

MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND

RESTRICTED
MTN.TNC/9
11 April 1989
Special Distribution

Trade Negotiations Committee

TRADE NEGOTIATIONS COMMITTEE
MEETING AT LEVEL OF HIGH OFFICIALS

Geneva, 5-8 April 1989

The decisions set out in the present document were adopted by the Trade Negotiations Committee meeting in Geneva on 5-8 April 1989. As also agreed by the TNC at that meeting, these four decisions, together with the twelve decisions which were put on hold by the TNC meeting in Montreal on 5-9 December 1988, constitute the mid-term review package of results, which will be reproduced in MTN.TNC/11.

A record of the Montreal meeting has been circulated as MTN.TNC/8(MIN). A record of the meeting held in Geneva on 5-8 April 1989 will be issued as MTN.TNC/10.

TEXTILES AND CLOTHING

1. Ministers recognize that the sector of textiles and clothing is of great importance for the economies of many countries and particularly for the economic and social development of many developing countries and for the expansion of their export earnings.

2. Ministers, therefore, recognize that negotiations in this sector are one of the key elements in the Uruguay Round, and should contribute to further liberalization of trade.

3. With a view to achieving substantive results in this area of the negotiations, and bearing in mind the general principles governing the negotiations and the organization thereof as set out in Part I of the Punta del Este Declaration, Ministers agree that:

- (a) substantive negotiations will begin in April 1989 in order to reach agreement within the time-frame of the Uruguay Round on modalities for the integration of this sector into GATT, in accordance with the negotiating objective;
- (b) such modalities for the process of integration into GATT on the basis of strengthened GATT rules and disciplines should inter alia cover the phasing out of restrictions under the Multi-fibre Arrangement and other restrictions on textiles and clothing not consistent with GATT rules and disciplines, the time-span for such a process of integration, and the progressive character of this process which should commence following the conclusion of the negotiations in 1990;
- (c) to this end participants are invited to put forward additional proposals, preferably not later than 30 June 1989;
- (d) special treatment should be accorded to the least-developed countries.

4. To provide a positive climate for these negotiations, and without prejudice to the existing rights and obligations, and reaffirming their commitments embodied in Part I.C of the Punta del Este Declaration, all participants shall endeavour to improve the trade situation paving the way for the integration of the textiles and clothing sector into GATT.

AGRICULTURE

1. The Negotiating Group on Agriculture has made substantial progress in elaborating the elements of the negotiating proposals and submissions under the subsequent negotiating process. The stage has now been reached in this process where the general direction and procedures to be followed in the final phases of the negotiations need to be defined in operational terms so as to provide a framework for liberalizing trade in agriculture and bringing all measures affecting import access and export competition under strengthened and more operationally effective GATT rules and disciplines.

2. There is a broad measure of consensus that agricultural policies should be more responsive to international market signals in order to meet the objective of liberalization of international trade and that support and protection should be progressively reduced and provided in a less trade-distorting manner.

3. The particular needs and conditions of developing countries should be fully taken into account at all stages of the negotiation in conformity with the principle of special and differential treatment to developing countries as laid down in the Punta del Este Declaration.

4. Ministers accordingly endorse a framework approach comprising the following interrelated long- and short-term elements and arrangements on sanitary and phytosanitary regulations.

A. LONG-TERM ELEMENTS AND GUIDELINES FOR REFORM

5. Ministers agree that the long-term objective of the agricultural negotiations is to establish a fair and market-oriented agricultural trading system and that a reform process should be initiated through the negotiation of commitments on support and protection and through the establishment of strengthened and more operationally effective GATT rules and disciplines.

6. The above-mentioned long-term objective is to provide for substantial progressive reductions in agricultural support and protection sustained over an agreed period of time, resulting in correcting and preventing restrictions and distortions in world agricultural markets. This goal will be realized through negotiations on specific policies and measures, through the negotiation of commitments on an aggregate measurement of support, the terms of which will be negotiated, or through a combination of these approaches. Credit will be given for measures implemented since the Punta del Este Declaration which contribute positively to the reform programme.

