

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.TNC/14
18 May 1990

Special Distribution

Trade Negotiations Committee

TRADE NEGOTIATIONS COMMITTEE

Eleventh meeting

1. The Trade Negotiations Committee held its eleventh meeting, under the chairmanship of Mr. Arthur Dunkel.
2. The Chairman said that delegations with specific points to raise under items II-III relating to the reports by the Chairmen of the GNG and GNS might make these under the relevant item but suggested that delegations should take the opportunity under Item IV "Overall Review of Progress in the Negotiations" to make the assessment of the current situation and in particular to draw their conclusions as to what needed to be done to bring the Round to a successful conclusion on time.
- I. Evaluation of the implementation of the standstill and rollback commitments
3. The Chairman of the Surveillance Body recalled that, at its last meeting, the TNC had agreed that participants should report to the Surveillance Body any progress in meeting the objectives relating to standstill and rollback laid down in the Punta del Este Declaration and that future reports of the Surveillance Body should focus on assisting the Committee in further evaluating the standstill and rollback commitments. Since the last TNC meeting, the Surveillance Body had held one meeting on 14 March 1990 (MTN.SB/12). At that meeting the Surveillance Body had reviewed current developments with respect to the standstill and rollback commitments. There had been one new submission on standstill (MTN.SB/SN/20/Rev.1 from Argentina against the EEC), one new notification of rollback action from Argentina (RBC/3), and five issues had been raised under the "Early Warning Procedures". The Surveillance Body had noted that only three consultations on rollback had been held in 1989 and that no information had been available regarding developments in such consultations. Apart from Argentina's submission, there had been no information on progress on rollback since the Body's previous meeting, though some positive references had been made to the European Communities' earlier rollback notifications. The Surveillance Body had discussed ways in which the implementation of the rollback commitment could be advanced.

It had agreed that, with a view to helping the TNC to have a full picture of developments at its July meeting, all participants should be invited to submit, in sufficient time, progress reports on rollback actions taken by them for the information of the Committee. He believed that the Surveillance Body was aware that the need to focus on the implementation of the rollback commitment was becoming more pressing as the Uruguay Round Negotiations approached their completion. It intended to come back to this matter at its next meeting having regard to the proposals already on the table. When the appropriate stage was reached, the modalities for implementing paragraph (i) of the rollback commitment might also require some attention. In the circumstances, he hoped to have a more detailed report to make at the July TNC meeting.

4. One participant recalled that his proposal (MTN.SB/W/18) was designed to focus on the operational issue of what was GATT-consistent. He would revert to this at a later stage of the negotiations.

5. Another participant reiterated a request made in the Surveillance Body that the GATT secretariat carry out a detailed study on the measures found inconsistent with the GATT in the different panels set up since the foundation of the GATT. A study had already been made but it should be supplemented with reference to the issues that had been flagged in the meetings of the Surveillance Body.

6. Another participant stressed that the threat of unilateral actions by another participant was in violation of paragraph C(iii) of the standstill commitment which expressly prohibited a participant from the taking of any trade measures in such a manner as to improve its negotiating position. Unless the country concerned clearly and unequivocally renounced such unilateralism and removed the threat of retaliation under its trade legislation, giving a firm indication of its willingness to abide by its GATT commitments, progress in the Uruguay Round would be seriously affected.

7. The representative of a group of countries noted that progress had been made on rollback, but that the procedures set up to resolve rollback issues through a consultation process had not been as effective as one might have wished. At this stage, the rollback commitment was best honoured through autonomous actions. His authorities had taken such actions four times and this was an ongoing process. However, it might be necessary to revert to proposals of the kind of that contained in MTN.SB/W/18, in order to give more structure at the end of the negotiations to the rollback commitment.

8. With regard to the rollback commitment, one participant recalled that it had proposed a calendar to eliminate measures that were inconsistent with the GATT and that its proposal was widely supported by many participants (MTN.SB/W/5/Rev.1).

9. Some participants expressed concern on the lack of progress in the area of standstill and rollback commitments. They feared that this might have adverse effects on the outcome of the negotiations and urged all participants to abide by these political commitments.

