

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

RESTRICTED

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Trade Negotiations Committee

TRADE NEGOTIATIONS COMMITTEE

Twelfth Meeting: 23-26 July 1990

1. The Trade Negotiations Committee held its twelfth meeting, under the chairmanship of Mr. Arthur Dunkel.

2. The Chairman suggested that the main purpose of the meeting was to give delegations an opportunity, under Item V "Overall review of progress in the negotiations", to make their assessment of the current situation and of what needed to be done to bring the Round to a successful conclusion on time. He, therefore, proposed that participants concentrate their remarks as much as possible under Item V. It was understood that any statements made on the work of the Surveillance Body, the GNG and the GNS would be taken into account by those bodies as if they had been made in their own meetings.

I. Farewell to Mr. R. Zerbino, outgoing Chairman of the TNC at Ministerial Level

3. The Chairman of the TNC at official level welcomed Mr. R. Zerbino, outgoing Chairman at Ministerial level. On behalf of all participants, he thanked Mr. Zerbino for his contribution to one of the most important phases of the Uruguay Round, the Montreal Mid-term Review. This had been a crucial stage, with a direct impact on the pursuit of the negotiations. Mr. Zerbino's qualities - his humanity, patience, utmost intellectual integrity, team spirit, extreme modesty, unfailing good humour - had made him one of the driving forces of the negotiations. The Chairman hoped that, at the end of the year, Mr. Zerbino would have the satisfaction of knowing that his efforts had contributed to the success of the Round.

4. Ambassador Weekes (Canada), speaking on behalf of the country that had hosted the Mid-term Review, expressed his appreciation of the way in which Mr. Zerbino had handled such an extremely difficult task. The Montreal meeting, under his chairmanship, had been the turning point of the negotiations. In particular, the fact that participants had confronted their serious differences at that time would, he hoped, be found to have laid the basis for ultimate success in Brussels.

5. Ambassador Ricupero (Brazil), speaking also on behalf of the developing countries, wished to convey to Mr. Zerbino their heart-felt gratitude for the tremendous contribution he had made to the negotiations. For the very first time in the existence of the GATT, a trade negotiations round had been launched in a developing country. From the outset, Uruguay had played a paramount rôle not only in the preparation of the Round but also in the conduct of the negotiations. Thanks to Mr. Zerbino's personal

integrity, his honesty, his sense of equity and balance, the developing countries had been able to ensure that their position was well represented.

6. On behalf of the European Communities, Ambassador Tr  n thanked Mr. Zerbino for his contribution to the Uruguay Round and paid tribute to his calm and smiling strength. Indeed, strength lay not in protection behind walls nor in unilateralism, but in the quality of men such as Mr. Zerbino.

7. Ambassador Hawes (Australia) expressed his sincere appreciation for the r  le played by Mr. Zerbino as Chairman of the TNC at Ministerial level. The negotiations could not have gone so far without his guidance during the Montreal Mid-term Review. In those difficult days, his patience, skill and quiet diplomacy had led participants to reach compromises which eventually had moved the negotiations forwards. The Cairns Group associated itself with his government to thank Uruguay for the contribution it had made not only in the field of agriculture, but more generally to the successful launching and conduct of the present negotiations.

8. Mr. Zerbino expressed his appreciation for the warm words which had been addressed to him. As Chairman of the Trade Negotiations Committee at Ministerial level, he had had the opportunity of contributing to the evolution of the Round and of sharing in the expectations, efforts and difficulties, and sometimes in the achievements and progress. He was grateful to Mr. A. Dunkel, Director-General of the GATT, for his support and trust in the difficult moments during the memorable events of Montreal. The next phase of the Uruguay Round was of crucial importance. All the work undertaken to launch the Round and all the questions raised in Montreal would look pale in comparison with the efforts and endeavours that were required for a successful outcome. Only a balanced and substantive result, taking into account the legitimate interests of all participants, would contribute to the strengthening and development of the multilateral trading system. He thanked the Committee for having designated Dr. Gros Espiell, Minister of Foreign Affairs of Uruguay, as its new Chairman at Ministerial level.

## II. Evaluation of the implementation of the standstill and rollback commitments

9. The Chairman of the Surveillance Body recalled that, since the last TNC meeting in April 1990, the Surveillance Body had held one meeting on 5 July 1990. The report of this meeting was contained in document MTN.SB/13. The report on the current status of implementation of the standstill and rollback commitments, in the form of a Chairman's summary, was contained in Annex II of MTN.SB/13. Made on his own responsibility, it provided both a factual account of the implementation of the commitments and an outline of arrangements agreed upon in the Surveillance Body for further work on rollback. In recent months very few changes had taken place in the situation for both standstill and rollback. In relation to standstill, no new notification relating to a breach of the commitment had been made since February this year. However, a number of measures under consideration had been discussed in the context of the "early warning" discussions. The Surveillance Body had proved to be a valuable forum for