7. In realizing the long-term objective stated above, the strengthened and more operationally effective GATT rules and disciplines, which would be equally applicable to all contracting parties, and the commitments to be negotiated, should encompass all measures affecting directly or indirectly import access and export competition, in particular:

Import access

- quantitative and other non-tariff access restrictions, whether maintained under waivers, protocols of accession or other derogations and exceptions, and all measures not explicitly provided for in the General Agreement, and the matter of conversion of the measures listed above into tariffs;
- tariffs, including bindings;

Subsidies and export competition

- internal support measures (including income and price support) which directly or indirectly affect trade;
- direct budgetary assistance to exports, other payments on products exported and other forms of export assistance.

Export prohibitions and restrictions

- export prohibitions and restrictions.

8. Ministers agree that:

- special and differential treatment to developing countries is an integral element of the negotiations particularly on the strengthened and more operationally effective GATT rules and disciplines;
- government measures on assistance, whether direct or indirect, to encourage agricultural and rural development are an integral part of the development programmes of developing countries;
- ways should be developed to take into account the possible negative effects of the reform process on net food importing developing countries.

Non-trade concerns

9. Participants recognize that factors other than trade policy are taken into account in the conduct of their agricultural policies. In the

negotiations to achieve the long-term objective, account will be taken of proposals aimed at addressing participants' concerns such as food security.

Implementation

10. Implementation of the first tranche of agreed commitments on the long-term reform programme shall take place in 1991.

Work Programme

11. Participants are invited to advance by December 1989 detailed proposals for the achievement of the long-term objective, including the following:

- the terms and use of an aggregate measurement of support;
- strengthened and more operationally effective GATT rules and disciplines;
- the modalities of special and differential treatment for developing countries;
- sanitary and phytosanitary regulations and the work programme foreshadowed in (C) below;
- tariffication, decoupled income support, and other ways to adapt support and protection;
- ways to take account of the possible negative effects of the reform process on net food-importing developing countries.

12. Not later than the end of 1990, participants will agree on the long-term reform programme and the period of time for its implementation. Soon thereafter, taking into account the different national procedures for implementation of international agreements, participants will notify their plans for meeting the obligations and commitments agreed upon.

Surveillance

13. The reform programme will be subject to multilateral surveillance and other procedures necessary to ensure full compliance with commitments made in the negotiations.

B. SHORT-TERM ELEMENTS

14. With effect from the adoption of this decision and continuing until the formal completion of these negotiations on agriculture by December 1990, participants, within the scope of their existing legislation and their existing GATT rights and obligations, undertake to ensure that current domestic and export support and protection levels in the agricultural sector are not exceeded. Participants undertake to ensure that tariff and non-tariff market access barriers in force at the date of this decision are not subsequently intensified in relation to imports of agricultural products nor extended to additional products, including processed agricultural products. Participants shall be deemed to be in compliance with this undertaking so long as the access opportunities granted to individual products in 1989 and 1990 are not less than those granted on average in 1987 and 1988. Participants shall also ensure that support prices to producers, to be expressed in national currencies¹, that are set or determined directly or indirectly by governments or their agencies are not raised above the level prevailing at the date of this decision or otherwise take actions to ensure that the current levels of support for the commodity concerned are not increased.

15. Participants state their intention to reduce support and protection levels for 1990. This could be done either by using an AMS or by taking specific policy measures. They will notify the undertakings for fulfilling this commitment by October 1989.

Reporting requirements

16. Participants agree to report on their compliance with the above undertakings at six-month intervals. The first report shall be submitted not later than 1 December 1989.

17. Any participant may raise any matter relating to or affecting the observance of the commitments at a meeting of the Negotiating Group on Agriculture.

18. In exceptional circumstances² a participant can be relieved by the Negotiating Group on Agriculture of commitments under the above undertakings.

Developing countries

19. Developing countries are not expected to subscribe to the commitments under B.

¹ECU in the case of the EEC.

²For particular countries excessive rates of inflation will be taken into account.

