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TRADE NEGOTIATIONS COMMITTEE

Monday 1 November 1993

The Trade Negotiations Committee met on 1 November 1993. The following is the opening statement by the Chairman, Mr. Peter Sutherland.

At our last meeting on September 30, I drew attention to the urgent and real expectations to be found throughout the world that the Uruguay Round should conclude successfully on December 15. I also reminded participants of the very great responsibility which now rests on the shoulders of the negotiators and the critical importance of making rapid and substantial progress in the remaining short few weeks.

Since then, the importance of the Round for growth, development and jobs and the urgent need to make rapid progress has again been emphasised by a number of meetings at Ministerial level. These Ministerial statements include the Declaration issued by ASEAN Economic Ministers in Singapore on October 8, the Communique issued by the Cairns Group in Geneva on October 18, the Statement issued by the Heads of Government of the Commonwealth in Limassol, Cyprus on October 22 and the Declaration by African Ministers of Trade in Tunis on October 25.

Although we have put various negotiating processes in place, I consider that we need to speed up progress in the negotiations. We now have only 45 days to complete substantive negotiations and I wish to share with you my assessment on where we stand at present and what we must do to complete the negotiations by December 15.

Market Access

Market access is, of course, an indispensable element of a final Uruguay Round result. When we last met I stressed three essential areas in which we needed to make progress in the context of our agreed objective to conclude substantially the market access negotiations by mid-November:

- (i) the need to continue building upon the number and quality of offers, if necessary, on a conditional basis, through intensive bilateral and plurilateral negotiations;
- (ii) the immediate need to complete the unfinished agenda in the Tokyo package, both among the Quad countries and between them and their trading partners;
- (iii) urgent and comprehensive attention to agriculture and textiles, including market access related issues in the Draft Final Act.

Where are we now, two weeks from our target date of November 15?

Firstly, there have been a number of positive movements in the negotiations between a number of participants with new offer submissions as well as revisions and improvements of offers. As of today, we have 66 comprehensive and 6 non-comprehensive draft schedules of concessions from participants representing in aggregate the great bulk of world trade. I expect these figures to improve further by November 15 since a number of participants have informed the Secretariat that they are working on new or revised submissions and I want to urge all participants concerned to ensure timely submission of their offers.

Secondly, there has been a lamentable failure to define fully the multilateral market access package on the basis of the understandings developed last July at Tokyo. Major issues, particularly related to sectoral proposals and high tariffs, seem to stand in the way of completing a substantial and balanced package and we simply must overcome these obstacles. In the priority areas needing comprehensive attention, including related issues in the Draft Final Act, some quiet progress seems to have been made in agriculture among some participants, although there is no breakthrough as yet. In textiles, concrete solutions have not yet emerged and I would encourage Mr. Denis to intensify his efforts to make progress in this area. Unless there is a substantial outcome on natural resource-based products, a number of participating countries may not see the basis of a satisfactory market access package.

There has been constructive engagement between the major trading partners and the developing countries since the last TNC meeting but I believe much more progress needs to be achieved. The Quad countries, especially the US and the European Community, have a particular responsibility to provide leadership by completing the negotiations amongst themselves and by negotiating market access offers with other participants. Mutual recrimination is neither useful nor helpful. One way or another, the multilateral process on market access will have to move forward. Too much is at stake to allow the difficulties to deprive us of the Round. I would appeal to the participants concerned to reach urgent solutions to the outstanding issues.

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Thirdly, the next two weeks must see visible and concrete improvement in the market access area. In order that we will have a minimum of time to complete the final phase of the negotiations, Mr Germain Denis will need to have a well defined approximation of the content, size and final shape of the overall market access package by November 15. To this effect, he has requested all participants to provide up-dated information on the status of their draft schedules, including detailed descriptions of substantive improvements resulting from the negotiating process. I would urge each of you to ensure that this information is provided in full in a timely manner because it is critical for the successful conclusion of the Round by December 15.

