would you think if I suggested Marrakech for the next venue?

He looked at me, a little taken aback, and asked me a few questions about the technical and logistical feasibility of the proposal. I presented him some arguments that ultimately

convinced him that the idea was not far-fetched.

We therefore agreed on a scenario for presenting the proposal during dinner. A few guests were in on the secret and did not hide their relative scepticism.

The scenario unfolded as planned, and a debate ensued, along with a series of questions that queried the feasibility of the proposal more than the relevance of the choice. Ultimately, there was unanimity on Marrakech.

Although I had no doubt about the highest Moroccan authorities welcoming the idea of hosting the closing of the Uruguay Round in Marrakech, it was necessary to take into account the context and the prevailing atmosphere at the time and to display all possible caution. I therefore asked my colleagues, after thanking them for their trust, that we keep this decision absolutely secret.

It took months before rumours about Marrakech, the next and final stage of the Round, began to circulate.

Before leaving the GATT, after revealing his final draft Agreement in December 1991, Arthur Dunkel had the choice of Marrakech approved without any difficulty. Although there were many apprehensions about the Dunkel Final Draft - I mention in particular the reservations aired by India - this choice somewhat calmed the inclinations of some members who saw themselves being sacrificed in favour of the Northern countries.

Before leaving the GATT, after revealing his final draft Agreement in December 1991, Arthur Dunkel had the choice of Marrakech approved without any difficulty.

Upon his arrival at the GATT in July 1993, one of Peter Sutherland's first concerns was to ensure that the choice of Marrakech was safe and viable. As soon as he made his mark in Geneva, he came to visit the site, accompanied by his wife. I had the privilege, along with other eminent colleagues, of serving as his guide. His visit was attended by the late His Majesty Hassan II. The reconnaissance, detailed surveys and the state of preparedness demonstrated by the city authorities did not at any time affect his Irish composure or trigger the Mediterranean passion of his wife.

It was not until the following Sunday, at breakfast, that the ultimate, albeit accidental,

test occurred that would trigger enthusiasm. During the discussion, Mrs. Sutherland regretted having to miss mass, a situation which only happens to her exceptionally. She was unaware that the Church of Marrakech still celebrated the Catholic faith. Once informed, the logistics were organized immediately so that she could join the religious service. When she returned, moved by the occasion, with her husband, she was full of praise for the priest and the spirit of tolerance that Morocco had demonstrated. A delighted and reassured Sutherland returned to Geneva.

Upon his arrival at the GATT in July 1993, one of Peter Sutherland's first concerns was to ensure that the choice of Marrakech was safe and viable.

A similar episode would take place at the closing ceremony of the Round in April 1994, at the Royal Palace in Marrakech. The late His Majesty Hassan II had begun delivering his speech, under the blue sky that inspired painters and writers (including Winston Churchill!), where seagulls soared majestically, when suddenly the Muezzin began his call to prayer with a crystal-clear voice. His Majesty stopped his speech, and a religious silence enveloped the esplanade of the Palace, punctuated by the seagulls' raucous cries. This clear and spiritual atmosphere has left a deep mark on memories: I can still see Peter Sutherland, Vice President Al Gore and many others moved to tears in this magic place.

Many other episodes could be cited to demonstrate the depth and complexity of this Round. It will likely remain the most important economic and trade negotiation of all time for a long time to come.

It is difficult for me to conclude without mentioning the pillars of wisdom who enabled this Round to conclude positively: Julio Lacarte, Tran Van Tinh, Celso Amorim, Tony Hill, Rufus Yerxa, S.P. Shukla, Munir Akram, Alejandro Jara, Felipe Jaramillo, Munir Asran and many others.

The spirit of Geneva owes them a great deal.

It is with great regret and concern that I note that this spirit is being erased by increasingly exacerbated protectionist tendencies and the hegemony of power over the rule of law, the cardinal value of our multilateral system.

The Uruguay Round will likely remain the most important economic and trade negotiation of all time for a long time to come.

We have an urgent need, without any spirit of retaliation, to return to the path of negotiation to convince those who have neglected the lessons of history that still fill our memories. More than ever, the WTO has a burning obligation, with patience, pedagogy and a sense of persuasion, to restore the spirit of Geneva that enabled the world to make that fabulous leap without which humanity would never have been able to lift hundreds of millions of men and women out of poverty and exclusion.

The mission is not yet complete so let us ensure that we do not lose its precious achievements.

30 years since the creation of the WTO



Sergio Abreu
Former Foreign Minister of Uruguay
and Former Chair of the GATT Trade
Negotiations Committee

Note: The original text was provided in Spanish

The Uruguay Round was launched in 1986 in Punta del Este. Enrique Iglesias, the then Foreign Minister of Uruguay, was its first Chairperson. The initiative came as a response to the need to build a multilateral trading system in an era marked by the fall of the Soviet Union and the end of the Cold War.

For the first time in history, nations decided to negotiate international trade. The agreement included goods and other issues such as intellectual property, services, investment and the environment. The "single undertaking" and consensus were the instruments that members would use to bring the Uruguay Round to a successful conclusion.

However, when I took over the chair of the Round at the ministerial level, the agreement on the agricultural sector was pending. Fortunately, the Blair House Agreement of 1992 between the United States and the European Commission unblocked the negotiations.

During that year, I visited Geneva, Washington, Tokyo and Brussels in my institutional capacity. The Round bore the name of Uruguay and, in order to be finalized, it needed the consensus of the members. At that time, Peter Sutherland had been appointed Director-General of the GATT, replacing the indefatigable Arthur Dunkel.

The final meeting of ministers would take place in Geneva at La Perle du Lac restaurant. The lunch would be attended by Peter Sutherland, US Trade Representative Mickey Cantor, European Commissioner Sir Leon Brittan, Canadian Trade Minister Roy MacLaren, Australian Trade Minister Peter Cook and Brazilian Foreign Minister Celso Amorim. The Uruguay Round would culminate in Marrakesh in 1994, where the World Trade Organization would be established.

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At that point, after consulting with Mr Sutherland, I decided to diplomatically raise my concern: "As you know, my country's name has been at the forefront of the Round for seven years, and yet it has not obtained a single concession; under these conditions I would have to relinquish the Chair." Mickey Cantor picked up

his pen and calmly asked me: "What does your country want?" As Mr Sutherland smiled, I replied: "Twenty thousand tonnes of duty-free meat for the American market. Plus a higher European 'Hilton Quota.'" Surprisingly, Minister Amorim interjected: "If you are negotiating, I must remind you of the Brazilian orange juice situation."

In the afternoon, accompanied by the Uruguayan Ambassador to the GATT, Miguel Berthet, I went to Leon Brittan's office. The latter, making no attempt to mask his annoyance, asked me: "Do you have the list of your requests?" After handing it to him, the meeting was adjourned.

In April 1994, the negotiations culminated in the city of Marrakech. Uruguay's contribution was recognized, especially the sterling efforts of Ambassador Julio Lacarte Muró, who, since 1947, had fought tirelessly to institutionalize the multilateral trading system.

Morocco was the host country. Its historical splendour was highlighted in palaces, gardens and the Medina. The medieval style of the Berber Empire was summed up in the beauty of the 12th century Koutoubia Mosque and its Moorish minaret.

In this magical setting, the Uruguay Round would conclude by consensus. Ministers and delegates from the 123 GATT members stood in anticipation in the room. After the opening speeches, the adoption of the Final Act was submitted for consideration. With Mr Sutherland at my side, I looked up, opened the floor, and in a fraction of a second, brought the gavel down briskly. The resounding noise was followed by gasps of relief, a round of applause and a standing ovation. The GATT Round had concluded with the creation of the World Trade Organization (WTO).

The ministers proceeded, one by one, to sign the Final Act, which was bound by a thin string to thousands of pages deposited in an adjoining room. In the evening, the relaxed dinner hosted by the Government was accompanied by a lively display of Berber cavalry, which, simulating a charge on the tents, came to an abrupt halt, firing their rifles into the air.

It was political dialogue and cooperation that had made it possible to create a multilateral trading system based on stable rules.

A "slaughter of suns" was staged in the gardens of the Royal Palace in Morocco. The speakers would be the Chairperson of the Round (yours

truly), Peter Sutherland and King Hassan II of Morocco. Everything was carefully arranged. The monarch's speech was interrupted by the Muslim call to prayer, followed by a respectful silence. When it was over, he resumed his speech.

It was political dialogue and cooperation that had made it possible to create a multilateral trading system based on stable rules. It had been confirmed that any lasting negotiation was based on shared dissatisfaction. In Uruguay's case, the fact that the biggest trade negotiation of all time bore its name was a source of pride.

I still have the gavel I used to bring the Uruguay Round to a close. It is the symbol of that political will which, unfortunately, today threatens to dismantle multilateral trade and the WTO. Nevertheless, the current 166 members are well aware of the importance of preserving the system and so, alongside concern, there is also hope.

My memories have become challenges. In this era of change, the focus should be on avoiding a trade war outside the agreed rules. The responsibility to preserve and adapt the multilateral system is incumbent on everyone, in particular countries like Uruguay, which contributed to the creation of the WTO. We need leaders and states who can build bridges. In this context and without overestimating our role, 30 years after that historic event in Marrakesh, I reiterate my personal and political commitment to legal certainty and multilateralism.

Achievements and challenges of the Uruguay Round



Nobutoshi Akao
Former Ambassador of Japan

In April 1993, during the final phase of the marathon negotiations that lasted seven years and three months, I was appointed as Japan's Chief Negotiator. It was a great honour for me to be involved in what is considered as one of the most important negotiations in the history of the GATT and the WTO.

The Uruguay Round negotiations, launched with the Punta del Este Declaration in September 1986, failed to conclude by the original deadline set for the end of 1990. The deadline was extended three times — to the end of 1991, 1992 and then 1993 respectively. At the G7 summits in Houston (1990), London (1991) and Munich (1992), strong support had been expressed for reaching an agreement within each respective year.

Contribution of the Tokyo G7 Summit in 1993

On the eve of the Tokyo G7 Summit in July 1993, there was a shared understanding that no further extensions were possible. Ministers from Japan, the United States, Canada and the European Union (which was known as "the Quad") were engaged in overnight discussions and reached an agreement on measures contributing to the resumption of negotiations. This agreement was endorsed at the start of the G7 Summit on 7 July.

Initially, however, the discussions among the four parties were extremely difficult. At one point, Canada and the EU started withdrawing their respective major offers, bringing the negotiations to the brink of collapse.

Then, Japanese Foreign Minister Kabun Muto, who chaired the meeting, offered to eliminate tariffs on whiskey and brandy (so-called brown liquor) - items of strong common interest to the US, Canada and the EU. This dramatically changed the whole atmosphere, leading to the comprehensive package that included mutual tariff elimination in eight sectors, including pharmaceuticals, and tariff harmonization for chemicals.