C. SANITARY AND PHYTOSANITARY REGULATIONS

20. Ministers endorse harmonization of national regulations as a long-term goal and a work programme embodying the following objectives:

- (1) develop harmonization of sanitary and phytosanitary regulations and measures, on the basis of appropriate standards established by relevant international organizations including the Codex Alimentarius Commission, the International Office of Epizootics and the International Plant Protection Convention;
- (2) strengthen Article XX so that measures taken to protect human, animal or plant life or health are consistent with sound scientific evidence and use suitable principles of equivalency;
- (3) review existing notification and counter-notification procedures to ensure transparency and the existence of an effective notification process for national regulations and bilateral agreements;
- (4) develop a consultative process which ensures transparency and allows opportunity for the bilateral resolution of disputes;
- (5) improve the effectiveness of the multilateral dispute settlement process within the GATT in order to provide the necessary input of scientific expertise and judgment, relying on relevant international organizations;
- (6) assess the possible effects on developing countries of the GATT rules and disciplines for sanitary and phytosanitary measures, and evaluate the need for technical assistance;
- (7) examine the possibilities for implementation of the above programme in the context of short-term elements.

SAFEGUARDS

Ministers stress the importance of concluding a comprehensive agreement on safeguards based on the basic principles of the General Agreement which would aim to re-establish multilateral control over safeguards, inter alia, by eliminating measures which escape such control. Ministers recognize that such an agreement is vital to the strengthening of the GATT system and to progress in the Multilateral Trade Negotiations. Accordingly, they:

- (a) take note of the in-depth examination of the specific elements which has contributed to a better understanding of the whole issue;
- (b) recognize that, because of the interrelationships between the elements, substantive agreement cannot be reached on individual elements in isolation;
- (c) recognize that safeguard measures are by definition of limited duration;
- (d) in the light of the decision of the Negotiating Group, authorize its Chairman, with the assistance of the secretariat and in consultation with delegations, to draw up a draft text of a comprehensive agreement as a basis for negotiation, without prejudice to the right of participants to put forward their own texts and proposals, preferably before the end of April 1989; and
- (e) agree to begin negotiations on the basis of the draft text by June 1989 at the latest.

TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS,
INCLUDING TRADE IN COUNTERFEIT GOODS

1. Ministers recognise the importance of the successful conclusion of the multilateral negotiations on trade-related aspects of intellectual property rights, including trade in counterfeit goods, that were initiated by the decision of the CONTRACTING PARTIES at Punta del Este.
2. Ministers recall the relevant provisions of the Punta del Este Declaration, including the objective of strengthening the role of GATT and of bringing about a wider coverage of world trade under agreed, effective and enforceable multilateral disciplines, as well as the general principles governing the negotiations set out in I.B of the Punta del Este Declaration, notably paragraphs (iv)-(vii).
3. Ministers agree that the outcome of the negotiations is not prejudged and that these negotiations are without prejudice to the views of participants concerning the institutional aspects of the international implementation of the results of the negotiations in this area, which is to be decided pursuant to the final paragraph of the Punta del Este Declaration.
4. Ministers agree that negotiations on this subject shall continue in the Uruguay Round and shall encompass the following issues:
 - (a) the applicability of the basic principles of the GATT and of relevant international intellectual property agreements or conventions;
 - (b) the provision of adequate standards and principles concerning the availability, scope and use of trade-related intellectual property rights;
 - (c) the provision of effective and appropriate means for the enforcement of trade-related intellectual property rights, taking into account differences in national legal systems;
 - (d) the provision of effective and expeditious procedures for the multilateral prevention and settlement of disputes between governments, including the applicability of GATT procedures;
 - (e) transitional arrangements aiming at the fullest participation in the results of the negotiations.
5. Ministers agree that in the negotiations consideration will be given to concerns raised by participants related to the underlying public policy objectives of their national systems for the protection of intellectual property, including developmental and technological objectives.

6. In respect of 4(d) above, Ministers emphasise the importance of reducing tensions in this area by reaching strengthened commitments to resolve disputes on trade-related intellectual property issues through multilateral procedures.

7. The negotiations shall also comprise the development of a multilateral framework of principles, rules and disciplines dealing with international trade in counterfeit goods.

8. The negotiations should be conducive to a mutually supportive relationship between GATT and WIPO as well as other relevant international organisations.