10. The Committee took note of the report of the Chairman of the Surveillance Body and of the statements made. The Chairman noted the hope expressed by the Chairman of Surveillance Body to have a more substantial report to present at the July meeting of the TNC and stressed that there was an urgent need for all participants to remind themselves of their commitments with respect to rollback and that they should be aware that these commitments were part of the global process in which they were engaged.

II. Group of Negotiations on Goods: Report

11. Speaking as Chairman of the GNG, the Chairman said that the GNG had met immediately before the TNC (MTN.GNG/22). He said that he regretted that this debate, which he had found very substantive and helpful, had not taken place in December. It was clear that participants were now addressing the essential substance of the negotiations, but they were doing so three months later than was desirable. The situation was therefore both encouraging and somewhat disturbing. Many speakers had related their comments on specific issues to the three major objectives of the Round - the liberalisation of access to markets, the improvement of the conditions of competition and the use and coverage of dispute settlement mechanisms. It had been recognised that progress had recently been made on tariffs and non-tariff measures but it seemed clear that in some important areas of the access negotiations - agriculture, textiles, natural resource-based products and tropical products - the outline of a solution was not yet in sight. In these areas it was urgently necessary to break the deadlocks which impeded progress. The picture was broadly similar in the area of competition, where options had been clarified and progress achieved on a number of subjects, such as safeguards and rules of origin. It could be said that the negotiations on TRIPS and TRIMS, and even on Article XVIII:B, were closely related to the question of ensuring fair competitive conditions. As regards dispute settlement, speakers had emphasised the importance of effective procedures; he would himself offer the comment that those who suffered the effects of grey-area measures had a remedy to hand in the existing provisions. Participants must now decide how to organize the next stage of the negotiations. Many had underlined the need to have available by July a clear profile of the eventual package, and he strongly supported this view. In some Negotiating Groups it would be possible by July to reach conditional agreements - conditional only in the sense that all results were conditional until the final package was agreed. Where this was not possible, Negotiating Groups should aim to reach the closest possible approximation to an agreement, in the form of a text, since only in this way could the final difficulties be identified. The next meeting of the GNG would therefore be called upon to consider texts on all fourteen subjects. It must be remembered that the process of putting

agreements into final legal form in the autumn would be very difficult and time consuming. The question of the coverage of dispute settlement provisions, both inside the goods area and possibly in relation to services also, would then need the most serious consideration. The discussion had shown that even within Part I, the negotiations were a global undertaking, with many interlinkages and with the three basic themes of the Round arising in nearly all Groups. It was clear that participants must work with the same intensity in all areas: all would agree that the essential need was to raise the tempo and commitment of work in all Groups to the level of the most advanced. He had been glad to note the many references to programmes of adjustment and liberalization in national economies, which underlined the importance of the Uruguay Round for events in the real world.

III. Group of Negotiations on Services: Report

12. The Chairman of the GNS recalled that, since the December meeting of the TNC, the Group had met three times (MTN.GNS/30-32). The work undertaken during that period had proceeded mainly on the basis of the draft document (MTN.GNS/28) which, in accordance with paragraph 11 of Part II of the Mid-term Review decision (MTN.TNC/11), contained "elements for a draft which would permit negotiations to take place for the completion of all parts of the multilateral framework" on trade in services. He stressed that many brackets remained. These did not all reflect disagreements. Some simply indicated the issues which still needed to be negotiated. With a view to providing a structure for the discussion, and bearing in mind the limited time available before the conclusion of the Uruguay Round, the GNS had agreed to meet on 7-11 May, 18-22 June and 16-20 July 1990 and that the agenda would cover all the main issues and subject matter that needed further clarification and a narrowing of positions. In the last three meetings, the subject matter that had been addressed had included the so-called "structure" of a future framework for trade in services, i.e. which commitments would apply at the entry into force of the framework, the modalities and mechanics of liberalization, and how the development aspects could be appropriately covered in the framework. Matters relating to definition, institutional aspects of a framework for trade in services, improvement of statistics on trade in services and the relationship of a future services framework to other international arrangements and disciplines had also been addressed. During its last three meetings, the Group had had before it a number of proposals and background papers of a formal and informal nature that had been put forward by various participants (MTN.GNS/W/95-97) or prepared by the secretariat. While the negotiations in these three meetings had not lead to definitive conclusions with respect to any of the agenda items under review, the inter-relationship of the issues meant that eventual decisions would have to be taken simultaneously on various aspects of the agenda items. In this respect, he felt that, in a number of instances, there had been a useful narrowing of focus in those areas where important decisions would have to be taken. These related to such matters as initial commitments by participating countries, options for progressive liberalization and means of implementing such liberalization, the objective

