

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/10

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Special Distribution

Group of Negotiations on Goods (GATT)

GROUP OF NEGOTIATIONS ON GOODS

Ninth Meeting: 16 December 1987

1. The Group of Negotiations on Goods met on 16 December 1987 under the Chairmanship of the Director-General. The Group had on its agenda: (i) review of progress in the negotiations under Part I of the Ministerial Declaration; (ii) other business, including date of next meeting. The Chairman indicated his intention to take up under other business the questions of the appointment of presiding officers of the Negotiating Groups and the dates of the next meetings of Negotiating Groups.

Review of progress in the negotiations under Part I of the Ministerial Declaration

2. Many delegations expressed satisfaction with the progress made so far in the Uruguay Round. In the first phase of the negotiating process, much work had been accomplished in identifying problems, the issues for negotiation and possible negotiating techniques and modalities. The work had been greatly enhanced by the numerous and in some cases quite detailed proposals made by delegations. Appreciation was expressed for the contribution made by the Chairmen of the Negotiating Groups to the efficiency of the process, and some participants noted their important rôle in maintaining objectivity and neutrality, and in ensuring that decisions were made on the basis of consensus. Appreciation was also expressed for the contribution made by the secretariat, particularly through the preparation of extensive factual background material.

3. It was noted that as the initial phase of the Groups' Negotiating Plans drew to a close, there were still certain issues requiring clarification in some Groups, relating both to the subject matter for negotiation and negotiating techniques and modalities, though it was suggested that this need not hold up the negotiations. Several participants emphasized their view that a qualitatively different process was now being embarked upon, and that as it unfolded, delegations would have to be prepared to enter into negotiations proper.

4. Despite the good progress that was generally considered to have been made, a number of delegations cautioned against complacency, pointing out that the process so far had essentially served only to set the scene for the real negotiations. The next phase of the work would be much more difficult, as participants had to move beyond presenting their own proposals and start to respond to those of others. This would require

political commitment, and it was important, as a contribution to building confidence, that the outside world see concrete evidence of such commitment. In this connection, it was widely felt that there was a strong case for working for early results in some areas, though some participants made the point that any early results would have to take full account of the need for a global approach to the negotiations. It was also stated that any early results should take full account of the principle of special and differential treatment for developing countries.

5. Several participants referred to the idea that a mid-term review of progress in the Round should be held at Ministerial level. It was suggested that such a review could be very important both as a stock-taking exercise and as a means of conveying a message to the outside world. Its timing would be important, as would the question whether any early results from the negotiations would be forthcoming. It was suggested that the Group of Negotiations on Goods would have an important rôle in preparing for such a review.

6. With reference to current international economic conditions, it was suggested that the situation was no better now, and perhaps worse, than it had been at the time of the Punta del Este meeting. It was noted that imbalances persisted both in the trading system and in macro-economic policy, and these were a significant source of strain. Protectionist pressures continued to be apparent and had not been fully resisted by governments in all cases. This posed a threat to the Uruguay Round, but at the same time presented a challenge, because the negotiations could make a positive contribution to an improvement of the policy climate. Some delegations expressed the view that developing countries were particularly susceptible to adverse economic conditions and that in this context it was not helpful to insist in the negotiations upon reciprocity, graduation and the diminution of GSP benefits.

7. A number of delegations expressed disappointment with the manner in which the standstill and rollback commitments were being implemented and some doubted that the standstill commitment was being fully respected. Reference was made in this context to the threat to developing country exports emanating from the discriminatory application of the GSP. As far as rollback was concerned, it was pointed out that despite the understanding that participants would indicate their intentions with respect to rollback by the end of 1987, no such plans had been notified. The view was expressed that there was a danger that the implementation of standstill and rollback would fall behind other areas in the Uruguay Round, and threaten the unity and progress of the whole undertaking. Moreover, a failure to respect the standstill and rollback commitments would have direct adverse implications for negotiations in particular areas such as safeguards and textiles. Finally, there was clearly a direct link between the implementation of the rollback commitment and the prospects for a useful mid-term review.

8. It was suggested that respect for the Ministerial Declaration in its entirety must be the basis for balanced negotiations offering advantage to all participants. The importance of the Statement by the Chairman at the conclusion of the Punta del Este meeting must also be borne in mind.

