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URUGUAY ROUND POISED TO ENTER DECISIVE PHASE

"We now have at hand all the elements necessary to finally carry the Round to a successful conclusion", reported Mr. Arthur Dunkel, Chairman at officials-level of the Trade Negotiations Committee (TNC) on 30 July. He urged participants to "negotiate boldly," and stressed that the Round "is too important for the world economy, and for each and every economy to risk failure or a drawn-out delay."

In reviewing the state of play in the negotiations, Mr. Dunkel concluded that it was "crystal clear that the Uruguay Round is poised to enter the decisive phase immediately after the summer recess." The objective should be to secure "a balanced, substantial and generally acceptable package of results." He noted that:

- In agriculture, textiles and clothing, market access and services, "the combination of the work done before and after Brussels puts participants in a position to move with determination in the phase of negotiations proper";

- In many of the rule-making areas and in TRIPs (Trade-Related Aspects of Intellectual Property Rights), "matters are ripe for the final political trade-offs since most, if not all of the preparatory work has already been done";

- In areas where a common negotiating text was not yet available, like in TRIMs (Trade-Related Investment Measures) and anti-dumping, "once the essential political decisions are taken ... agreements will fall into place fairly quickly".

Mr. Dunkel told the TNC that "the deeper the negotiating groups have gone into specifics, the more it is recognized that technical and political questions are sides of the same coin and therefore have to be tackled more and more in an integrated way at every stage of the concluding phase of the Round." He stressed that each participant "will have to assume full responsibility in the effort to build consensus at every step of the Geneva negotiating process."

In the only other statement made at the meeting Ambassador Rubens Ricupero of Brazil speaking on behalf of the developing countries said: "We have already given more than what we had to offer. We have already walked the extra mile ... The developing countries are now in the pole position of the movement toward trade liberalization." Ambassador Ricupero called on the leaders of the industrialized world " to bridge the gap between the statements and the negotiations. We expect them to give new instructions to their negotiators. We are confident that they will deliver on their solemn promises."

Extracts of the statements by Mr. Dunkel and Ambassador Ricupero are attached.

TRADE NEGOTIATIONS COMMITTEE
Tuesday, 30 July 1991

Introductory remarks by Mr. A. Dunkel

This is the fourth time the TNC meets at official level since Dr. Hector Gros Espiell reached the conclusion on 7 December 1990 at the Brussels Ministerial meeting that "participants needed more time to reconsider their positions in some key areas of the negotiations".

During the eight months which have elapsed since the Brussels meeting we have achieved the following steps:

On 26 February 1991, the TNC decided to restart the negotiations in all areas in which differences remained outstanding. It also adopted a work agenda in each of the negotiating areas.

On 25 April the TNC adopted the new negotiating structure under the GNG and the Chairman of the GNS informed the TNC of the organizational decisions his Group had taken.

On 7 June the TNC adopted a programme of work for the months of June and July. At that meeting we all agreed to reconvene in July, to review progress and devise a negotiating strategy for the second half of 1991.

The time for procedural and general presentations is over. What we now need is to address the specifics and to set the scene for a genuine negotiating phase. What are, in this respect, our assets?

First, the political consensus behind the Round remains intact and a sense of urgency is evident, along with a clearly stated intention not to compromise the quality of results.

Second, notwithstanding the Brussels setback, we have seen an impressive number of participating governments moving, on an autonomous basis, towards meeting the key objectives of the Round. It is worth mentioning that many of these Governments are situated in the developing world and in Central and Eastern Europe.

Third, the deeper the negotiating groups have gone into specifics, the more it is recognized that technical and political questions are sides of the same coin and therefore have to be tackled more and more in an integrated way at every stage of the concluding phase of the Round. It would be self defeating, as experience has shown, to expect that last minute solutions will emerge through magic or good luck.

Fourth, more specifically, it appears that we have at hand all the elements necessary to finally carry the Round to a successful conclusion.