of increasing participation of developing countries, and the practical expression that might be given to it in the framework. With respect to statistics, the agreed need for improved statistics and common nomenclatures had been reasserted, and with respect to international arrangements and disciplines, the need to deal with the implications of the framework for other existing arrangements and disciplines was noted; these issues all appeared on the agenda of the forthcoming meetings of the GNS. Finally, it was important to note that the agenda for the July meeting of the GNS foresaw the "completion of work on a draft framework including consideration of a first set of annotations".

13. The Committee took note of the report.

IV. Overall progress in the negotiations

14. The Chairman recalled the assessment he had made in his report as Chairman of the GNG with respect to achieving a clear profile of the ultimate package of results by July and with respect to the pace of progress in different areas in the light of the concept of globality. Drawing a parallel between the current process and that engaged in before the Montreal Ministerial meeting, he recalled that at that time some negotiating groups had been able to produce agreed texts, conditional on overall agreement; others had come close to this and their texts had been negotiated under the GNG; and a last set of texts had been negotiated in and after Montreal, so that by April 1989 a complete package had been achieved.

15. Two detailed statements made on behalf of groups of participants have been circulated as MTN.TNC/W/19 and W/20. These should be read in conjunction with the present note. Some participants wished their statements in the meeting of the GNG immediately preceding this meeting of the TNC to be taken into account in the present review. These statements are reflected in the note on the GNG meeting (MTN.GNG/22) which should also be read in conjunction with the present note.

16. Many participants reiterated their commitment to completing the negotiations on time and expressed support for the Chairman's assessment that it would be necessary to have, by July, a profile of the final package of results. This would necessitate an acceleration in the pace of work and the will both to enter into detailed negotiations based on specific, negotiable texts, and to compromise. Some noted that this implied a will to give up some sovereignty over trade policies in favour of multilateral disciplines. Some participants wondered whether national positions had reached the stage of maturity that such a process required. Some noted that specific proposals were still lacking in a number of important areas. Some participants stressed that it was necessary to meet the July deadline to allow sufficient time for the complex task of legal drafting and so as not to place an unmanageable array of unresolved issues before Ministers in December. Some recalled that this deadline was also necessary to allow for the evaluation of results provided for in the Punta del Este Declaration (Part I:G). Some participants underscored the necessity, in the remaining

stages of the negotiations, of careful organization of work and of respect for the need for transparency in order to safeguard the interests of all and ensure respect of the principle of globality. One participant suggested that the Chairman of the TNC issue basic guidelines to participants with respect to transparency.

17. Some participants stated that the outcome of the Round must and could only be of benefit to all. The result must be a more open, viable and durable multilateral trading system which was capable of accommodating new developments and fostering growth, development and liberalism. Some noted with concern that many moves towards liberalization were being made only under unilateral pressure or in a bilateral or regional context. They reiterated the need for renewed commitment to a truly multilateral system, the only system which was capable of eliminating any perceived need for recourse to unilateral action. Some warned against those who appeared to advocate multilateralism as a complement to unilateralist and bilateralist realities. Some participants stressed that, in order that the development dimension not be used as a loophole, results which fostered development should be accompanied by the undertaking of adequate obligations. Some participants noted that to expect developing countries to assume the same obligations as developed countries ran counter both to the Punta del Este Declaration and to current GATT provisions and would result in a weakening of these countries and hence of the multilateral system as a whole; the strengthening of the system could only be achieved by ending unjustifiable protection in the agriculture, textiles and tropical products sectors and allowing full play to fair competition. Some participants, fearing that agreement might be reached only on selected items, urged that nothing be left outside the negotiating room. Others restated that they were prepared to negotiate everything, without condition, and globality remained the objective for the final outcome of the negotiations. Some stated that they needed significant results in all areas of the negotiations. One participant noted that the Uruguay Round was his authorities' highest trade priority for 1990 and that they needed to complete it on time.

