

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

**RESTRICTED**

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Trade Negotiations Committee

**STATEMENT BY THE INFORMAL GROUP OF DEVELOPING COUNTRIES  
AT THE TRADE NEGOTIATIONS COMMITTEE  
OF THE GATT URUGUAY ROUND  
GENEVA, 9-10 APRIL 1990**

1. On 22-23 February last, the Informal Group of Developing Countries issued a declaration (MTN.TNC/W/18) in which it provided its views on overall developments in the Uruguay Round. These views remain valid and therefore need not be reiterated.
2. Since then, no substantive progress has been made in areas of particular interest for developing countries while a mounting pressure is being exerted to obtain rapid results in the new areas, at times exceeding the negotiating mandates. Should this state of affairs not be immediately rectified, the consequences will be extremely serious for the Round. It is time, therefore, for participants to act in the interest of the multilateral system we wish to preserve and to strengthen it by acting not only in terms of their respective national interests.
3. This meeting of the TNC calls for a thorough analysis and evaluation of the current state of affairs in the round and the adoption of the necessary guidance to redress existing imbalances in this process and to ensure the attainment of the objectives of the Punta del Este Declaration.
4. At the TNC meeting last December we agreed that we should aim to have by July the overall framework and guidelines of a negotiating package. We now have only just over 100 days to our July meeting, and everything that is fundamental has yet to be done.
5. We feel strongly that by July we must have the fundamental agreements, not only because otherwise there will simply not be time enough to finish the negotiations, but because it will demonstrate the existence of the political will to overcome obstacles and vested interests, without which the Round cannot succeed.
6. Developing country experience of the hasty conclusion of past negotiating rounds is singularly and uniformly negative. One way or the other, questions of importance to them were sidetracked at the last moment. This must not happen in the Uruguay Round.
7. For this reason, this meeting of the TNC should define at global level and in the specific areas of the negotiations the necessary adjustments to ensure the achievement of a balanced outcome.

8. The negotiations to date do not show an adequate recognition of the commitment on differential and more favourable treatment. There is indeed a wide gap between any reasonable interpretation of this Punta del Este commitment, and the response provided by participants to proposals made in this area. It is clear that significant and tangible concessions will have to be made if an acceptable negotiating balance is to be achieved.

9. While the principle that developing countries will not be required to make concessions which are inconsistent with their development, financial and trade needs appears clearly in the Punta del Este Declaration, a number of statements and requests have been made by other participants in the Round which point in a different direction. Developing countries cannot be asked or expected to ignore what are essential elements of the negotiating commitment.

10. While proposals have been lodged in all negotiating groups in respect of least-developed countries, there has been no meaningful response. Here again, a Punta del Este undertaking is not receiving the attention it must have for the negotiations to succeed.

#### Standstill and Rollback

11. In this area, which is critical to developing countries commitments have not been observed and there is complete paralysis in the surveillance body. This is one of the most serious and potentially dangerous aspects of the negotiation, since nothing is happening to right the illegal, long-lasting and harmful protectionist practices which have gravely injured and continue to injure the trade of developing countries. These violations of GATT obligations have to be withdrawn fully under conditions of complete transparency, for only on this basis can developing countries consider that at least a partial balance has been restored within GATT in terms of past and still existing protectionism and discrimination whose effects they have undergone for so long.

12. The negotiations in the Uruguay Round have evolved around three major areas: market access, rules, and new issues.

13. Serious imbalances are evident in the manner in which negotiations in these three areas have developed. A first imbalance is manifested in the level of progress achieved in each of these areas. While in the market access groups no agreement has been reached on possible ways to reverse protectionist and distorting policies, in the new areas the outline of a framework agreement on services has been defined, and there is an attempt to impose in the TRIPS and TRIMS Groups disciplines on national policies above and beyond the consideration of their trade effects.

14. Attempts are being made at establishing linkages in concessions among these areas. The developing countries have strongly rejected such attempts and will continue to do so. It is essential that in an overall balance in the final package on market access, rules and new issues, the interests of developing countries are adequately protected. Developing countries have stressed that there must be political decisions on liberalization of market

access and that negotiation in the traditional rule-making areas must lead to strengthening of the multilateral trading system. Likewise, they believe that the introduction of the concept of development dimension is essential in assuring a balance of rights and obligations in the new issues.

15. Having this in mind they consider it necessary that the TNC in April adopt a political agreement to build up the structure of the final package of the negotiations.

16. This political decision should indicate the changes needed in market access negotiations to elaborate disciplines in GATT rules that will ensure competition and to adopt provisions in the new areas to achieve a balance of rights and obligations among participants.