this purpose. With respect to rollback, no consultations had been held since the beginning of this year. Only three notifications had been received in accordance with the agreement at the March meeting of the Surveillance Body that progress reports on rollback consultations should be submitted to the Body before its July meeting. As a result, the Surveillance Body lacked full information on the present status of a number of rollback consultations. On the other hand, it had recently been informed by two participants of autonomous measures of trade liberalization taken by them. Participants in the Surveillance Body had been mindful of the need to establish an adequate picture of the rollback process before the completion of the Uruguay Round. At its July meeting, the Surveillance Body had thus agreed upon certain arrangements to provide the TNC with the fullest possible information on the implementation of the rollback commitment. The arrangements required participants to communicate to the Surveillance Body, by 12 October 1990, actions taken, together with an account of the current situation with respect to action on this commitment. The secretariat had also been requested to examine whether it could supply a list of measures which had been found by the CONTRACTING PARTIES, following Panel findings, to be inconsistent with the General Agreement, and any information available regarding actions taken in response to such findings. He drew attention to paragraph 22 of the summary which recalled that the rollback commitment called for an agreement on a time-frame to phase out, or bring into conformity, measures inconsistent with the GATT or instruments under the GATT, not later than by the date of the formal completion of the negotiations, taking into account multilateral agreements, undertakings and understandings reached in the Uruguay Round. This paragraph also noted that details of these agreements might emerge only towards the end of the Round. If there was an inconsistency here, it was not entirely clear to him how it might be addressed. The Surveillance Body intended to hold its next meeting on 30 October 1990, subject to possible adjustment in the light of the decisions at this TNC meeting. A main item on the agenda would be to complete the work on the compilation of the fullest possible information on the implementation of the standstill and rollback commitments. This information would then be submitted to the TNC with a view to assisting it in any assessment it might wish to make of the contribution made by the commitments in supporting the process of trade liberalization launched by the Uruguay Round and any issues that might arise for future consideration.

10. The Committee took note of the report by the Chairman of the Surveillance Body.

### III. Group of Negotiations on Goods: Report

11. Speaking as Chairman of the GNG, the Chairman reported that the GNG had met immediately before the TNC. It had agreed to take note of and to forward to the TNC the reports on the status of work in the 14 negotiating groups (MTN.GNG/NG1/W/43, NG2/W/72, NG3/W/40, NG4/W/56/Rev.1, NG5/23 and W/170, NG6/W/47, NG7/W/73, NG8/W/83 and Add. 1-5, NG9/W/25/Rev.2, NG10/W/38, NG11/W/76, NG12/W/27, NG13/W/43, NG14/W/44). The GNG had agreed that discussion of these reports and of the overall state of the negotiations could be concentrated in a single debate, in the meeting of the TNC. This procedure, however, had no legal consequences; it did not

imply that the GNG had signified its approval of the reports. Any participant making a statement in the TNC with respect to these reports could request that the statement be understood to have been made also in the GNG. Some participants speaking under Item V below so requested, and this note should, therefore, be read in conjunction with the note on the GNG meeting (MTN.GNG/24).

12. The Committee took note of the report of the Chairman of the GNG and thus of the reports of the Chairmen of its negotiating groups.

#### IV. Group of Negotiations on Services: Report

13. The Chairman of the GNS recalled that, since the last TNC meeting in April 1990, the GNS had held three meetings on 7-11 May, 18-22 June and 16-20 July 1990 (MTN.GNS/33, 34, 36 and 36/Add.1). Work in the GNS had proceeded according to a timetable and agenda agreed in its January 1990 meeting. The work had been based largely on the draft document MTN.GNS/28, dated 18 December 1989, which, in accordance with paragraph 11 of Part II of the Montreal decision, contained "elements for a draft which will permit negotiations to take place for the completion of all parts of the multilateral framework" on trade in services. In addition, a number of proposals and background papers of a formal and informal nature had been put forward by various delegations, or prepared by the secretariat (MTN.GNS/W/98-108). The agenda for the July meeting of the GNS had foreseen the "completion of work on a draft framework including consideration of a first set of sectoral annotations". At its April meeting, the TNC had requested the GNS to provide it, at its July meeting, with a progress report on the work towards drawing up a framework for trade in services. In accordance with this request document MTN.GNS/35, dated 23 July 1990, contained a draft text concerning a multilateral framework for trade in services which was accompanied by a Chairman's introductory note. To conclude his statement, he read out this introductory note.

14. The Committee took note of the report by the Chairman of the GNG.

#### V. Overall progress in the negotiations

15. The Chairman noted that the TNC had before it the reports of the Chairmen of the 14 negotiating groups falling under the umbrella of the Group of Negotiations on Goods, and those of the Chairmen of the Surveillance Body and of the Group of Negotiations on Services. It was, therefore, in a position to fulfil its responsibility of ensuring overall progress in the negotiations. He recalled that, at the last meeting of the TNC, he had noted that the great majority of participants had recognized that the July deadline (i.e. the present meeting) was crucial for the success of the Round, because there had been a wide-spread awareness that if, by this time, it were not possible to draw up the profile of a package, the rendez-vous of Brussels would be in great jeopardy (MTN.TNC/14, paragraph 28). He hoped it would now be possible to pass from the

declamatory phase to specific discussions and to making a collective effort to overcome the remaining blockages.