18. The representative of a group of countries warned against the danger of getting caught up in other priorities and alternative solutions to current problems if the December 1990 deadline should fail to be met. The Punta del Este priority of fighting protectionism had now been overtaken by the need to fight unilateralism. The latter had resulted from the perception of one of the larger trading partners, faced with problems that it could not resolve on its own, of failure of its partners to assume their obligations and a resulting sense of frustration with the deficiencies of the current multilateral system. It had introduced elements of unilateralism into its legislation to make up for these deficiencies. There was now a real danger that the results so obtained would encourage a perception that the legislation was the safety net of the success of the Uruguay Round. It was necessary for all to take up the challenge and prove this perception unjust and unjustified. It was not a question of giving in to threats, but of reacting intelligently. In his view, the price to pay for the elimination of this unilateralist legislation was an efficient dispute settlement mechanism and coverage of the new areas in a way which would benefit all participants. The end results of the negotiations must

be an instrument capable of fighting unilateralism both now and in the future. One such instrument might be a Multilateral Trade Organization. In response, the representative of the country concerned welcomed the previous speaker's willingness to work together for results that would make unilateral actions superfluous. Others warned against the temptation to give in to unilateralist pressures; nor should a solution be sought in terms of legitimising the legislation of one country by incorporating its provisions in a multilateral code. Some participants believed that to establish a multilateral trade organization went beyond the mandate of the Punta del Este Declaration.

19. Some participants saw the statement circulated in MTN.TNC/W/19 as a step towards building compromises and thus as a message not only of disquiet but also of hope. They could not, however, agree that the correct equation was that between traditional and new areas of the negotiations. On the one hand there was an equation between the new areas and unilateralism; on the other, there was a need for equilibrium within the traditional areas, and this concerned largely the treatment of the developing country participants. The basis of such equilibrium was clearly set out in the Punta del Este Declaration, section B(iv)-(vii), in particular in the words "fuller participation of developing countries". There was a need for restoring balance, the key to which was a better implementation of the provisions of Article XVIII:B.

20. Some participants expressed continuing disquiet at what they perceived as an imbalance in the pace of the negotiations, with some areas lagging behind others, notably agriculture, natural resource-based products, textiles and tropical products. Some felt that the imbalance had increased since the TNC had carried out its last review and that hopes of seeing the development dimension fully taken into account were being dashed. Some also expressed concern at perceived attempts, in the new areas of the negotiations, to go beyond the negotiating mandate and noted that the objectives of ensuring mutual advantage and increased benefits to all participants could only be achieved by overall balance in the final package. Some participants noted that from any single point of view the progress of the negotiations could appear unbalanced. Others drew attention to the fact that no-one had so far received anything from the Round except those who benefited from the commitments already implemented in the area of tropical products.

21. Some participants were concerned at the slow progress of negotiations in the market access areas. Some stressed that preferential arrangements would need to be taken fully into account; participants could not be requested to pay twice for concessions, once through the erosion of preferences and once through reciprocal concessions. Some stated that recognition would need to be given to autonomous trade liberalization measures. One participant urged all others to put forward their market access requests so that a package could be negotiated. Some participants stated that there was a need for those who had not previously made an effort in the area of tariffs to catch up. Some thought that flexibility should be allowed to developing countries in the implementation of tariff