A week later in Geneva, my counterparts from the other three parties confided to me

that they were very surprised to see the Japanese Foreign Minister had made such a bold offer on liquor tariffs on the spot, which were outside his jurisdiction.

In fact, Minister Muto had chaired the Liberal Democratic Party's (LDP) Research Commission on the Tax System just before becoming Foreign Minister. He was well-informed about the Japanese liquor industry and influential in this sector. The G7 Summit was scheduled to start in the afternoon of 7 July, and I received a call from Minister Muto beforehand, confirming that he had explained the package to both Prime Minister Kiichi Miyazawa and Finance Minister Yoshiro Hayashi and obtained their approval.

Final phase of the negotiations

Peter Sutherland, former Attorney General of Ireland and European Commissioner, had just taken office as the new WTO Director-General on 1 July. On behalf of the chief negotiators of the Quad, I invited ambassadors and WTO Secretariat senior staff to the Japanese Mission in Geneva on 12 July to explain the Quad package and urged the early resumption of the Trade Negotiations Committee (TNC), which had been suspended since early 1993.

On 14 July, Mr Sutherland convened the TNC and explained the ground rules for the negotiations to be resumed. I was asked to introduce the Quad package adopted at the Tokyo Summit. This was followed by the exchange of views among the participants, and then Mr Sutherland declared the resumption of the negotiations, setting a deadline of 15 November.

Peter Sutherland, former Attorney General of Ireland and European Commissioner, had just taken office as the new WTO Director-General on 1 July 1993.

While the Quad package made a great contribution to the resumption of the Uruguay Round, many issues remained unresolved, making it impossible to meet the deadline. For example, the EC's offer was full of conditions and difficult to evaluate.

On the night of 14 December, as a matter of fact, the EC began withdrawing its offers on the table, drawing strong criticism from developing countries, in particular. Mr Sutherland had to call key EC ministers late at night to urge their cooperation. The US and Japan were also dissatisfied with each other's offers, and developing countries were unhappy with those from the US and the EC.

In the services sector, deadlines for submitting schedules and most-favoured nation (MFN) exemption lists were repeatedly extended. Sharp disagreements arose, especially over US positions on financial services and direct taxation. The US-EC dispute over audiovisual liberalization dragged on.

At the end of November, the US proposed 11 amendments to the Anti-Dumping Agreement, provoking strong backlash from Japan and others, stalling discussions. There were also many requests for amendment of the agreements on subsidies and trade-related aspects of intellectual property rights (TRIPS). The agricultural dispute between the US and the EU as well as Japan's rice issue remained unresolved.

Ultimately, all deadlines were pushed to 15 December.

Under such circumstances, with the discussion of the Tokyo Quad ministerial meeting of July being still fresh in our memory, the US and the EC proposed another Quad ministerial meeting, this time in Geneva, in early December. In Japan, with the change of Government to the Hosokawa Cabinet in early August, Mr Tsutomu Hata became Foreign Minister, who participated in the proposed Quad meeting.

It was very obvious to the Japanese delegation that the US and the EC wanted to convene the Quad ministerial meeting to gain further tariff reductions of non-agricultural products from Japan. The US and the EU intended to gain tariff reductions on items where they could not agree between themselves. It was exactly how we say in Japan "to sumo wrestle in someone else's loincloth", meaning "to profit at someone else's expense".

The respective average tariffs on non-agricultural products of the Quad, as was tentatively calculated and already on the table in the negotiations by that time, was 1.5% for Japan,

3.5% for the US, 3.7% for the EC and 4.8% for Canada. This means that the average tariff level of Japan was less than half of those of both the US and the EC, and it was less than one-third of that of Canada.

Therefore, we did not see any reason for additional offers of tariff reductions, unless there were additional offers by other parties. Our Foreign Minister Hata did not see any need to change the position that we officials were maintaining prior to his arrival in Geneva. Of course, Minister Hata did not come to Geneva for this tariff issue alone. During his visit, the issue of rice imports, politically one of the most sensitive issues for Japan throughout the whole negotiation process as well as bilaterally with the US, was resolved.

In such a chaotic situation, how was it possible to bring this complex negotiation to a successful conclusion in this final week?

First, all countries recognized that this was the last chance for a successful conclusion of the Uruguay Round. Under the so-called “fast track” rule of the US Congress, the US Government had to notify Congress of a substantial agreement of the negotiations by 15 December, and further extensions were seen as unlikely. While some countries resented being bound by US Congressional rules, setting a firm end date for the long drawn-out negotiation was not necessarily a bad thing.

During the visit of Mr Tsutomu Hata, Japan’s Foreign Minister, the issue of rice imports, politically one of the most sensitive issues for Japan throughout the whole negotiation process, was resolved.

Secondly, there was resolution of key issues between the US and the EC. Their negotiations at a ministerial level resolved most of the difficult issues on agriculture and industrial tariffs. Although the audiovisual issue remained unresolved, the US and the EC agreed to disagree, allowing the Uruguay Round to conclude. While the Round was not solely a US-EC matter, their agreement was essential for its success.

There was resolution of key issues between the US and the EC. Their negotiations at a ministerial level resolved most of the difficult issues on agriculture and industrial tariffs.

The third point was the strong leadership of Director-General Sutherland. Mr Sutherland played a crucial role at the final stage.

Though he is from Ireland, which is an EC member, he was very fair to non-EC countries like Japan as well. While tariff reductions were largely subject to bilateral negotiations and his role was limited, he worked tirelessly to maximize the package of agreements, contacting ministers and leaders by phone as needed. When US positions on direct taxes and financial services threatened to derail service negotiations, he contacted Treasury Secretary Lloyd Bentsen, asking him to dispatch Undersecretary Lawrence Summers and Assistant Secretary Leslie Samuels to Geneva, eventually crafting a compromise acceptable to all.

Meanwhile, regarding the Anti-Dumping Agreement, which is of the greatest political importance to the United States, the Director-General drafted a compromise proposal that both sides could accept amid strong opposition from East Asian, Indian and Latin American countries regarding the US proposal for amendments. This led to a breakthrough and adoption of the Agreement in the final stage of negotiations.

In the past, GATT negotiations were often decided among major countries, leading to criticism of a lack of transparency. However, the Director-General made efforts to ensure transparency in the negotiation process. While former Director-General Arthur Dunkel utilized “Green Room” meetings attended by representatives from only about 20 countries — so named after the room used by the Director-General to

While Director-General Sutherland’s role was limited, he worked tirelessly to maximize the package of agreements, contacting ministers and leaders by phone as needed.

Director-General Sutherland prioritized transparency and consistently sought to resolve issues through open-ended meetings of chief negotiators.

chair these meetings — for key negotiations, Director-General Sutherland prioritized transparency and consistently sought to resolve issues through open-ended meetings of chief negotiators.

I believe it was extremely fortunate for the members that Mr. Sutherland was appointed as Director-General during the final and most difficult phase of the Uruguay Round negotiations. Even when Western countries, claiming, for example, that Japan's offers were too meagre, sought a scapegoat to shift blame away from themselves, the Director-General remained remarkably fair and recognized Japan's cooperative stance.

While he continued to exert various pressures on the United States and the EC, he did not apply pressure on Japan — except for urging an early resolution of the rice market issue and showing a firm stance (to find a compromise with the US) on the revision of the Anti-Dumping Agreement. He was a good, understanding partner for Japan, including on the issue of opening its rice market.

Finally, I have to refer to the increasingly stronger voice of the developing countries of East Asia, Southeast Asia, South Asia and Latin America in particular, as we witnessed during the final phase of the Uruguay Round negotiations. This was a very important as well as a desirable trend in our endeavour to promote their integration into the world economic and trading system. At the same time, I found that there was increasing opportunity for Japan to work closely with them in such a multilateral forum. Let me elaborate on this experience.

I have to refer to the increasingly stronger voice of the developing countries of East Asia, Southeast Asia, South Asia and Latin America in particular, as we witnessed during the final phase of the Uruguay Round negotiations.

East and Southeast Asian countries were very dissatisfied with the US and EC offers for tariff reductions for their textiles, electronic products and forestry products. Some Asian and South American countries, which export fishery products, were very unhappy with the EC, which did not show a favourable response to their request. In contrast, they appreciated the Japanese offer in this respect. Asian and Latin American countries were very unhappy with the US-EC deal on agriculture. Japan worked very closely with Hong Kong, the Republic of Korea, ASEAN and Latin American countries in our response to the issue of the US proposal for the amendment of the anti-dumping issue.

My memories of the Uruguay Round



María Cassarino
Former Second Secretary
of Uruguay

Note: The original text was provided in Spanish

I am very honoured to have been asked to share some memories of my participation in the Uruguay Round negotiations. I was very young then, being in Geneva was my first posting, and I was a mere Third Secretary for a small developing country, so my memories are not of key moments in the negotiations. But the Round was named after my country and both the then Minister of Foreign Affairs of Uruguay, Enrique Iglesias, and my Ambassador of the Delegation to the GATT, Julio Lacarte Muró, had played key roles in its launch and continued to do so throughout the Round. If only for those two reasons, my personal experience was very valuable and left me with unforgettable memories.

When I arrived in Geneva, I was convinced that I would be involved in something great, which would represent a qualitative leap in the legal certainty that was so necessary for my country and the world. Thirty years later, I am fully aware of how extraordinary it was to be able to work, at such a young age, with that feeling and that conviction, and I am very grateful for that.

The level of ambition was high and dreams were in their infancy at the launch of the negotiations and when I arrived at the GATT in April 1991; the main obstacles had been overcome with the Blair House Agreement of 1992. The draft "Final Act" was beginning to be drawn up.

The sight of Arthur Dunkel, wreathed in the smoke of his cigarette, is mixed in my memories with the kind smile of Mario behind the reception desk, who welcomed everyone who came through the door. I recall the lengthy Council meetings, flanked by the United States delegation on my right and the Venezuelan delegation on my left, and Mr Lacarte's imperturbable face as he took endless notes in each meeting with a level of concentration and accuracy that amazed me.

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As Third and Second Secretary (yes, I was promoted in those years), I was never entirely clear about what was really happening. The anecdotes from the "Green Room" that we heard at each meeting merged with the very measured information that Mr Lacarte gave us when he received other ambassadors for their "confessional" conversations.

From the inexperience and eagerness to learn of every beginner, my most abiding memory of those years is of running from one negotiating group to another, overwhelmed by the complexity and multiplicity of issues and by the high standards expected of me working under Mr Lacarte's direction.

I had the enormous privilege of participating in the negotiating group that drafted the texts of the future agreements that would establish the new WTO and its dispute settlement system.

In what was known then as "Room B", Mr Lacarte chaired and successfully concluded those negotiations. The long working sessions that lasted until dawn, with a break to eat the pizzas brought to us in large cardboard boxes, continued to the end of the Round. It was fascinating; I was surrounded by experienced negotiators, excellent jurists and wonderful people.