9. In discussing the organisation of work in 1988, some delegations said that it would be useful to provide for an early stock-taking in the light of further reflection, notably in capitals, where officials had not yet had time to examine reports of the latest meetings of some of the Negotiating Groups. It was suggested that the pace of work had been somewhat forced in 1987, especially towards the end of the year, and that meetings of Negotiating Groups in 1988 should be longer and less frequent, with adequate time set aside for both formal and informal sessions, and for consultations. Several delegations emphasised that whatever arrangements were made, these should always take full account of the need for transparency in the negotiations. Some delegations said that simultaneous meetings should be avoided as far as possible, and drew attention to the guideline in the Ministerial Declaration that no more than two Groups should meet at the same time. While it could not be expected that the pace of the negotiations would be adjusted to the capacity of the smallest delegations, it was nevertheless desirable that larger delegations be sensitive to their difficulties.

10. One participant suggested that it might be desirable to consider the possibility of a slight reordering of the negotiating structure, though he was not at this stage proposing any change. This might be a matter for consideration by the GNG as appropriate. Another delegation supported this idea. Reference was made to the secretariat's notes on the meetings of Negotiating Groups, with the request that these be extended to reflect better the views of developing country participants. It was also suggested that the records should be precise and detailed enough to give due weight to views and proposals expressed orally as well as to those submitted in writing. It was noted that officials in capitals had been participating actively in the negotiations, but the view was also expressed that the level of this participation should be increased in some cases.

11. Many participants spoke in favour of giving the Negotiating Groups more flexibility than they had enjoyed so far. There was no reason to suppose that work in each area would proceed at the same pace throughout the negotiations, and this suggested that the needs of the different Groups would vary as to meeting time. This should not, however, be seen as a threat to the unity of the negotiations. Several delegations stressed the rôle of the GNG in coordinating and overseeing the work of the Negotiating Groups. This was essential to ensure progress in all areas of the negotiations and to maintain the coherence of the negotiations as a single undertaking.

12. Many delegations referred to the work of individual Negotiating Groups and different speakers suggested that work should be accelerated in various Groups. Among those mentioned in this context were those dealing

with tariffs, non-tariff measures, tropical products, agriculture, textiles, natural resource-based products, safeguards and dispute settlement. Some delegations appealed for efforts to maintain and even increase the momentum, particularly with a view to the possibility of securing early results in some areas. It was also suggested, however, that balance and coherence among Groups must be maintained, and in this connection particular reference was made to the Negotiating Groups on agriculture and subsidies. The view was also expressed that progress must be made in the area of natural resource-based products before progress could be registered with respect to tariffs and non-tariff measures. A number of delegations emphasised the importance they attached to improved access for developing country exports, and referred in particular to agriculture, tropical products, natural resource-based products and textiles. As regards tropical products, the view was expressed that insistence on contingent offers and sectoral reciprocity from developing countries was neither helpful nor consistent with the long history of negotiations in this area. Several delegations expressed concern at what they saw as excessively wide and unilateral interpretations of the negotiating mandates on TRIPs and trade-related investment measures. It was suggested that insistence on such interpretations could adversely affect the negotiations as a whole, and that if problems of interpretation existed they must be settled by consensus. Finally, the view was expressed that while the work on the functioning of the GATT system addressed important aspects of international economic relations, efforts in this area would be more likely to produce positive results towards the end of the negotiations, when results in other areas could be assessed.

13. The representative of Mexico informed the Group of recent measures taken by his government. These included a devaluation of the official exchange rate and reductions in many tariffs, and were designed to protect as far as possible the real incomes of workers, to improve the efficiency of production and to strengthen the balance of payments. Alternative measures, permitted under the General Agreement, could have been adopted which would have resulted in significant reductions in imports. If Mexico were to continue along existing lines, and secure greater liberalisation, there would be a need for adequate compensation from trading partners. The statement of the representative of Mexico was circulated to the Group as MTN.GNG/W/13. Two delegations complimented Mexico on the decisions it had taken and expressed their willingness to examine ways of giving due credit for the relevant measures in the negotiations.

14. In summing up the discussion under the first agenda item, the Chairman expressed satisfaction that so many delegations had emphasised the relevance of the Uruguay Round to the problems of the real world. Despite the unfavourable economic climate, the intention was to secure a substantial improvement in the world trading system. Delegations had pointed to the need to ensure that the Ministerial Declaration was respected in its entirety as the basis for the negotiations, and had stressed the importance of respecting the standstill and rollback commitments. The point had been made that the success of the negotiations

required that mutual advantage be secured on the basis of an equivalence of benefits, and a number of delegations had also referred to the major interests of developing countries in the negotiations. Participants had spoken of the need to build confidence in the trading system and to send a positive signal to the outside world, but many had emphasised that there was no room for complacency, since by far the larger and more difficult part of the work still had to be confronted. Representatives in Geneva and officials in capitals would need to prepare themselves for a heavy work load, and the work would need to be organised so as to ensure the effective participation of all concerned. It was clear that a collective will existed to maintain the momentum which had been built up and to respect the commitments which Ministers had undertaken.