commitments, but that the latter needed to be commensurate with the problems in this area. Some noted that exclusion of products of export interest to developing countries from the tariff-cutting exercise would not be conducive to contributions from these countries. Some participants underscored the need to take account of the interests of all participants in the negotiations on tropical products, so as to ensure that results did not lead to a worsening of the economic difficulties faced by one group of countries. Some stated that trade liberalization should be achieved for all forms of tropical products, including processed and semi-processed. Some participants noted that the negotiations on natural resource-based products would be more likely to progress rapidly if no link were made between access to markets and access to resources; some stated that the latter fell outside the scope of trade negotiations. Some participants detected an unwillingness on behalf of some others to move towards integration of the textiles sector in the GATT. Some saw a need to have agreement, by July, not only on the modality but also on the outline of the final procedure for reintegrating this sector into the GATT. Some stated that this reintegration should be based from the start on progressive phase-out of MFA restrictions and rejected the replacement of the present system by a system of global quotas. Some noted the need for a transitional period that would allow small and new suppliers to adjust. Some participants deplored attempts to establish a linkage between phase-out of the MFA and contributions by developing countries in practically every other area of the negotiations. Some participants noted an apparent unwillingness on behalf of some others to move on the question of integrating agriculture into the GATT. Some stressed that a successful outcome to the negotiations in this area would imply fundamental reform of agricultural trade. Some stated that the negotiations should cover all products, some that results should be achieved in the three areas of export subsidies, internal support and market access. Some participants noted that the Punta del Este Declaration and the Mid-term Review decisions called for a reduction of support and protectionism and improved market access, but not for outright elimination of export subsidies; to insist on this and on special dispensation for half the world's population introduced elements which threatened the delicate balance that had been achieved. Some stressed that account would have to be taken of non-commercial objectives, including development needs, and of the particularities of different agricultural policies. Some participants stated that the special situation of food-importing developing countries would need to be fully taken into account. Some noted that the success of the negotiations depended on them being conducted in a truly multilateral and transparent fashion and that this meant keeping them in Geneva.

22. Some participants expressed concern at the slow progress being made in the area of rule-making, in particular safeguards, anti-dumping, subsidies and countervailing measures, and balance of payments. Some noted that progress in market access could easily be frustrated without a strengthening of rules; these should become applicable to all, bearing in mind the special situation of the developing countries. Some stated that progress could only be made on the basis of a system which made a clear distinction between fair and unfair competition and of non-selectivity in

the area of safeguards. The rules should be clarified and strengthened to prevent abuse. Some participants stressed that the m.f.n. principle, as the cornerstone of GATT, was not negotiable and that Article XIX could not provide for its emasculation. It would not be possible to protect the achievements in the market access areas from the threats of unilateralism and bilateralism while undermining the m.f.n. principle and without an operationally effective, m.f.n.-based agreement on Article XIX. Some noted that the introduction of selectivity in the area of safeguards would penalise the most efficient producers and tilt the system against the developing countries. Some sought an undertaking on the non-application of safeguards to the trade of contracting parties whose trade share in the import market fell below an agreed minimum. Some participants noted that Article XVIII:B embodied the necessary and critical balance of rights and obligations for developing countries under the General Agreement and that there had never been a greater need for the flexibility it provided; there being no agreement in the Negotiating Group on the need for changes in this Article, the question of entering into substantive negotiations did not arise. Some stressed that the provisions of Article XVIII:B must be given credibility, not by modifying them but by ensuring their proper application. Some participants stated that it was necessary to continue to ensure that the GATT recognized subsidies as an integral part of the development programmes of developing countries.

23. Some participants stressed the importance they attached to achieving results in the new areas of the negotiations and to bringing them within the multilateral GATT system. Some noted that a large amount of preparatory technical work needed to be done, even if it gave the illusion that negotiations were more intensive in these than in other areas. Others deplored, in the light of the needs of the developing countries, attempts to establish cross-linkages between progress in the traditional and new areas and to lodge in the GATT system disciplines relating to these areas; to link all disciplines through a unified dispute settlement mechanism would be tantamount to imposing new rules on developing countries by using the leverage of access to the markets of industrialised countries. Some underscored the need to allow developing countries to enter into multilateral agreements in the new areas step by step rather than by quantum leaps. Some participants stressed the importance of having a comprehensive sectoral coverage in the framework agreement on trade in services, bearing in mind the interests of developing countries in the labour-intensive sectors. Some wished the agreement to contain adequate undertakings of a substantial nature, acceptable to all, with a minimum of exceptions and some possibilities for reservations. Some underscored the importance of including the development dimension in terms of effective and operational provisions, not in terms of a waiver or derogation. Some favoured the idea of injecting a dynamic concept of special and differential treatment for developing countries. Some participants stressed the need not only to continue work on a framework agreement on trade in services, but also to initiate at an early date negotiations on trade liberalization. Actual commitments on liberalization within the Uruguay Round were essential to some. Others noted that, without agreement on the basic features of the framework agreement, it would be difficult to