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In such areas as agriculture, textiles and clothing, market access and services the combination of the work done before and after Brussels puts participants in a position to move with determination in the phase of negotiations proper. This is not to underestimate the tremendous amount of substantive work that still needs to be done.

In the areas where detailed stock-taking and review exercises took place on the basis of already available texts the general sense appears to be that matters are ripe for the final political trade-offs since most, if not all of the preparatory work has already been done. This is true of many of the rule-making areas and also in, TRIPs.

Even in areas where a common negotiating text is not yet available - TRIMs and anti-dumping for example - I sense a confidence that once the essential political decisions are taken, agreements will fall into place fairly quickly.

On the balance-of-payments question, I feel that the decision whether or not to negotiate in this area will be easier to take once the general contours of the Uruguay Round package become clearer. Dispute settlement and questions related to the institutional arrangements have been kept on hold. This is because there was a feeling that further progress implied more clarity in respect of the rights and obligations emerging from the substantive agreements. Since such clarity will have to be achieved very soon, these subjects of fundamental importance must now be brought to the forefront of the process.

This review of the state of play makes it crystal clear that the Uruguay Round is poised to enter the decisive phase immediately after the summer recess.

Notwithstanding the multilateral character of the negotiating process, each and every participant will have to assume full responsibility in the effort to build consensus at every step of the Geneva negotiating process.

What will be essential, therefore, is a political resolve, based on mutual trust, to allow agreements to be made on the basis that "nothing is final before everything is done". In other words, the time has come to negotiate boldly using the linkages in a positive manner.

Coming now to the strategy, I would like to propose that the TNC assumes fully from now on its role of keeping the negotiating process constantly under review and supervision, having particularly in mind the requirements of transparency. To this end, it should remain -- not only theoretically, but in practical terms -- on call for formal or informal meetings and consultations. This is why I don't propose a specific date for our next meeting.

In other words, I reserve the right to bring, at any time, to the attention of the TNC any matter which threatens progress as a whole.

The work from September onwards will need to be accelerated substantially if we are to succeed. Also an enormous negotiating effort will have to be made particularly in October and November. This should be the "deal-making stage" of the Round.

What I expect is intensive informal, bilateral and plurilateral negotiating sessions ending in concrete results leading up to formal meetings of the groups to take note of these results and move the negotiations further along. Each chairman will be using his powers to achieve break-throughs in ways he finds most appropriate and productive, keeping fully in view, of course, the requirements of transparency and the man-power and other constraints of delegations.

In concrete terms this will mean constant updatings and revisions of the basic texts in the Brussels document to incorporate ongoing progress in negotiations.

Under such circumstances, the participating Governments, and of course the Secretariat, will have to ensure that all available resources are fully engaged in and committed to the negotiating process.

To conclude, the objectives of this strategy should be clear to all of us -- a balanced, substantial and generally acceptable package of results. This is essential if we are to put in place a multilateral trading system truly global in membership and in scope.

The Uruguay Round is too important for the world economy, and for each and every economy to risk failure or a drawn-out delay.

TRADE NEGOTIATIONS COMMITTEE
30 July 1991

Statement by Ambassador Rubens Ricupero (Brazil)
on behalf of the developing countries

There is only one question we should put to ourselves today. Are we ready to give a chance to the democratic regimes and market economies that are changing the face of the earth in Central and Eastern Europe, in Latin America, Africa and Asia? Are we willing to allow trade once more to pull the world economy out of recession and unemployment and back to recovery?

This, not less, is what is at stake now at the closing days, full of challenge and promise, of the Uruguay Round.

Having always understood that, we in Geneva cannot but rejoice in seeing the world at large finally coming to our support in a long string of statements culminating in the London summit of the group of seven, what these different manifestations by the IMF, the World Bank, the OECD, and the G-7 have in common is the recognition that the Uruguay Round is not one among several choices but the most important, the first priority of the world economy.