I enjoyed the effort, both physical and intellectual, that it required of me, from beginning to end. What I learned then has formed the basis for who I am today in many respects, both professionally and personally.

As a Uruguayan woman, I am proud of the contribution that my country made to that Round because I am convinced that the multilateral trading system that resulted from it –

I am proud of the contribution that my country made to the Round because I am convinced that the multilateral trading system that resulted from it serves both the global interests and the needs of every developing country.

based on cooperation, mutual respect among nations and the commitment of all, both industrialized and developing countries, to respect the rules agreed upon – serves both the global interests and the needs of every developing country.

For me, the WTO is the symbol of this desire for international cooperation and, 30 years later, in the face of the crisis that the system is currently experiencing, I hope that no one will give way to apathy and that the same conviction that inspired my generation will motivate new generations.

From Uruguay Round novice to experienced trade negotiator



K.M. Chandrasekhar
Former Permanent Representative
of India to the WTO

When I first joined the multilateral trade scene in 1996 as Joint Secretary in the Indian Ministry of Commerce, I must admit that I had no clue as to what I was going to do. I did have some experience in international trade, having directly exported pepper and other spices in one of my early assignments in 1976-77. Later, as chairman of the Spices Board, I acquired a broad understanding of the global scenario with respect to the spice trade and came to know many exporters and importers. In the Indian Administrative Service, we change jobs very frequently, and, from spices, I went to animal husbandry, fisheries, industries and public finance until I was picked up again in 1996 by the Ministry of Commerce for multilateral trade.

The arcane set of rules that constitute the Legal Texts were clearly beyond me. In the initial days, I could make neither head nor tail of it. My predecessor, Anvarul Huda, who was later Deputy Director-General in the WTO, dropped into my room one day, and I confessed my ignorance to him. He told me: "Don't try to understand the whole text. As files come to you, as you are confronted with issues, go deep into them, studying the Analytical Texts, which also contain jurisprudence on each issue." I tried that, but I still couldn't understand how the rules hung together.

Then, I found a simple book explaining the GATT in question-and-answer form. This made things easier for me, and I understood the product of the Uruguay Round as the outcome of intense negotiations between countries and the manner in which it brought orderliness to world trade, even though there were limitations and even, in some cases, contradictions in the results of negotiations in different areas. I realized that the power of the dispute settlement mechanism brought about a specific discipline in global trade.

My next assignment was a stint as a diplomat in the Embassy of India in Brussels, where, again, I dealt with trade, primarily with the European Commission. The Commission was then at loggerheads with India on bringing the so-called Singapore issues - investment,

competition policy, government procurement and trade facilitation - into the ambit of the WTO. India opposed this with the support of several other developing countries, as we felt that we were still in the early stages of growth and needed freedom of action.

Now, 20 years later, with a great deal of foreign investment in India and many Indian corporates having ventured abroad and set up production units, our approach should be different. All issues assume different dimensions over time, and good and purposeful negotiation requires flexibility of approach.

The Singapore issues blew up and nearly broke negotiations at the Ministerial Conference in Doha in 2001. I was present at the meeting, as I had been posted as Ambassador to the WTO, even though I was still in Brussels at the time.

The Indian Minister, Murasoli Maran, was incredibly tough and quite willing to take on all the big powers, together with Michael Moore, then Director-General. Meetings lasted over 36 hours at a stretch, and on the evening of the final day, Mr Maran refused to join the consensus. A representative of the European Union is reputed to have gone out of the complex and said that a deal that was sure to accelerate growth in developing countries was being held up by the intransigence of a single "madman". Late in the night, some language was found to appease our minister, and he agreed to join the consensus. Thus started what was called the Doha Development Agenda or the Doha Work Programme.

All issues assume different dimensions over time, and good and purposeful negotiation requires flexibility of approach.

When I reached Geneva two months after the Doha meeting, the immediate briefing I got from my colleagues in the Mission was that India had virtually become an outcast in the diplomatic community. The first task was, therefore, to rebuild confidence and ensure that India regained its position as a premier negotiator.

Doha was a watershed moment in the history of the WTO because China had joined the organization after completing a protracted process of accession and

having been forced to give many more concessions than what other members had had to give in the Uruguay Round.

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If a country is not there at the start of a multilateral or regional agreement, it has to pay a much higher price to join later. The kind of concessions that were wrested from China, and later Russia, were, in a way, an endorsement of the wisdom our Indian negotiators had displayed in the early 1990s while signing agreements, despite the fact that there were many lacunae from our perspective. China and Russia could enter the WTO only after hard bargaining with individual member countries of the WTO. The US, EC and other developed countries drove hard bargains.

My immediate objective was to smooth ruffled feathers in the diplomatic community. I met more than 40 ambassadors, got on first-name terms with all of them, and became socially active. It was also my belief that an entirely negative stance in negotiation was not in our interest. It was better to indicate our desire to negotiate and gain the maximum possible benefits for the country. Before too long, I became accepted by my counterparts as a congenial colleague.

In Doha, I had come to realize that the public health issue was extremely important for the African group, spearheaded by the statuesque and dignified Ambassador of Kenya, Amina Mohamed, who had achieved great distinction in the academic field as well as in her career in international relations. She distinguished herself even further in later life, going on to become the Cabinet Secretary in charge of foreign affairs, initially, and later, of education.

India had not been particularly active in the negotiation on public health. Still, it was evident to me in Doha that Africa, battling all at once against disease and the non-affordability of patented medicine, lay great store by these negotiations. As a developing country faced with similar problems in the not-too-

distant past, I could empathize easily with them.

I entered the health negotiation, therefore, with great gusto. I was virtually visiting the Kenya mission every day, talking to African ambassadors and holding meetings with them - to the extent that the Kenyan Ambassador wondered whether she would be required to give me a room in her Mission. These negotiations were essential to Africa and other developing countries because patent holders in developed countries were providing medicines at very high prices. At the same time, they could buy them at low cost from other developing countries like India.

This negotiation took a great deal of time and stretched the patience of developing countries to the utmost limit. The suggestion made was that Article 31(f) of the TRIPS Agreement, which stipulates that compulsory licences may be issued "predominantly" for the local market, may be waived.

At this time, the window available to developing countries to import from cheaper sources such as India was rapidly closing, as the patent regime had to be enforced by all developing countries by 1 January 2005. The US was initially isolated, but thanks to the efforts of the US Ambassador, Linnet Deily, the pharmaceutical industry came closer to a solution. We finally reached a situation where we could live with an arrangement that served the interests of Africa and other developing countries yet, at the same time, was agreeable to the US.

At some stage in every negotiation, a settlement has to be found - not necessarily the best from one country's point of view, but the best that is attainable under the circumstances.

This protracted negotiation taught me, a novice in multilateral trade diplomacy, an important lesson. At some stage in every negotiation, a settlement has to be found - not necessarily the best from one country's point of view, but the best that is attainable under the circumstances.

Today, I watch as a trade war is being relentlessly waged between the two most

significant economic powers in the world. I recall those halcyon days of intense but polite diplomacy, where we could vigorously contest one another's position in the rooms of the WTO yet have a drink and smoke a cigar with one's adversary after the meeting.

At the same time, intense negotiation took place regarding other elements of the Doha Work Programme. As far as we were concerned, the Singapore issues and agriculture were top priority.

Regarding the Singapore issues, initially, India was virtually isolated and ploughed a lonely furrow in the negotiations. Gradually, we acquired momentum with the support of China, who had entered the WTO after the Doha Ministerial Conference. We managed to turn the negotiation on its head by presenting a paper where we stressed the fact that any agreement would strengthen not merely the investor but also facilitate conditions laid down by destination countries. With this, the US, which had been backing the leading proponent, the EU, lost some of its enthusiasm.

The other central area of negotiation was agriculture. Initially, we were with countries that had defensive interests in agriculture, led by the EU, and we were pitched against the Cairns Group, countries with massive exporting interests.

I recall those halcyon days of intense but polite diplomacy, where we could vigorously contest one another's position in the rooms of the WTO yet have a drink and smoke a cigar with one's adversary after the meeting.

In the Uruguay Round, the US and EU had their way with the Blair House accord of 1992. This time, too, they worked out a similar agreement, taking care of each other's interests and leaving the rest of us out in the wild. At this point, Brazil and India came together, gathering the support of China first. This was followed by Egypt, Thailand, South Africa, some Latin American countries and several others, forming what came to be known as the "G20" in the WTO context.

At the Cancun Ministerial Conference in late 2003, the focus was on the Singapore issues. Agriculture, too, was negotiated hard by the G20,

led by Brazil on one side and the US and the EU on the other, but with little success.

By this time, the African Group had also come around to our view that we were not yet ready to expand the scope of the dispute settlement system to areas outside trade in goods and services. We were not prepared to start negotiations in other places, and, finally, despite the pressure, the EU Trade Commissioner, Pascal Lamy, had to agree to drop investment and competition policy from the agenda of the Doha Work Programme. Yet, the Chairman of the Conference abruptly announced the termination of the meeting.

I was disappointed, as were other Geneva-based negotiators. The failure of a multilateral negotiating process can send a negative signal on the importance that WTO members attach to progress on issues of critical importance to people across the globe.

We had to salvage the situation back in Geneva. Otherwise, the Doha Work Programme would collapse. Hence, we talked intensely with one another, made compromises where necessary, and the negotiations were revived in Geneva through what came to be known as the July Framework of 2004. Shortly thereafter, I left Geneva and went back to Delhi.

I never went back to Geneva thereafter, but I noted with pain the tortuous route the negotiations took in Hong Kong, Paris, Potsdam and Geneva. I heard of the talks breaking down in Geneva in 2008 and the flicker of hope that arose in Bali in 2013.

Perhaps negotiators were too ambitious at Doha. It could have been retrieved had the negotiators taken, as DG Pascal Lamy said in May 2012, “small steps, gradually moving forward the parts of the Doha Round which were mature, and re-thinking those where greater differences remained”.

It must be said that similar challenges still confront the multilateral trading system, and members continue to explore solutions. The US, whom I have always perceived as an unbending champion of free trade, have been unable to allow for the confirmation of Appellate Body members, resulting in the effective blockage of the appellate jurisdiction of the dispute settlement system. New policy approaches have heightened

trade tensions, leading to policy inertia and uncertainty.

A global depression is predicted by many economists as orderliness in trade is cast to the wind. There is little doubt that future negotiators have a humongous rebuilding task on their hands.

The making of the WTO: A unique success?



Karl Falkenberg
Former Deputy Director General of Trade
of the European Commission - Germany

The GATT had certainly been the most successful provisionally implemented international agreement ever, growing international trade tremendously and growing membership in parallel! But the OPEC-provoked oil crises of the 1970s and the ensuing stagflation in large parts of the world economy led to the recognition of the need for more fundamental changes to world trade and the idea of another big negotiating round following the Tokyo Round.