discuss possible sectoral annotations and other aspects of the liberalization process. Others could not envisage an exchange of concessions on market access before a framework agreement, guaranteeing increased participation of developing countries in trade in services, had been operational for some time. Some participants stressed the importance of extending the rules of multilateralism to all aspects of intellectual property rights. Others felt that in this area, as in the area of TRIMS, the development dimension was being totally ignored. Some recalled that the objective of the negotiations on TRIMS was not to bring about change in the investment régimes of participants, but to elaborate disciplines to avoid any demonstrable adverse trade effects. Some noted that in the areas of services and TRIPS the institutional aspects would need to be taken up as soon as possible.

24. Some participants saw the need for a more uniform dispute settlement system, covering at least the mechanical aspects of the procedures for the future GATT system, and stressed the importance of all participants resorting to it and bringing their national legislation into line with their international commitments. Some saw a strengthened and more efficient dispute settlement mechanism as a necessary bulwark against the forces of unilateralism and bilateralism. Some participants regretted that little progress had been made on the relationship between the activities of the GATT and those of the Bretton Woods institutions.

25. The representative of a group of countries recognised the need to bear in mind the collective interests of the ACP countries. He was conscious that the long-term objective of multilateralism, which they had jointly assumed, would imply a short-term erosion of the benefits enjoyed in the markets of his member States and that it would, therefore, be necessary to find a balance between the two.

26. Some participants stated that the least developed countries neither could nor should be expected to shoulder any obligations or make any contributions based on reciprocity, be it in the area of market access, rule-making or trade in services. They urged participants to elaborate by July the specific measures for implementation of paragraph B(vii) of the general principles governing negotiations, bearing in mind the submissions made by the least developed countries to various negotiating groups. This would enable such measures to be reflected in the support package for the 1990s expected to result from the second United Nations Conference on Least Developed Countries to be held in Paris in September 1990.

27. The Chairman concluded by saying that the Committee had had a very full and substantial debate on this agenda item. The positions of each participant had been made known, individually or collectively. Great attention had been paid to the points of view of the informal group of developing contracting parties, the African participants and the least-developed countries. He welcomed the interest shown by the African countries and he thanked those who had made possible their active participation in this meeting. He said that the record of the meeting would reflect the state of mind of the Uruguay Round negotiators eight

months before the December deadline and that it would be interesting to read these records in December. Four points had emerged from the debate. First, there had been a very strong collective plea in favour of multilateralism. A number of delegations had stated that one of the main elements necessary to make a multilateral system work was a strong, reliable and implemented dispute settlement mechanism. Second, there had been a very clear indication of the wish of the participants to keep to the ambitious objectives defined in the Punta del Este Declaration. Third, there had been a general perception that since the launching of the Uruguay Round, the political and economic map of the world had changed dramatically and in a direction which made a strong multilateral trading system even more indispensable than had been envisaged three years ago. Fourth, the relevance of the Uruguay Round for the present and future cooperation in the economic and trade field had increased dramatically because of this evolution. Perhaps this explained the "uneasy" tone of most speakers. The responsibilities of the negotiators went beyond the strict and legitimate promotion of specific national interests and they recognized that they were working for the collective well-being. In this respect, he asked whether national interests were the producers' interests, the consumers' interests or sectoral interests, and said that he asked this question in order to remind the Committee that the Uruguay Round negotiations were not taking place only at the negotiating table in Geneva but also at head-quarters. It was important for delegations to the TNC to bear this in mind since it was aiming at legal agreements which would have to be ratified by national parliaments.