17. Specifically, the following points need to be addressed:

**A. Tariffs and non-tariff measures**

The TNC should closely follow the course of the negotiations which are beginning to take place in order to ensure that the objectives set out in Punta del Este and elaborated as a result of the MTR are fully met, in particular with regard to universal coverage, tariff escalation, tariff peaks and the flexibility in commitments by developing countries.

**B. Tropical products**

The objective of fullest liberalization of trade in tropical products, including in their processed and semi-processed forms requires the implementation of the elements indicated in the Montreal Decision.

**C. Natural resource-based products**

Fullest liberalization of trade should be achieved in this area. Totally unacceptable are the attempts to introduce issues in the negotiation, including access to natural resources that fall outside the mandate of the Group and of the GATT.

**D. Textiles**

Virtually no progress has been registered in negotiations in the textiles sector, with little or no sign of an understanding coming through even on the basic technique for the phase-out of MFA restrictions. Therefore, if the target of arriving at a framework agreement by July is to be achieved, an agreement on the basic approach for a definitive phase-out of MFA restrictions, and of the duration of the transitional period, is required without further loss of time.

The establishment of global quotas or of a selective safeguard mechanism is totally unacceptable for it would mean, in practice, the continuation of the present restrictive régime in a different form.

## **E. Agriculture**

An agreement covering all agricultural products is required to terminate the exceptional treatment of this area in GATT. Commitments will have to be made on the modification of national policies so as to substantially reduce internal support and protection, providing for increased market access, and to gradually eliminate export subsidization.

In no circumstances shall an increase in protection be admitted, for it would be a contradiction of the objectives set out for this negotiation.

In view of the position of agriculture as a determinant of economic and social development in developing countries, these countries need special dispensation in respect of the commitments to be undertaken providing them flexibility for assisting and promoting agricultural development.

Concrete measures will have to be established to alleviate the possible negative effects of the reform process on net food importing developing countries.

## **F. Rules**

Strengthened and more equitable rules for the multilateral trading system can only be achieved if based on a clear and firm commitment to trade liberalization. Likewise, market access concessions can yield the desired results only if they are guaranteed by fair and equitable rules which are observed by all.

Different provisions of the General Agreement and related instruments should be clarified, interpreted or modified in order to insure that:

- safeguard measures are applied on an m.f.n. basis, for a limited time, and in a degressive manner;
- all existing measures not explicitly provided for in the GATT are phased out;
- non-tariff barriers not explicitly provided for in the GATT are prohibited;
- no exceptional treatment will be applicable to any product, category of product or sector;
- anti-dumping and countervailing measures are not used for protectionism purposes or as a means of harassment to exporters;
- the General Agreement is accepted by all contracting parties in a definitive manner.

It is important to make it clear that as far as the provisions covered under Article XVIII:B are concerned, any attempt to restrict the right of

developing countries to apply these provisions will alter the existing balance of rights and obligations under the General Agreement. No change in the existing rights available to developing countries under these provisions would be acceptable.

**G. New areas**

The elaboration of disciplines in the new areas should aim at promoting a dynamic participation of developing countries in international trade.

For this purpose the framework agreement for trade in services should include the concept of the development dimension integrated in a practical and concrete way to its different elements, promoting preferential access to markets for developing countries, linking access to their markets with diversification of domestic services, facilitating the transfer of technology and providing incentives to increase exports of services from developing countries.

The negotiations should concentrate on the elaboration of the framework agreement, including sectoral annotations.

On trade related intellectual property rights, negotiations should deal with the trade effects derived from such rights having full regard to such aspects as economic and industrial development of developing countries.

On TRIMS, it is essential to restore the focus of the negotiations to identifying and addressing the trade restrictive and distorting effects, if any, of investment measures, without attempting to evolve a multilateral régime on investment.

**Implementation of results under Parts I and II**

18. In regard to the formal conclusion of the Round, it should be recalled that different types of commitments, time-spans, monitoring of the fulfilment of obligations, entry into force procedures, overall balance over time of successive applications of commitments, among others, are all issues which need to be discussed and agreed in good time.

19. Developing participants in the Round have expressed their position with the clear intention to contribute to a successful outcome of the negotiations.

20. They have emphasized their concerns regarding the present state of affairs and the risks the Round is facing as a consequence of persisting protectionist trends.

21. At the same time they reiterate their endeavour to overcome the obstacles still lying ahead but not at the price of resigning their legitimate interests.

22. The success of the Uruguay Round can not be achieved without a balanced result of rights and obligations. Developing countries will not bear responsibility for failure if current imbalances persist. For this reason the TNC meeting of next July is of paramount importance for, in the judgement of developing countries, the success of the Round is at stake.