Not a simple undertaking, and one with lots of failed ministerial events. It started with a failed ministerial launch in 1982, followed two years later with a failed contracting parties event in 1984. The stubbornness of key representations to the GATT eventually led to the successful launch in 1986, four years after initial attempts.

The list of relevant ambassadors to the GATT for the successful launch is long, too long to try to mention them here. But it is this group of individuals and their respective staffs that played a key role throughout the negotiating process.

Tribute also goes to the diplomatic skills of then Director-General of the GATT, Arthur Dunkel, and his collaborators in the Secretariat.

An informal negotiating process referred to as the EFTA process (because it took place mainly during night sessions in the EFTA building) produced the first draft of a negotiating agenda for the Uruguay Round. Interestingly, the United States was not part of the process, but was kept closely informed about progress.

Arthur Dunkel was handed an informal draft that emerged eventually and managed in a formal GATT Council process to secure the authorization to submit it to the ministerial launch event in Punta del Este, with relatively few modifications. Despite attempts to modify the draft text further in ministerial sessions, it was eventually approved by ministers as the starting point of the Uruguay Round.

Broadly speaking, the basic objective was to satisfy textile/garment and agricultural exporters respectively by creating more open trading opportunities and less trade-disrupting state aid, and creating new multilateral rules for trade in services and intellectual property rights. A widely shared point was the idea of replacing unilateral dispute settlement legislation

of the US section 301 by exclusive multilateral dispute settlement procedures.

All of this was meant to happen within four years, with a ministerial mid-term event planned in Montreal in 1988. An additional complicating factor were the parallel accession negotiations of China to the GATT, which gave China a limited participating right in the negotiation process.

Unsurprisingly and despite endless negotiating sessions at the technical level in Geneva, progress was slow and tedious.

The basic objective was to satisfy textile/garment and agricultural exporters by creating more open trading opportunities and less trade-disrupting state aid, and creating new multilateral rules for trade in services and intellectual property rights.

At half-time in Montreal, no real progress was achieved, with one notable exception: tropical products. Under the leadership of the Malaysian chair of the respective negotiating group, an EU initiative known as the dark room process had produced a list of tariff concessions favouring exports of tropical products mainly of interest to developing countries.

The process had been informal and open only to participants who were prepared to participate with their own concessions in the process. Palm oil (Malaysian interest), cut flowers (Colombian interest), tea (Indian interest), coffee (African interest) are examples of products covered by this deal.

The idea was to agree formally the deal in Montreal before the opening of the ministerial session. The developing countries supported this idea for fear of losing an interesting outcome in a broader ministerial debate. The EU interest was to avoid a focus on tropical products not covered in the deal (bananas, rice, manioc, etc) because it was too close to wider agricultural interests. The US were against the deal for precisely the same idea: to put pressure on the EU by making their potential concessions subject to EU concessions in the wider agricultural sector.

In the end, the deal was secured after a tumultuous night session, where the Colombian ambassador threatened to quit the negotiating table because the EU tried to limit

the tariff concession for cut flowers ("I knew I could not trust the EU."). The EU rapidly withdrew its attempt to limit the cut flowers concession to save the deal. The US offer, however, was not retained because it remained conditional and not final, like all the other offers.

The ministerial event announced a first outcome even if it was without the participation of the United States. The rest of the ministerial process was unsuccessful despite nightlong ministerial sessions in crammed negotiating rooms, which tested the health of participants to the limits without, however, producing noteworthy outcomes.

Fast forward to the final ministerial meeting in Brussels in December 1990. The two years of ongoing negotiations had produced a consolidated text, comprehensively representing the negotiation agenda but littered with thousands of brackets reflecting disagreements among the negotiators. The Brussels ministerial meeting was planned for a full week, with parallel ministerial and government official meetings.

The different negotiating groups all started revising their respective texts, seeking to eliminate brackets and formulating real agreements. Ministerial sessions provided guidelines for individual negotiating groups, giving political direction for needed compromises.

Then on Day Four, the United States withdrew from the negotiating group on agriculture, creating a deadlock for the ministerial event. The conference was suspended and ministers did not even accept to preserve the status quo reached in the different negotiating groups as a basis for further work. This reflected the traditional "nothing is agreed until everything is agreed" rule.

Lesson to be learned: present ministers with a limited number of issues and oblige officials to reduce differences to manageable options.

In hindsight, one would have to concede that ministers in Brussels were simply confronted with too many brackets, reflecting substantial differences among the negotiating countries, to stand a realistic chance of producing a comprehensive outcome. Lesson to be learned: present ministers with a limited number of issues and oblige officials to reduce differences to manageable options.

Upon his return to Geneva and faced with a serious crisis as a result of the failed ministerial event, Arthur Dunkel discreetly persuaded the ambassadors to continue negotiations, with a clear deadline by which he would seek to bridge open questions not solved by the negotiating groups.

This was a smart, novel approach, which many members did not really take seriously, but which eventually led to a first draft Final Act, known as the "Dunkel paper". It would, however, still take two more years before the Round was effectively and successfully concluded.

Why so long? The Dunkel paper provided a basis but members needed to fine-tune some of the language suggested by the Director-General, advised by the chairs of the various negotiating groups.

In particular, the agricultural issues needed to be settled between the United States and the European Union, often called the "majors" by other contracting parties. This was eventually achieved in an understanding referred to as the Blair House Deal of 1992 (reference to a Washington government building) and which helped other interested agricultural exporting countries, known as the Cairns Group, to rally around the approach.

The specific market access negotiations also required additional time. They are traditionally negotiated bilaterally before eventually being consolidated at multilateral level in individual members' market access schedules. There are schedules for trade in goods and trade in services. The latter had to be designed for the first time in the Uruguay Round as a result of adding the General Agreement on Trade in Services to the GATT. This was challenging because some sectors like telecommunications or postal services were still state monopolies in many countries, others like financial services were reserved for nationally established operators for prudential reasons.

Specific market access negotiations are traditionally negotiated bilaterally before eventually being consolidated at multilateral level in individual members' market access schedules.

The solution found was to establish a general "access to and use of" provision, providing non-discriminatory access to existing service providers. Market access for foreign service

providers in telecommunications, financial services and maritime services were only to start after the completion of the Uruguay Round.

An interesting additional negotiating issue came up after the Brussels meeting: the creation of a proper institutional agreement to replace the provisional implementation of the GATT. For five decades, the GATT had been operated on a provisional basis, due to a refusal by the US Congress to ratify an International Trade Organization Treaty negotiated in Havana.

My Ambassador, Tran Van Thinh, asked me in 1991 whether I felt capable of drafting such an institutional agreement for a multilateral trade organization. He felt it was time to give trade a comparable institutional role as enjoyed by the IMF and the World Bank to complete the international economic governance. I had the pleasure of preparing a first draft with a Canadian colleague, Doug George, and the Mexican ambassador, Alejandro de la Pena.

We introduced the draft to Julio Lacarte, Uruguayan ambassador and chair of a negotiating group on institutional issues. Julio had been a participant in the Havana Charter negotiations back in 1947 and supported our idea.

It proved difficult to codify a consensus into a legal form. Still today, majority voting foreseen in different articles of the GATT and the GATS can only be decided on a consensus basis, opening the door to damaging decision-blocking situations.

Surprisingly, the United States could not accept the name suggested for the new organization, the Multilateral Trade Organization, fearing Congressional dislike of the m-word. So, it became the World Trade Organization!

The United States could not accept the name suggested for the new organization, the Multilateral Trade Organization, fearing Congressional dislike of the m-word. So, it became the World Trade Organization!

I vividly recall the final month of the Uruguay Round. It started with two full day and night negotiations between the EU and the US teams in Brussels. Then USTR Mickey Kantor had insisted on this bilateral contact before continuing to Geneva. Not only did the two delegations spend intensive negotiation time together but we then proceeded in the

same commercial flight to Geneva to continue negotiations with all our partners.

Services negotiations were still hotly argued, with the US seeking to improve access for audiovisual services while the EU was trying to defend a cultural exception. The EU had a television directive that required at least 51 per cent of EU content for any TV operator in the EU. The US wanted the directive to be amended and to obtain full access for audiovisual products on new media, such as video on demand and other precursors of the Internet. The US had even mobilized President Clinton to personally call on Chancellor Helmut Kohl and President François Mitterrand to change the EU position.

The stalemate went into the last negotiation night and a bilateral talk between EU Trade Commissioner Leon Brittan and USTR Mickey Kantor. At 3 o'clock in the morning, Leon Brittan informed me of the outcome. Not only did Mickey Kantor not accept our audiovisual offer, that would have committed access for everything except feature films (which we argued were part of cultural identity), he would also withdraw the US audiovisual offer and threatened bilateral trade measures against the EU's audiovisual policy. He also refused any US offer on maritime transport, refusing to modify the Jones Act dating back to 1920. Leon Brittan instructed me to adjust our services offer accordingly.

In the night, we withdrew not only the audiovisual offer from our schedule but we added two defensive MFN exceptions to allow us to take measures against any discriminatory threats against EU audiovisual products.

The outcome was then presented to and accepted by EU member states in an early morning coordination session and forwarded to the GATT Secretariat to meet a 10 o'clock deadline. It was only then that I learned from the Secretariat that the US had not withdrawn their audiovisual offer. It was late to reconsider the EU position by then, much to the delight of those member states who had most strongly argued for a cultural exception. There are risks in negotiating against the clock until the very last minute!

This was an exceptional generation of trade officials, stubbornly hanging in and eventually securing a tremendous outcome: the creation of a broader, rules-based institution for international trade!

We learned eventually that the American Motion Picture Association had intervened and asked Mickey Kantor to change position, fearing problems with its most important export market, the EU!

That very evening, the Uruguay Round Final Act with its schedules was gavelled with rapturous applause by all participants in the Trade Negotiations Committee! This was an exceptional generation of trade officials, stubbornly hanging in and eventually securing a tremendous outcome: the creation of a broader, rules-based institution for international trade!

And just perhaps, there may be some suggestions there for the present trade negotiators on how best to face today's challenges!

Key moments in the Uruguay Round



Julio Maria Sanguinetti, President of Uruguay (1985-1990 and 1995-2000), speaking at the Punta del Este Conference, in September 1986, which marked the beginning of the Uruguay Round.



The Punta del Este Conference, in September 1986, marked the beginning of the Uruguay Round. The Uruguay Round was the 8th round of multilateral trade negotiations conducted within the framework of the GATT, spanning from 1986 to 1993 and embracing 123 countries as “contracting parties”. The Round led to the creation of the World Trade Organization, with GATT remaining as an integral part of the WTO agreements.



Charles Carlisle, GATT Deputy Director General (United States of America) (1986-1993) (right), addresses delegates at the farewell ceremony for him and DG Arthur Dunkel, in Geneva, Switzerland, on 16 June 1993. Also pictured is Ake Linden, Legal Adviser to the GATT Director-General (left).