Services

Negotiations on services have registered further progress during the past two weeks. On matters relating to the texts of the GATS, Ambassador Hawes has reported to me that, with the exception of a very small number of issues to be resolved, the GNS is now very close to having a final text. A further revised text reflecting progress made in consultations last week was circulated at the GNS meeting on Friday, 29 October. The statement made by Ambassador Hawes in introducing the new text has been circulated as MTN.GNS/48 and copies are available in the Room. In it he referred to concerns which had been expressed about the intention of a major participant to insert in its schedule a horizontal limitation on national treatment covering all forms of direct taxation, and I understand these concerns were underlined at the GNS meeting itself.

I also understand that a number of delegations have indicated that additional bilateral meetings will be necessary in order to finalise initial commitments on Services. Clearly such meetings should take place as early as possible and I urge participants to ensure that as much as possible of this work takes place by 15 November. Ambassador Hawes intends to organise consultations in mid-November on the drafting of schedules of commitments, bearing in mind the agreement in the GNS that submission of final m.f.n. exemptions and final schedules should take place by 26 November. Sixty-seven offers of initial commitments covering 81 countries have now been received: here too I urge all participants whose offers are still outstanding to submit them as soon as possible.

Institutional Issues

The Informal Group on Institutional Issues has been working intensively under the Chairmanship of Ambassador Lacarte on the text of the proposed Multilateral Trade Organisation and the Understanding on Rules and Procedures Governing the Settlement of Disputes. Detailed readings of the texts have served to identify the issues which require resolution. In addition to meetings of the whole group, the Chairman has held meetings with individual delegations and small groups of delegations, aimed at clarifying positions and considering proposals for resolution of outstanding issues.

However, I understand that the complexity and linkages between a number of the principal issues have prevented the group from concluding its activities by the end of October as originally envisaged. I am therefore asking Ambassador Lacarte to organise the discussion in his group so that it will address all issues which are related to the MTO and dispute settlement and to submit to me by November 15 revised texts of both the Dispute Settlement Understanding and the MTO Agreement. Given that this discussion may touch on global policy issues rather than deal only with technical

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questions, the appropriate level of representation should be considered carefully by Heads of Delegation.

Evaluation

Prior to the conclusion of the negotiations, an evaluation of the results is to be conducted as required by the objectives and principles of the Punta del Este Declaration, taking into account all issues of interest to developing countries. It is evident the results of the market access negotiations must provide an important basis for this evaluation by the participants. While the evaluation is to be conducted by the participants themselves, the Secretariat is working on a concise analytical document to aid the evaluation debate among the participants. Assuming the market access negotiations can be concluded substantially by mid-November, I envisage that the evaluation should be conducted during the week beginning 23 November.

Least Developed Countries

I have referred at previous meetings to the special concerns and particular needs of the least developed countries. The consultations which have been initiated already will be accelerated in the coming weeks. In the meantime, the Secretariat has stepped up its technical assistance to least developed countries in order to assist them in the final phase of the negotiations.

Conclusion

I should like to conclude my remarks by sharing with you some thoughts on the process to conclude the final weeks of the Round. It seems to me that the time is rapidly approaching when the TNC will need to meet much more frequently in order to monitor and steer the final phase of the negotiations. This will require the full time presence in Geneva of all chief negotiators. In addition, the TNC may need to consider whether to establish an open ended working group and perhaps some other specific groups with the aim of resolving all outstanding issues. However, my consultations to date have revealed alternative possible approaches to the final process and I believe that further consultations are necessary to refine our ideas. Accordingly, I will be consulting closely with delegations in the next few days in order to elaborate how the final process will work. Following these consultations, I would propose to hold a TNC meeting early next week further to define the process.

As I have mentioned we have only 45 days left to conclude the Round. I believe that the Round is still within our grasp but we cannot leave too many unresolved issues on the table for the final phase of the negotiations. In particular, I must urge the Quad countries to advance much more rapidly than they have to date on market access issues. I would ask Heads of Delegations generally to redouble their efforts to agree outstanding issues, to avoid raising new divisive issues, to eliminate issues of lesser priority and to focus on a small number of the most important issues that remain on the table.

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