28. He expressed concern at the fact that it was very difficult for him to identify areas of real convergence in respect of substantive issues in different negotiating areas. This fact would in itself have been a serious source of worry had it not been balanced by a number of statements expressing a readiness to negotiate. More importantly, it had been generally recognized that the work carried out until now had established the parameters for true and effective negotiations. He considered that one of the main achievements of the meeting had been the recognition by all participants that the time had come to enter in the negotiations proper. He noted that the great majority of the participants had recognized that the July deadline was crucial for the success of the Round because there was a wide-spread awareness that if, by that time, it was not possible to draw up the profile of a package, the rendez-vous of Brussels would be in great jeopardy. This meant that, from now on, each negotiating group must enter into a different type of process which would permit the next meetings of the TNC, the GNG and the GNS to focus on texts. He did not want to prejudge the nature of those texts, but did want to make clear that substantive negotiation on specific matters could not be conducted in general terms. The TNC had the responsibility of overseeing the progress of the negotiations as a whole, and he considered that it was also the responsibility of its chairman to make sure that this responsibility was carried out. He reserved his right to convene the TNC before July if he felt that the dead-line of July was in jeopardy. He therefore intended to remain closely in touch with all delegations through bilateral, plurilateral and multilateral consultations which would mainly focus on

those areas in which delegations informed him that progress appeared insufficient to them. However, he also reserved the right to make his own assessment in this respect. He could, for example, already say that he considered that textiles and agriculture were worth being kept under very close scrutiny from the point of view of the overall responsibility of the Trade Negotiations Committee.

29. Responding to questions relating to the evaluation of the results attained in terms of special and differential treatment for less-developed contracting parties as provided for in the Punta del Este Declaration, his answer was that it would only be possible to decide on the review when participants knew what the results were. It would only be possible to fix a date for such an overall review when results were available in July.

30. The Chairman concluded by saying that while there was no room for satisfaction, neither was there room for pessimism. The challenges were very well defined. Delegations knew that Ministers could not be expected to go into the details of a large number of specific texts but would have important decisions to take in Brussels which related not only to the substance of each of the negotiating subjects, but also how to ensure the implementation of the results in political, administrative and institutional terms. This last point would also need to be considered by delegations in their preparation for the phase between July and December.

31. One participant said that it was his understanding that globality implied that progress was made in all negotiating groups, without giving one group advantage over another.

32. The Chairman said that in a number of areas, the foundations for reaching conditional agreements by July appeared to exist. Given the global character of the Round, the chances of achieving these conditional agreements would be greatly enhanced if existing gaps could be overcome in a number of areas of crucial importance for a large number of participants. He hoped that his assessment of the situation demonstrated that he had no quarrel with the comment just made.

33. One participant said that it was his understanding that no entire subject should be missing in the profile of the package to be drawn up by July. This was confirmed by the Chairman.

V. Other business

(i) Chairmanship of the TNC at Ministerial level

34. The Chairman recalled that Mr. Ricardo Zerbino whom the Committee had appointed to chair its meetings at Ministerial level had left his ministerial post in Uruguay. After consultation with a large number of participants, he understood that it would be generally acceptable to welcome the offer of Uruguay to make its minister of Foreign Affairs, Dr. Hector Gros Espiell, available. The Group adopted the following decision:

"The Committee agrees that the Minister of Foreign Affairs of Uruguay, Dr. Hector Gros Espiell, would chair the Trade Negotiations Committee at Ministerial level."

35. The Chairman indicated that this decision modified a decision taken by the TNC in July 1988 (MTN.TNC/1/Add.1) and would accordingly be reproduced in a separate document to be issued in MTN.TNC/1/Add.2. He further expressed his intention to invite Mr. R. Zerbino to attend the next meeting of the TNC to thank him for tremendous work achieved under difficult circumstances.

36. On behalf of his government, of Mr. Zerbino, and of the Minister of Foreign Affairs Dr. Gros Espiell, the representative of Uruguay expressed his gratitude to the TNC for the decision that had just been taken. He hoped that Dr. Gros Espiell would have soon an opportunity to meet all participants in the course of his duties.

(ii) Date of the next meeting

37. The Committee agreed to hold its next regular meeting during the week beginning 23 July 1990 and agreed to the Chairman's proposal that, if the need should arise, an earlier meeting be convened at short notice.