Tieoule Konaté, GATT Director, Technical Cooperation and Training Division (right), speaking at the farewell ceremony for departing DG Arthur Dunkel (left) and DDG Charles Carlisle, in Geneva, Switzerland, on 16 June 1993.



Arthur Dunkel, GATT Director General (1980-1993) (second from right) at the farewell ceremony for himself and DDG Charles Carlisle, in Geneva, Switzerland, on 16 June 1993. Also pictured are Charles Carlisle, GATT Deputy Director General (United States of America) (1986-1993) (left); and Tieoule Konaté, GATT Director, Technical Cooperation and Training Division (right).



H.E. Miguel Berthet, Ambassador of Uruguay to the GATT (right) attends a GATT Council meeting in Geneva, Switzerland, in June 1993. Also pictured is Andrew Stoler, Deputy Chief of Mission, United States of America (left).



H.E. B.K. Zutshi (India), Chairman of the GATT Contracting Parties (elected 4 Dec 1992) (left) gavels a decision at a GATT Council meeting in June 1993, in Geneva, Switzerland. Also pictured is Paulo Barthel-Rosa, GATT Director, Development Division (right).



Peter Sutherland, GATT Director General (centre), speaking at his first press conference as Director General during the Uruguay Round, in Geneva, Switzerland, on 5 July 1993. Also pictured are Richard O'Toole, GATT Assistant Director-General (1993-1995), Chef de Cabinet, and Co-ordinator of the Director-General's internal Secretariat Strategy Group (left) and David Woods, GATT Director, Information and Media Relations Division (right).



András Szepesi (centre), Permanent Representative of Hungary to GATT, who was elected Chairman of the Council on 4 Dec 1992, chairs a session of the Contracting Parties in Geneva, Switzerland, on 21 July 1993. Also pictured are Peter Sutherland (GATT Director General) (left), and Paulo Barthel-Rosa (GATT Director, Council Division) (right).



From left to right, Anwarul Hoda (GATT Deputy Director General, 1993-1999) (India), Jesús Seade (GATT Deputy Director General, 1993-1999) (Mexico) and Warren A. Lavorel (GATT Deputy Director General, 1993-1999) (United States of America), in Geneva, Switzerland, on 21 July 1993, the date of their official introduction as Deputy Directors General.



Informal Group on Institutional Issues, chaired by Ambassador Julio Lacarte Muró (Uruguay), in Geneva, Switzerland, on 16 November 1993.



Peter Sutherland, Director-General of GATT (1993-1995) and Chairman of the Trade Negotiations Council, celebrates the conclusion of the Uruguay Round at a meeting in Geneva, Switzerland, on 12 December 1993: *"Today, the world has chosen openness and cooperation".*



Peter Sutherland, GATT Director-General, at the conclusion of the Uruguay Round, Geneva, Switzerland, on 12 December 1993. The cavernous International Conference Centre of Geneva provided the setting for the conclusion of the Uruguay Round. The proceedings were beamed live to most of the globe.



Peter Sutherland, GATT Director General (centre) in a meeting with the Friends of the Chair, in the Green Room. From left to right, Germain Denis (Canada) (Chairman, Market Access Negotiating Group); David Hawes (Australia) (Chairman, Services); Jesús Seade (Mexico), GATT Deputy Director General (Chairman, Committee on Trade and Development); Julio Lacarte-Muró (Uruguay) (Chairman, Institutional Issues); Richard O'Toole, GATT Chef de Cabinet; Michael Cartland (Hong Kong) (Chair, Rules); Warren A. Lavorel (GATT Deputy Director General); Anwarul Hoda (GATT Deputy Director General); Claude Mercier, TNC Secretary, in Geneva, Switzerland, on 15 December 1993.



Germain Denis (Canada) (centre), Chairman of the Market Access Negotiating Group, gavels a decision at a Market Access Group meeting on 15 December 1993, in Geneva, Switzerland. Also pictured are Heinz Opelz, GATT Director, Market Access Division (left), and Alberto Campeas, GATT Director, Technical Cooperation Division (right).



US Trade Representative Mickey Kantor signs the Final Act of the Uruguay Round at the Marrakesh Ministerial Meeting, on 15 April 1994.

What if the Uruguay Round had never happened?



Isidoro Hodara
Former Director of Foreign Trade of Uruguay

Note: The original text was provided in Spanish

Circumstances forced me to begin writing these words on the very day that a series of audacious reciprocal tariffs were announced. Fortunately, some of these tariffs have been reduced or put on hold, leaving some hope that the effect of this type of measure will continue to ease.

In the meantime, to alleviate some of the pressure of the present day, I suggest a counterfactual exercise focused on the past: What would have happened if the Uruguay Round had not been launched? This will not merely be an analysis of what would ultimately have happened with the agreements that arose from the Round. Instead, the aim is to analyse/imagine how the multilateral trading system would have evolved if the Uruguay Round had not taken place.

For this, I will rely on the invaluable assistance of influential figures who held key positions at the time.

Before he stood down in early 1985, Jan Tumlir had been Director of Economic Research and Analysis at the General Agreement on Tariffs and Trade (GATT) for 18 years. It is important to reflect on his vision, and the timing of his departure – so close to the launch of the Uruguay Round – seems particularly relevant.

Here, I must ensure that my appreciation for Mr Tumlir's views does not in any way influence my critical thinking in this essay. But is it possible not to be in awe of such a sharp and provocative thinker? He could not have chosen a better title for the second Harry G. Johnson Memorial Lecture, which he gave at the Trade Policy Research Center: "The Contribution of Economics to International Disorder". His irony still resonates and is perhaps just as relevant today as it was in 1980.

Mr Tumlir was a firm believer in the advantages of free trade and in a multilateral system governed by rules and disciplines. The GATT provided a very sluggish format for liberalizing global trade. The first GATT negotiations essentially involved granting bilateral concessions that were then extended *erga omnes* under the most favoured nation clause. This was a slow and far from optimal path to achieving greater multilateral liberalization of trade. The circumstances that prevented the International Trade Organization from being created in Geneva in 1947 must have weighed heavily in favour of adopting a certain restraint in efforts to liberalize trade.

The GATT reflected that restraint – even in the name used to open its bank accounts. I can still recall the meeting I had at the request of the manager of the branch at which I held my accounts when

I lived in Geneva. With the tact and gravitas typical of a Swiss banker, he told me that something did not seem quite right. Many of the international organizations in Geneva held accounts with his bank, and it was standard practice for the account to be in the name of an institution whose name was clearly linked to the name and purpose of the respective international organization. With the GATT, however, this process had not been followed so clearly. For its accounts, the beneficiary was associated with an interim committee for the International Trade Organization. So why was the GATT so different and what was the significance of this? I have had to take a deep breath before trying to provide a straightforward answer.

Among the organizations designed at Bretton Woods to ensure multilateral governance in the post-war period, there was broad agreement on both the International Monetary Fund (IMF) and the World Bank. The IMF would play a role in harmonizing monetary policies and providing countries with temporary economic assistance when difficulties arose in the balance of payments, while the World Bank would support countries in need, essentially by providing loans for reconstruction and development projects.

Meanwhile, progress on creating the International Trade Organization (ITO) was very slow and subject to controversy. Those present at the Havana Conference of 1947 and 1948 failed to reach an agreement on the creation of the ITO. There was no full consensus on how ambitiously the objective of trade liberalization should be pursued. Most notably, the United States indicated that it would not submit the proposal for congressional ratification.

Instead, around 20 countries exchanged tariff concessions that came into effect on 30 June 1948 through a Protocol of Provisional Application. Successive negotiating rounds were held on trade liberalization and the development of rules and disciplines that would serve as the framework for international trade. This culminated in a set of standards and an organization that were respected by members. In any event, for several decades, the GATT continued to exist as an agreement and entity for provisional application. That was what led to the situation that piqued the curiosity of our eagle-eyed banker.

The negotiations that took place during the Tokyo Round (1973-1979) brought to light the increasing complexity of the issues at hand – in a cheerful manner, some participants suggested that the Tokyo Round should be renamed the “Long Round”, as a play on the name of the then-Director-General, Switzerland’s Olivier Long. The benefit of ending

the provisional nature of the undertaking was also discussed.

This was the prevailing sentiment when talk of the Uruguay Round began. Jan Tumlir stepped down in February 1985 and was replaced by Richard Blackhurst, who had been an economist at the GATT for a decade. Pragmatic by nature, Mr Blackhurst was all for the new Round covering a broader range of topics, taking into account developments in international trade. Like Mr Tumlir, he supported making institutional changes that would bring an end to the GATT's provisional status.

While these considerations were taking place globally, Uruguay was going through exceptional times. In 1985, the country returned to democracy and the rule of law, both of which had been cast aside since 1973. Uruguay then sought to reclaim the international standing and prestige it had traditionally enjoyed. This was a multi-pronged effort – one that included regaining the country's position in the international multilateral trading system and one that the entire Government was behind.

Two figures stand out for their role in ensuring that the upcoming negotiating round took place in Uruguay. One of these individuals was Ambassador Julio Lacarte Muró, who had been involved in the creation of the GATT from its very early stages. And he worked very closely with the Foreign Minister, Enrique Iglesias, to ensure that Uruguay once again took up a constructive role in the GATT, as it had done from the outset.

Two figures stand out for their role in ensuring that the upcoming negotiating round took place in Uruguay. One of these was Ambassador Julio Lacarte Muró, who had been involved in the creation of the GATT from its very early stages. And he worked very closely with the Foreign Minister, Enrique Iglesias, to ensure that Uruguay once again took up a constructive role in the GATT, as it had done from the outset.

In Punta del Este, the Ambassador of Japan, who presided over the Contracting Parties, formally handed over the reins to Enrique Iglesias, who chaired the Uruguay Round at the ministerial level. Towards the end of the decade, the Foreign Minister stood down in order to become president of the Inter-American Development Bank, and Ricardo Zerbino, Uruguay's Minister of the Economy, took over as chair of the Uruguay Round at the ministerial level.

Uruguay threw itself with great enthusiasm into the negotiations in all areas. Here, it is worth mentioning two overarching themes that were of particular concern to Uruguay during the Round:

- the need to apply the principles and disciplines governing trade in other products to agricultural trade, addressing an asymmetry that ran counter to the spirit of the GATT; and

- the creation of a dispute settlement mechanism that would address, as equitably as possible, the glaring gaps in the procedures applied thus far.

At the institutional level, the Uruguay Round led to the creation of the World Trade Organization (WTO). A dispute settlement mechanism was also established, laying the foundations to prevent the reoccurrence of the failings that, thus far, had hindered the effective implementation of the disciplines governing the multilateral trading system. Key new themes were also incorporated into the international multilateral trading system.

On all these points, the Uruguay Round can be considered a success. When it came to agricultural trade, however, there were few substantive changes and there continued to be deviations from the rules and principles applicable to trade more broadly. The consensus that the final outcome should be considered a whole and indivisible package – or a single undertaking – was decisive in ensuring the Round's success.