We welcome these statements. We trust the responsible leaders who put their credibility on the table in issuing them. To us, to the international community as a whole, they have made a pledge that they would not allow the Round to flounder. We believe they mean what they say and that they stand ready to bridge the gap between the statements and the negotiations. We expect them to give new instructions to their negotiators. We are confident that they will deliver on their solemn promises.

If we call on the leaders of the industrialized world, it is because we, developing countries, are already showing, day after day, our willingness to contribute to our common endeavour with more than a fair and equitable share.

One often reads about the need to integrate developing countries in the international trading system. One hears the argument that if we only made concessions on such or such issue it would then be possible to persuade others to give in on the subjects that are blocking the Round.

But the truth of the matter, Mr. Chairman, is that we have already given more than what we had to offer. We have already walked the extra mile and that in two ways. First, by negotiating in a flexible and constructive spirit in issues, like services, where we are glad that we contributed to the encouraging progress recently achieved. Secondly because, without awaiting the conclusion of the Round, we have opened our markets, we have given away our non-tariff measures, our exceptions for balance-of-payments

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protection, we haven't kept waivers, derogations, grey-area measures as bargaining chips for the last stage of the negotiations.

This is why the OECD recognized that developing countries are now in the pole position of the movement toward trade liberalization. This is why, having put aside our weapons, having placed our faith in the system, we cannot afford to wait any longer. We cannot allow the Round to drag on indefinitely.

If we all, industrialized and developing countries together coincide that the Round can and shall be concluded soon and with substantial, balanced and equitable results, then, Mr. Chairman, quoting an author increasingly out of fashion, we have to ask ourselves; "What is to be done?"

We need, first and foremost, a sound work programme for the second half of the year - a clear, comprehensive and credible programme that will put to good use the positive intentions of recent statements and will translate words into action.

Among the chapters of this programme, political decisions are required as soon as possible on three basic elements of the agriculture negotiations - domestic support, access and export competition - with concrete indications of quantities and time periods.

Textiles should be accorded their original political priority. Meanwhile steps should be taken in relation to an adequate orderly extension of the MFA and for the transitional period.

In market access, attention must be given to the removal of tariff peaks and tariff escalation, to the need to grant credit and recognition to unilateral measures of liberalization, as well as to a speedy conclusion of negotiations on tropical and natural resource-based products.

Progress in services is to be consolidated and improved. Likewise, we have to advance in the area of rule-making, in particular anti-dumping and safeguards, which are fundamental to ensure stability and predictability.

The mere enumeration of some, by no means all the elements of the work programme is enough to indicate that we face a huge task ahead. An almost impossible task that will require months and months of tireless efforts and complex negotiations.

The technical work undertaken over the last six months have helped pave the way, in some important subjects, for the political decisions that will have now to be taken, if we wish to accelerate the negotiations and arrive at the end of the year with a balanced package of meaningful results. The moment for the necessary political decisions is ripe. We trust that the main political participants will not wait until the eleventh hour to take them. Recent experience has taught that this is a high risk strategy. Even if it succeeds in breaking impasses, it could serve as a pretext for mediocrity, for betraying the high goals of the Punta del Este

Declaration and settling for disappointing results in the name of expediency and time constraints. It would also make inevitable a rush to expedite other important matters, imposing an indecent haste, detrimental to the possibilities of smaller delegations.

For this reason, Mr. Chairman, time is of essence, if we are to conclude the Uruguay Round in a way that will ultimately reinforce the multilateral trading system against trends towards fragmentation and proliferation of preferential arrangements.

We need a strong and credible system to ensure expansion of the world economy and the consolidation of the achievements of those who opted for change instead of the stagnation of the commanding economies.

We need an open system that will provide the markets indispensable for the growth of the developing economies and will be responsive to the requirements of the least-developed countries.

For all those irreplaceable goals, time is running out.

In praising your dedication, your abnegation, your capacity to provide leadership and inspiration in the conduct of the negotiations, the developing countries commit themselves to a full and irrestrictive cooperation with your endeavours while stressing our sense of urgency and conviction that the time for action is now.

END