15. The Chairman said that on the basis of the reports received from the Negotiating Groups and of the statements made in the meeting, the GNG could take note of the fact that the work required under the initial phase, which was now ending, had progressed satisfactorily. A great deal of ground had been covered; major proposals had been made in many Groups, and in all over 160 submissions had been made, representing either specific negotiating proposals or statements of positions. By any standards, and particularly in comparison with past negotiating rounds in GATT, this was impressive. He said that he considered therefore that the basis for moving forward the negotiating process as a whole had been laid.

16. The GNG took note of the statements made and of the Chairman's concluding remarks.

Other business, including date of next meeting

17. As regards the presiding officers for the fourteen Negotiating Groups established by the GNG, the Chairman expressed appreciation, on behalf of all participants in the negotiations and of the secretariat, for the dedication and efficiency with which the Chairpersons had conducted the work of the Negotiating Groups over an extremely busy and testing year. He underlined the crucial importance of their task of facilitating consensus, and the heavy responsibility of maintaining balance, neutrality and objectivity and ensuring a maximum of transparency. This would become even more necessary as the Groups moved into the stage of negotiations proper.

18. In regard to the calendar of Negotiating Group meetings, the Chairman said there was a general recognition that the rhythm of work in the Negotiating Groups would necessarily be somewhat different in 1988 from what it had been in the past year. There was need for a better balance as between formal and informal meetings and for greater flexibility, to allow the pace of work to be adapted to the needs of the negotiations and the nature of the subjects. Delegations and capitals would also need more time to prepare positions, for making inputs in the negotiating process and for informal consultations. The calendar for the Negotiating Groups should keep these requirements in view. This pointed to a need for fewer and longer meetings, and it was likely that meetings would often extend over a week or more, providing time for formal and informal sessions, as well as bilateral contacts.

19. It followed that the Negotiating Groups should in future have greater freedom to determine the pace of their work. The Ministerial guideline that not more than two Negotiating Groups should meet at the same time would continue to be applied strictly. Also the calendar of the Negotiating Groups would be such as to allow for progress in a balanced manner on the subjects identified in the Punta del Este Declaration.

20. After the initial meetings, the dates of which had been indicated to the Group in a conference room document, it would be for the Negotiating Groups to determine their own schedules. The GNG would, however, continue to perform the functions set out in Section G of the Ministerial Declaration, including the coordination of the work of the Negotiating Groups. It would meet at least three times a year for this purpose and would thus be able to take the necessary action if any serious problem of scheduling arose.

21. A delegation enquired whether, in the interests of efficiency and transparency, the dates of meetings would be communicated to all Negotiating Groups and to the GNG. The Chairman confirmed that this was the case. Another participant said that in his understanding the timetable of first meetings of the Negotiating Groups in 1988 was without prejudice to the principle of keeping together the Groups dealing with market access, that was to say, the Negotiating Groups on tariffs, non-tariff measures, natural resource-based products and textiles.

22. The Chairman continued that as far as the date of the next meeting of the GNG was concerned, it had been suggested that it would be helpful to provide an opportunity, reasonably early in the New Year, for participants to assess the state of the negotiations with the benefit of a little more time for consideration, especially in capitals, than had so far been possible. In the light of this consideration, he proposed that the next meeting of the GNG be convened on Thursday 18 February.

23. While taking note of the Chairman's comments, the GNG agreed to take the following decisions:

- "(a) to reconfirm the appointments of Chairpersons of Negotiating Groups made in February this year and as set out in the Letter dated 11 February 1987 addressed to me by the then Chairman of the CONTRACTING PARTIES, Ambassador Mansur Ahmad of Pakistan (MTN.GNG/W/9). The GNG will review this decision at its first meeting in 1989.
- (b) to take note of the list of dates proposed for the initial meetings of Negotiating Groups in 1988, which has been circulated as a conference room document (see Annex).
- (c) agree that the next meeting of the GNG should be held on Thursday 18 February."

ANNEX

Initial Meetings of Negotiating Groups in 1988

Week beginning 25 January	-	Tropical Products / Functioning of GATT System
Week beginning 1 February	-	Subsidies / GATT Articles
Week beginning 8 February	-	Natural Resource-Based Products / Textiles
Week beginning 15 February	-	Agriculture / Trade-Related Investment Measures
Week beginning 22 February	-	Non-Tariff Measures / Tariffs
Week beginning 29 February	-	Dispute Settlement / TRIPS
Week beginning 7 March	-	Safeguards / MTN Agreements and Arrangements