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Let us return briefly to the counterfactual question in the title. Today, we can surmise that, if there had been no agreement driving the launch of the Uruguay Round, the process of liberalizing trade would perhaps have been more difficult and slower and the consensus required to create the WTO would not have emerged. It is also possible that we would have seen an increase in protectionism and more fragmented international trade, with a proliferation of regional and/or sectoral agreements, and that the development of global value chains would not have been as dynamic without the rules or institutional framework that brought the stability and certainty needed for those value chains to take shape.

But perhaps one of the most significant outcomes of the Uruguay Round is that it brought to light the difficulties inherent in the negotiating model in place at

the time. The efforts involved a massive number of participants and were increasing all the time. Possibly alongside the success of the Uruguay Round, those involved started to realize that it would be increasingly difficult to keep up those efforts unless major changes were made to the negotiating procedures.

Just like 40 years ago, today we also have numerous participants, diverse interests and new challenges that once again require the lucidity, vision and audacity of new leaders and negotiators capable of taking a new and decisive step forwards in the advancement of the multilateral trading system.

The launch of the Uruguay Round took place nearly four decades ago and the agreements stemming from those negotiations have been in force for almost three decades. A generation of lucid world leaders and negotiators were able to lay the foundations, finding the right format to deliver more open trade and resolve some of the trade tensions that existed at the time. For many years, multilateralism has served as the basis for robust growth in trade and has helped many countries and millions of people to become more integrated into the global economy.

Just like 40 years ago, today we also have numerous participants, diverse interests and new challenges that once again require the lucidity, vision and audacity of new leaders and negotiators capable of taking a new and decisive step forwards in the advancement of the multilateral trading system.

Let us hope that, in four decades' time or before, some observer will be able to objectively and optimistically ask a similar question to that posed in the title of this essay: What would have happened if an agreement had not been reached that was as audacious and far-reaching as the Uruguay Round turned out to be?

We must trust that the response to that future question/challenge will also, as today, be one of recognition and gratitude for those that will take this future round forward.

The launch of the Uruguay Round: A boost to the open development of international trade



Enrique Iglesias
Former Minister of Foreign Trade of Uruguay

Note: The original text was provided in Spanish

The Uruguay Round was launched following intense negotiations within the General Agreement on Tariffs and Trade (GATT), with the GATT Director-General, Arthur Dunkel, playing a key and active role in taking the negotiations for the new Round to a developing country.

He was supported to great effect by the Ambassador of Uruguay, Julio Lacarte Muró, who proposed Uruguay as the venue for the launch. It was the first time that a GATT Round would be held in a country that was part of what was known at that time as the "third world".

As we know, the objectives of the Uruguay Round were particularly complex. Agriculture was to be included in the negotiating process and discussions initiated on trade in services and intellectual property rights.

In addition to those key objectives, other aims were to reform the dispute settlement mechanisms and improve the integration of developing countries into the global trading system.

It was by no means an easy process, with difficult negotiations that eventually led from the launch of the Round at that initial meeting in Uruguay to its culmination years later in Marrakesh (Morocco).

This was a major step towards the liberalization of global trade and on the path to the progressive integration of all the countries of the world into international trade.

It was the first time that a GATT Round would be held in a country that was part of what was known at that time as the "third world".

But the most significant and tangible outcome was the creation of the World Trade Organization (WTO) in 1995, which replaced the GATT that launched the negotiating Round in Punta del Este, in Uruguay, in 1986.

The objectives of the Uruguay Round were particularly complex. Agriculture was to be included in the negotiating process and discussions initiated on trade in services and intellectual property rights.

That process was not easy. Very important and highly controversial steps were taken there, but, in the end, the goodwill of all the participants led to the launch of the Round that would give rise to the WTO.

Trade liberalization has always been and will remain a sticking point when it comes to reaching agreements, but it is a key element in upholding free trade, which offers all countries the advantages of a negotiating environment of increasing trade openness.

Thus, the creation of the WTO was a key outcome. As the negotiations moved forward, they were expanded to include monitoring systems and mechanisms to address the various disputes that, of course, always exist around trade in goods and services.

Difficult challenges continue to arise today. The momentum of the work initiated by the GATT has stalled as a result of, *inter alia*, negotiation and dispute settlement mechanisms that have proved to be less dynamic than was hoped. This has certainly been a worrying setback that could lead to the end of the Organization created.

Today, we see how the agreement that was eventually reached in Punta del Este is being limited by new negotiating barriers. However, the world must continue to pursue negotiations in which international investment and trade play a central role.

Deviating from the necessary path of increasing international agreements that we set

The goodwill of all the participants led to the launch of the Round that would give rise to the WTO.

out on in Punta del Este in 1986 to ensure healthy international economic growth would be a major setback.

A few reflections on the Uruguay Round



Alejandro Jara
Former Director General for Multilateral Economic Affairs, Ministry of Foreign Affairs of Chile, Former Ambassador of Chile to the WTO, and Former Deputy Director-General of the WTO (Chile)

The breadth of the negotiating objectives and mandate of the Uruguay Round reflected the urgent need to both address the problems (one could say existential) that had piled up in the multilateral trading system (MTS) since the Tokyo Round as well as the expansion of its remit to areas other than trade in goods.

The main problems included safeguards and the proliferation of voluntary export restraints, agriculture, the fragmentation resulting from the plurilateral Tokyo Round codes, managed trade for textiles and clothing, and the weakness of the dispute settlement system. Trade in services and intellectual property were two areas that some countries considered were in need of a higher level of international cooperation and disciplines.

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The results were a far cry from what the negotiators of the Punta del Este Declaration ever imagined in 1986. It was a major overhaul and expansion of the MTS and the establishment of an international organization, the WTO. How was this outcome made possible? Many explanations can be offered and possibly all are valid. Much will depend on the viewpoint of the observer. What follows is a recollection of some key developments that in my view were fundamental.

The 1982 GATT ministerial meeting was deeply divided over an initiative of the United States, with support from some developed countries, to begin negotiations on trade in services. Very few knew how the international markets for services worked, price formation, nomenclature, trade data and other basic stuff. The opposition was fierce, including countries such as Spain and Australia and all developing countries except Chile and Jamaica. The compromise was to encourage national studies and exchanges thereof. The issue of multilateral disciplines was left for future consideration.

Four years later, the opposition had been reduced to 10 countries led by Brazil and India (the G-10), not enough to withstand the strong pressure from the rest to start negotiations to address the outstanding problems and particularly liberalization of trade

in agriculture as well as trade in services and intellectual property.

The national studies and exchanges that followed as well as work done in international organizations such as UNCTAD and ECLAC were instrumental for this turnaround. This demonstrated that governments find it safer to say no if the facts to assess the consequences of a proposal are not available. Information and analysis are a necessary but not sufficient condition to have governments negotiate with a positive attitude.

Agriculture, which was always struggling to find a place in multilateral negotiations, received decisive attention in the preparations for the 1986 Punta del Este ministerial meeting and beyond.

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After a meeting of wheat exporters in Uruguay in 1986,[1] an enlarged meeting covering other products and countries took place in Pattaya, Thailand, followed by a ministerial meeting in Cairns, Australia, giving birth to the Cairns Group which comprised developed countries (Australia, Canada, New Zealand), Hungary from the socialist camp and developing countries (Argentina, Brazil, Chile, Colombia, Fiji, Indonesia, Malaysia, Philippines, Thailand).[2] Until then, a coalition of countries belonging to different categories (developed, developing, least developed) was unheard of.

The Cairns Group was decisive in securing an ambitious mandate at Punta del Este. Likewise, twice during the negotiations this group or a subgroup thereof paralyzed the negotiations because agriculture was being left behind, while progress was made in other areas (1988 Montreal and 1990 Brussels). Individually, these countries would probably not have been able to exercise their muscle so effectively. Australia's technical expertise was crucial for everyone to maintain strong positions.

Next, something often forgotten was the voting that took place in July 1985 to establish a Preparatory Committee of the Punta del Este ministerial meeting, including the drafting of a declaration. Opposition led by Brazil and India prevented a consensus to establish the Preparatory Committee. This led the United States to request a ballot vote. This was a major departure in the GATT whose text provided for voting but since its inception a practice - almost a dogma - had developed to decide everything on the basis of consensus, with the notable exception of accessions.

"Never ask for a vote unless you are certain of victory" is the dictum, and true enough the proposition of the United States gathered around two-thirds of the GATT contracting parties. Many problems could have been avoided in the future if voting on procedural matters had been allowed instead of requiring consensus on issues that do not directly create or diminish the rights and obligations of members, such as acceptance of an observer, dates for the selection process for replacement of Appellate Body members.

In the Punta del Este preparatory stage, work on the decisions by ministers was opposed by a group of countries led by Brazil, India, Egypt, Cuba, Yugoslavia, etc. In reaction, a group of developed and developing countries, excluding the US and the EEC, held meetings outside the GATT premises at the Swiss mission to draft the declaration. This process became known as "Café au Lait" because it was chaired by the ambassadors of Switzerland and Colombia. This generated trust and a sense of common purpose, shared interests and created a group that had clout because of their numbers, trade and politics.

Agreements within the group were a powerful indication of where the middle ground and the interests of most of the membership stood, something that could not be ignored altogether. This changed perceptions. As long as they were able to coalesce around certain fundamental issues, most GATT members were no longer at the mercy of the European Communities and the United States on the one hand and Brazil and India at the other extreme.

Facts, analytical capacity, formation of coalitions along specific interests and not artificial levels of development, and the flexibility to operate plurilaterally to overcome the constraints imposed by the rule of consensus are some lessons that can be drawn from the process of the Uruguay Round negotiations.

Endnotes

1 The meeting was held in Montevideo at the initiative of Ambassador Carlos Pérez del Castillo, then Director General of International Economic Relations at the Ministry of Foreign Affairs of Uruguay.

2 An anecdote: the author was part of this process beginning in Pattaya. For the meeting at Cairns, the Australian Government had some difficulty in inviting a Chilean Minister representing the Pinochet dictatorship. The message reached Santiago welcoming Chile as long as the Head of Delegation was not a Minister. In the internal discussions of the Ministry of Foreign Affairs of Chile, a majority of the diplomatic establishment said this was an offense and that Chile should abstain from attending. The author, representing the Economic Affairs Division, held the view that it was vital to be part of this emerging coalition to better protect our burgeoning agricultural exports which we should protect in spite of our "principles". As a result, the Chilean Ambassador to Australia (and former Ambassador to the GATT, Mr Jorge Berguño) attended, with the author as deputy and only official.

Some reflections on the Uruguay Round



Carlos Pérez del Castillo
Former Ambassador and Former Director General of Economic Affairs at the Ministry of Foreign Affairs of Uruguay

Note: The original text was provided in Spanish

Having attended and participated in all stages of the Uruguay Round, from beginning to end, I have many memories, anecdotes and experiences that have come flooding back. Given the word limit that has been set for individual contributions and the fact that many people have been invited to contribute to this book commemorating the establishment of the WTO, I will focus on what I think was most important for our country with the launch of the Uruguay Round in Punta del Este in September 1986.

First, agreeing to host and devoting efforts to convening a ministerial conference of the GATT Contracting Parties to launch a new round of multilateral trade negotiations posed an enormous challenge for Uruguay. Particularly, as the country was in the first year of its return to democracy after 13 years of military dictatorship and complete international isolation, with all the uncertainties, pressures and priorities arising from the terrible economic, political and social situation that the country had inherited, and the need for a stabilizing domestic policy that would dispel questions about the commitment of the military to, henceforward, defer to civilian rule.

Second, as this was the first multilateral trade round to take place in a developing country, the responsibility and risks of holding it in Uruguay posed a major challenge. The significant differences of opinion among the parties throughout the preparatory process with regard to the substance and scope of that new round indicated that reaching a successful outcome would not be an easy task. It should be recognized that the decision to hold the new round in Uruguay was due in large part to the efforts of our Ambassador to the GATT at the time, Julio Lacarte Muró, with the support of the Director-General Arthur Dunkel, and was ultimately approved by our Minister of Foreign Affairs, Enrique Iglesias.

Agreeing to host and devoting efforts to convening a ministerial conference of the GATT Contracting Parties to launch a new round of multilateral trade negotiations posed an enormous challenge for Uruguay.

At that time, I was the Director General for Economic Affairs at the Ministry of Foreign Affairs. I was therefore responsible for and played a central role in organizing the conference, in contributing

to its success, and in reaching concrete outcomes.

From the outset, as Uruguay was the host, I considered it essential that agriculture be at the centre of the negotiations. Agriculture had been excluded from the trade provisions and obligations of the previous seven rounds of negotiations, from the establishment of the GATT in 1947-48 until the end of the Tokyo Round in 1979, mainly due to the protectionist attitudes of the European Union and the United States to that sector. When an aspect of the agriculture sector was addressed in those negotiations (milk, meat), it was always in a superficial manner and it was discussed separately from the general negotiations.

As Uruguay was the host, I considered it essential that agriculture be at the centre of the negotiations.

Another aspect that always frustrated me was that in those previous rounds, efficient producer countries, such as Argentina, Australia, Brazil, New Zealand and Uruguay, far from adopting a joint position, viewed each other as potential competitors and fought each other for the crumbs that the protectionist countries were prepared to leave them.

Uruguay as the host country had a responsibility and, I would even say, obligation to take initiatives in that direction. Accordingly, I did not hesitate to submit an action plan to Minister Iglesias to achieve those objectives.

The first step was to convene a meeting of Deputy Ministers of the efficient agricultural producer countries of the temperate zone of the southern hemisphere, namely Argentina, Australia, Brazil, New Zealand and Uruguay, to discuss the prevailing situation and the main common problems we were facing in global agricultural trade.

The next step was to take note of the serious constraints and shortcomings that had characterized the agriculture negotiations under the GATT up to that point.

The last step was to explore how, through cooperation and the preparation of joint proposals and strategies, we could ensure the incorporation and integration of agriculture into the set of principles, provisions and obligations that governed economic and trade relations among the GATT Contracting Parties. Minister Iglesias gave me the green light in that direction.

The meeting took place in Montevideo on 28 and 29 April 1986, and was well attended.

I chaired it and I believe that it was a complete success. Among its outcomes, I would highlight the following decisions:

1. That fundamental and priority importance be accorded to agriculture in the Uruguay Round negotiations. The success of the Round would depend on the proper treatment of, and concrete outcomes reached on, the issue of agriculture.

2. To that end, joint positions and actions among participating countries should be coordinated to fully integrate agricultural trade into the provisions of the GATT.

3. That the primary objective should be the expansion and liberalization of all forms of agricultural trade. For that, better market access conditions must be agreed with industrialized countries for products from efficient agricultural countries, and export subsidies or other unfair trade practices gradually eliminated, including domestic production support that distorts trade by displacing our countries from their traditional markets and depressing prices.

4. That the support of other agricultural producing countries that shared those objectives be sought.

5. That further meetings of the Group, including at the ministerial level, be held prior to the Punta del Este meeting.

6. That the Group be called the "Group of Southern Hemisphere Agricultural Producing Countries". Australia's offer to coordinate the Group's actions and activities in that first phase was accepted. The Government of Uruguay was congratulated in particular for having taken the initiative to hold that important meeting.

The success of the Round would depend on the proper treatment of, and concrete outcomes reached on, the issue of agriculture.

From then onwards, Australia played a highly important role at the international level in making known the Group's objectives for the Uruguay Round.

A second meeting of the Group was held in Thailand in June 1986, with invitations to participate extended to countries, including Chile, Indonesia, Malaysia, Hungary (which was not a member of the European Union at that time), Costa Rica, Paraguay, the Philippines, and Thailand, as the host country. At that meeting, the

new participants basically lent their support to the guidelines mentioned at the previous meeting. Given the composition of the Group, it was decided to change its name; henceforth it would be known as the "Group of nonsubsidizing efficient agricultural producers".

To give it greater political weight, Australia convened a ministerial meeting of the Group in August 1986 in Cairns. New members, including Canada, Colombia and Fiji, were invited to attend. Opening the meeting, the Prime Minister of Australia underscored the problems that he had with the Group's name and suggested that henceforth it be called the Cairns Group. That proposal was accepted by all parties.

The Uruguay Round was launched in Punta del Este in September 1986. It was opened by President Julio María Sanguinetti and chaired by the Minister for Foreign Affairs, Enrique Iglesias.

On the first day, a series of thematic negotiating groups were established, including one for agriculture, that reported to the plenary of the Conference every day. Within the Uruguayan delegation, led by the Minister of Economy, Ricardo Zerbino, I had the honour to be given the task of leading the negotiations on the agricultural sector, in recognition of my founding role within the Cairns Group and my good relationships with its members.

I was fortunate that, within the framework of the agriculture negotiations, seen as the most complex of all the negotiations because of the opposing positions held by many countries, Australia and New Zealand were represented by the leaders of their respective delegations, the Ministers for Trade, John Dawkins and Mike Moore, respectively, who played pivotal roles.

I immediately established a very close relationship with them. We got into the routine of meeting for breakfast every day in the house rented by Minister Dawkins, who was also the spokesperson for the Cairns Group in those negotiations. It was there that we drew up the proposals and strategies to take to the negotiating table, and that we held bilateral or plurilateral consultations on behalf of the Group with different actors in those agriculture negotiations.

Among those consultations, I remember vividly the meeting with the head of the United States delegation, Clayton Yeutter, a key figure in the negotiations. Despite the importance of agriculture for the United States, he had arrived at the Conference with a rather modest position on the objectives to be mainstreamed for that sector. In the face of Minister Dawkins' convincing

arguments, Mr Yeutter's position evolved, and he finally told us that if the Cairns Group pushed firmly and managed to move its proposal forward during the negotiations, then, ultimately, we could count on the support of his country.

There were also multiple meetings with the head of the delegation of the European Union (EU), Commissioner Willy De Clercq, who continued to categorically reject the Group's position until the very last moment. What we were able to glean from those consultations was the EU's particular interest in including the topics of services, intellectual property and investment in the negotiating mandate of the new Round, something which up until then had been firmly opposed by a significant number of countries. This was key to reaching a final agreement on the last day of the Conference that reflected the interests of both sides.

The Punta del Este Declaration, adopted on 20 September 1986, sets out the following mandate with respect to Agriculture:

"The Contracting Parties agree that there is an urgent need to bring more discipline and predictability to world agricultural trade by correcting and preventing restrictions and distortions including those related to structural surpluses so as to reduce the uncertainty, imbalances and instability in world agricultural markets.

Negotiations shall aim to achieve greater liberalization of trade in agriculture and bring all measures affecting import access and export competition under strengthened and more operationally effective GATT rules and disciplines, taking into account the general principles governing the negotiations, by:

i. improving market access through, *inter alia*, the reduction of import barriers;

ii. improving the competitive environment by increasing discipline on the use of all direct and indirect subsidies and other measures affecting directly or indirectly agricultural trade, including the phased reduction of their negative effects and dealing with their causes;

iii. minimizing the adverse effects that sanitary and phytosanitary regulations and barriers can have on trade in agriculture, taking into account the relevant international agreements."

I objectively think that the negotiating mandate is satisfactory and largely reflects the position of the Cairns Group countries. I know that it would have been impossible to achieve without the active participation and resolve of the Group. The mere fact

The mere fact that agriculture was included for the first time in the overarching negotiations of that new GATT Round should be seen as a very positive step.

that agriculture was included for the first time in the overarching negotiations of that new GATT Round should be seen as a very positive step. Agreeing to put on the negotiating table all issues affecting world agricultural trade, directly or indirectly, was also an important gesture.

We were well aware that this mandate was a positive step in the direction being pursued. However, it was just that, a negotiating mandate, the terms of reference to guide the multilateral negotiations that would be opened thereafter in the framework of the Uruguay Round. We had very difficult stages ahead of us for that mandate to yield concrete outcomes.

The word limit means I cannot go into the details of that Round's complex negotiations, including on agriculture, which lasted seven years and were concluded at the Marrakesh Conference in April 1994.

I will simply say that, as part of the outcome of that Round, the members adopted the Agreement on Agriculture, which is the basis for initiating the process of reforming trade in agricultural products called for in the Punta del Este Declaration. The Agreement can be considered a first positive step towards better integrating agriculture into the multilateral trading system.

A first level of access was achieved by reducing tariffs in markets that, up until then, had enjoyed a high degree of protection. The different types of domestic support for agricultural production were defined and classified into Amber, Blue and Green Boxes, covering the categories of trade-distorting measures and those that allegedly have minimal effects. Limits and certain reductions were set for export subsidies.

The outcomes fell short of the expectations of the Cairns Group countries, but as a result of this it was agreed, as part of the final negotiating package, that agriculture (together with services) would be the subject of further negotiations

The Agreement on Agriculture can be considered a first positive step towards better integrating agriculture into the multilateral trading system.

starting in January 2000, known as the "mandated negotiations". These formed the basis for the launch of the Doha Round, with its broad and ambitious mandate to pursue the liberalization and reform of global agriculture, but it is not for me to comment on that here.

I would like to conclude by saying that, given the name of the Cairns Group and the fact that it has always been coordinated by Australia (very efficiently, I might add), the vast majority of professionals involved in trade negotiations, particularly those of generations that came after the Uruguay Round, think that the Cairns Group was an Australian invention. I have the satisfaction of knowing that I was the one who came up with the idea, who brought the Group together for the first time in Montevideo, and the satisfaction of being one of its founders and main negotiators involved in achieving its objectives. I cannot deny that I take a certain amount of pride from the enormous contribution that the Group has made to improving the global agricultural trading system.

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.

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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.

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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.

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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

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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.

The WTO at 30: Past triumphs and future dangers



Rufus Yerxa
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Those of us involved in the WTO's creation have always understood how vividly it reflected the remarkable decade in which it was born. The 1990s was a momentous decade, with free market democracy on the rise and historic political changes sweeping the globe.

Looking at today's headlines, it is hard to recall the hope and optimism of that era. But a journey back in time reminds us how those powerful geopolitical and economic forces contributed to our final success.

The seismic events of that period resonated clearly among the delegates gathered in Geneva for the long, tedious negotiations known as the Uruguay Round, which were conducted under the auspices of the General Agreement on Tariffs and Trade (GATT), the WTO's predecessor body.

Perhaps the most impactful was the demise of the Cold War, hailed by Free World leaders as a decisive victory for democracy and market economics over global communism. A long, ideological struggle had ended, and the nations who had bet their future on democracy and market-oriented trade had prevailed over the competing model of state-driven production and internal self-sufficiency. But the same trends were happening elsewhere, including in countries that, unlike the Communist world, had long been GATT members.

These changes were largely about political freedom. This was clearly the case in the former Soviet satellites of Eastern Europe and the Baltic states, which eagerly embraced democratic elections and turned their sights towards eventual membership of the European Union (EU), an enlightened, democratic alternative to the Soviet model. It was also true in the emerging economies of Asia, Latin America and Africa, where country after country had moved away from the legacy of authoritarian rule. This included the momentous victory over apartheid in South Africa.

But it was not political ideology alone that was winning the day. Rather, it was the powerful link between democracy and capitalism that proved most appealing.

East Germans, now citizens in a reunited and economically powerful Germany, sat atop the rubble of the Berlin Wall enjoying their first taste of

bananas and dreaming of one day owning Volkswagens or Mercedes instead of Trabants, those revealing symbols of communism's industrial ineptitude.

The robust, capitalist-style industrialization which had already raised the fortunes of the four so-called "Asian Tigers" – the Republic of Korea, Hong Kong, Singapore and Chinese Taipei - was being emulated by other Asian nations with great economic potential, including ASEAN members such as Malaysia and Thailand.

A similar trend towards greater free market capitalism was taking hold in countries big and small in Latin America. One Central American diplomat in Geneva described for fellow negotiators how that impacted his country's Uruguay Round aspirations. "Not so long ago," he said, "any populist politician in my country could gain votes by railing against capitalism. Now, our voters just want to share in its benefits."

Trade negotiations always turn on the prevailing economic and social forces of the day. These dictate how much or how little can be achieved in agreements that inevitably require difficult changes in the status quo.

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Without popular support at home, negotiators will give little and demand much. But when there is an outcry for change, far more can be achieved. In the last three years of the Uruguay Round, it became obvious that these sweeping geopolitical and geoeconomic shifts had expanded the negotiating table, and that a far bolder outcome than originally envisioned was now possible.

What emerged from that cauldron of revised ambitions and expectations was a shared willingness among GATT members to create a far more open and interconnected world, one that would facilitate greater interdependence between all nations, large or small, rich or poor.

The GATT, which had served a useful purpose in stabilizing trade for over 45 years, was seen as too weak and limited to support this change. The

first GATT Director-General, Eric Wyndham White, had half-jokingly described it as "a series of loopholes tied together with waivers". That was perhaps harsh, but it was clear to all of us that the GATT, with many negotiated exceptions and inconsistencies, was not capable of ensuring a durable, internationally credible foundation for economic convergence.

The closing months of the Uruguay Round were a whirlwind of breakthroughs. This included the removal or limitation of longstanding protections, such as textile quotas and agricultural subsidies, and the acceptance of new rules in areas never covered under the GATT, such as services trade and intellectual property protection.

The GATT was also institutionally weak, having never evolved from its original status as a temporary body. Its dispute settlement system was often ineffectual, allowing members to block rulings and ignore the most politically inconvenient disciplines. While it contained many useful agreements on non-tariff policies, there was a strong desire to make it a more permanent arrangement with a bigger family of adherents to spur greater integration.

Buoyed by this shared sense that we had a chance to forge an entirely new and more coherent global system to replace the dilapidated GATT, countries with very divergent interests and objectives began fashioning a bolder set of trade-offs.

The closing months of the Uruguay Round were a whirlwind of breakthroughs. This included the removal or limitation of longstanding protections, such as textile quotas and agricultural subsidies, and the acceptance of new rules in areas never covered under the GATT, such as services trade and intellectual property protection. Numerous other, more comprehensive non-tariff agreements were thrashed out to replace the GATT's patchwork quilt.

All these new accords were reinforced with a permanent institutional charter and tied together in a "single undertaking" that bound all members to the entire rulebook (with appropriate flexibility for developing countries). Buttressing the agreements was a more binding dispute settlement system. As later history demonstrates, this did not prevent members from

ignoring their obligations, but it ensured the legal rights of those affected in a way that justified their countermeasures and discouraged violative behaviour.

These changes created a far greater balance between the rights and obligations of all members. They also made the WTO among the most credible and enforceable in the vast system of Post-World War II international agreements. Governments around the world hastened to endorse this fairer, more enforceable outcome. A little more than a year after negotiations concluded, the WTO became a reality.

Ultimately, the Uruguay Round succeeded beyond the wildest dreams of its original sponsors. The final package owed much to the discipline and creativity of key negotiators, who found a way to balance competing interests and fashion a "win-win" deal out of a complex, multi-faceted negotiating agenda.

It was a landmark achievement, but one that only succeeded because participants accepted its basic premise, namely that all would prosper from an international trading system that reduced barriers, reinforced market- driven behaviour and placed clearer limits on government intervention in trade.

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What a difference 30 years makes! Few would describe today's global geopolitical and economic setting as anything close to the 1990s. In the past decade, growing frictions among the WTO's biggest and most powerful economies, as well as an accelerating trend towards economic nationalism and its attendant forms of protectionism, have conspired to undo support for the Agreement's free market underpinnings.

Recent developments suggest that the pendulum has swung dramatically in the other direction, threatening to take the world back to the trade dynamics that existed even before the GATT itself came into being, back to a world of mercantilist behaviour and beggar-thy-neighbour actions. How this has happened and what can be done about it deserves considerable analysis far beyond the capabilities of this short essay. But some brief thoughts are offered here while a wider assessment is underway around the world.

The struggle to maintain belief in the WTO and its principles is nothing new. The institution and

its rules have faced resistance and backlash since its inception. Despite the tremendous global economic growth of the post-Uruguay Round years, critics from all sides have found fault with its basic philosophy and framework. Much of that attack comes from domestic constituencies in key countries who decry increased competition from foreign goods and its impact on local jobs. Some stems from a basic belief that the WTO favours corporate interests or increases environmentally unsustainable practices, even that it undermines the fight against climate change.

Many in the developing world believe the rules favour rich countries while rich countries themselves complain of lower-cost competition from those same nations. A growing number of critics are fundamentally opposed to the entire concept of international rules, viewing them as unacceptable constraints on national sovereignty.

Despite these perennial complaints against the WTO and its link to the downsides of globalization, few members departed widely from its disciplines during its first two decades. Even in the face of two global financial meltdowns and other economic disruptions, support for the system remained strong. After all, most of the WTO era has been characterized by a stable and growing world economy with a remarkable resilience. A globalized economy has even been credited by economists for making it easier for countries to withstand internal economic shocks.

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Adherence remained strong even after the collapse of the Doha Round, the first major effort to expand WTO rules since the Uruguay Round. Although this was a massive setback, the WTO remained in force, proving useful as a bulwark against protectionist measures in the aftermath of the 2008 global financial crisis. While countries turned their negotiating energy towards regional and bilateral free trade efforts as a substitute for WTO reform, they remained committed to its obligations.

In the past decade, however, more powerful existential threats to the WTO's primacy and effectiveness have emerged. At the heart of this mounting crisis are the policy choices and changing priorities of certain major members, choices

that severely challenge the effectiveness and relevance of WTO rules. These include actions that constitute a direct contravention of commitments, such as massive tariff increases and subsidies that deny national treatment, but also the use of less transparent policies that undermine commitments, such as state-owned enterprises and informal import barriers.

How the broader WTO membership will react to this new reality is still uncertain. The ground has shifted ominously in recent days.

Some countries may hope to avoid the fray and seek accommodation with the major powers. Others, including those worst hit by mounting restrictions, will fashion retaliatory actions targeted exclusively against those who have violated their WTO rights, even without waiting for a dispute settlement ruling. But there is also a risk that a growing number of vulnerable countries will join the march towards greater economic nationalism, raising their own barriers in a desperate attempt to protect their economies.

As the experience of the 1930s teaches us, this unravelling of open trade will be far more likely to breed deeper economic and political despair than to correct whatever excesses and wrongs the era of WTO globalization has spawned. Its chief result may be a far more divided and dangerous world.

In the end, how the current trade conflicts play out will be determined by economic realities and the impact these realities have on future trade policies in the world's major capitals. How will countries fare economically as they shift against trade expansion and turn towards more domestic production? What will be the effects on inflation, investment, employment and competitiveness? How will it transform public opinion as well as the support from business and other stakeholders on which political leaders rely?

International officials in a global institution such as the WTO can only influence that outcome with thought leadership and patient explanation of facts and economic realities. There may be

The Secretariat should urge governments to remain engaged, offering a neutral forum where dialogue and debate can perhaps help them overcome their deep differences.

strategies to maintain adherence to parts of the WTO's rulebook even as others are being abandoned but the power to determine the broader outcome of these new conflicts lies in major capitals, not in Geneva. In the meantime, the Secretariat should urge governments to remain engaged, offering a neutral forum where dialogue and debate can perhaps help them overcome their deep differences. WTO officials should of course defend its principles but must otherwise rely on their "good offices" to calm the discord.

In the final analysis, the WTO system can only remain effective if the leading nations ultimately recognize the multitude of benefits from global integration that far outweigh its downsides and realize that unbridled economic nationalism, unconstrained by global disciplines, is a far worse alternative.

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The successful conclusion of the Uruguay Round in 1994 brought about the biggest reform of the world's trading system since the General Agreement on Tariffs and Trade (GATT) was created at the end of the Second World War.

The Round was launched in September 1986 in Punta del Este, Uruguay, bringing together 123 countries to extend the trading system into several new areas, including trade in services and intellectual property, and to reform trade in sensitive sectors, such as agriculture. The signing of the Final Act in Marrakesh, Morocco, in April 1994 led to the establishment of the World Trade Organization (WTO) on 1 January 1995.

To mark the 40th anniversary of the launch of the Uruguay Round, this publication brings together contributions from some of the key players in the successful conclusion of the Uruguay Round. The contributors – from around the globe - share their personal recollections of the negotiations and reflect on the significance of the Round.

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