16. Three detailed statements made on behalf of groups of participants, as well as two statements made by individual participants, have been circulated separately at their request (MTN.TNC/W/22-26). These should be read in conjunction with the present note.

17. Some participants reiterated their conviction that a strong trading system was essential to sustained economic growth, and this all the more so in the face of the radical changes the world had undergone since the beginning of the Uruguay Round. Some stated that it was necessary to ensure that the trading system could deal with new challenges that the original drafters of the General Agreement could hardly have imagined. Some stressed that the outcome of the negotiations should take into account not only the interests of the developed nations, but also the needs of the developing countries and of those countries who were undergoing major economic and political reforms. Some participants representing such countries stated that they needed both recognition of their efforts aimed at opening up their domestic markets and integrating their economies in the multilateral system, and a more favourable trading environment that would ensure that these changes endured. While some participants said that the results should be such as to enable all countries to reap the full benefits of the trading system and share in its obligations, others cautioned that these obligations needed to be commensurate with the level of development and the trade and financial needs of individual participants.

18. Some participants, while noting that progress had been made in some areas, expressed concern that overall, since the last TNC meeting, it had been uneven and fell far short of expectations. Some felt that some negotiating groups had actually regressed. The papers before the Committee represented, in many areas, a profile of the state of the negotiations rather than of the final package. Given the shortcomings in the texts, they were concerned by the magnitude of the task ahead in relation to the time available before the Brussels meeting. Some expressed disquiet at departures from the Punta del Este mandate, as evidenced in these texts. Some feared that, with time running out, efforts to show results by the end of the year would lead to disregard of the interests of developing countries.

19. Some participants welcomed the fact that the essential issues were now clearly set out in the texts forwarded by the negotiating groups. Others underlined the significant differences between these texts in terms of both shape and content, and noted that some were less suited than others as a basis for future work. Some felt that, in some critical areas, there was still little evidence of significant movement in the direction of clear profiles; some fundamental issues remained unresolved, raising serious doubts about the prospect of fulfilling the mandate within the agreed time-frame. Some participants said that the interests of developing countries had not been adequately taken into account.

20. Some participants noted that in recent weeks linkages between various issues in the negotiations had become apparent; in this regard, it was important that the TNC provide an effective path for meaningful progress in all areas of the negotiations, and they looked for guidance from the Chairman with respect to the best procedural approach. Some said that linkages should not be over-emphasized and that each area of the negotiations should be allowed to follow its own dynamics; there would be an opportunity in Brussels to assess the overall balance of results. Others felt that the linkages that each participant established according to his own priorities should be no more than guidelines to his own work. Some participants stated that the globality of the negotiations and the interlinkages should be used neither as an excuse to delay progress nor as a negotiating tactic. Some suggested instead that the linkages be used as a tool to advance the negotiations simultaneously in all areas. Some said that the question of a possible new trade organization should not be used to establish a linkage between new issues and trade in goods. Some noted that the only legitimate linkage contained in the Punta del Este mandate was that between trade, money, finance and development. Some participants emphasised that the linkages meant that the results needed to be ambitious in order to be acceptable in capitals; no agreement in the Uruguay Round was better than a bad agreement. Some participants stressed the importance of having a balanced outcome in each of the major areas of the negotiations, namely market access, rule-making and new issues.

21. Some participants urged that, at this meeting, the TNC engage in a collective assessment of where and what the blockages were, so that all could rethink their positions before resuming negotiations in the autumn. Some stated that blockages between the major trading partners should not be used either to force other participants to accept less than satisfactory solutions or to pretext lack of time. Some proposed that a hierarchy of obstacles be established and that these obstacles then be eliminated one by one.

22. Some participants noted that the impact of the Uruguay Round would be most far-reaching for the small and poor nations. So far little progress had been made in the market access groups in areas of interest to developing countries, nor had the development dimension been adequately taken into account in the rule-making and new areas. It was imperative to agree now on the precise timing and modalities for the evaluation called for in the final paragraph of Part I of the Punta del Este Declaration, the clear intent of that paragraph being that the evaluation be carried out in time to identify and correct imbalances in order to ensure effective application of differential and more favourable treatment for developing countries. Some proposed that this evaluation take place in a GNG meeting in October; Ministers would need to have the results of the evaluation before them when they met to take final decisions. Some noted that this evaluation would be a difficult and delicate task. However, it was essential to ensure that the less developed contracting parties were committed to the final package; they attached major importance to this as they counted on consensus, i.e. agreement of all participants, as the general rule for adoption of the final results of the Round.

23. Some participants stated that improvements in market access were indispensable to the success of the Round, and all the more so for countries seeking to open their economies to competition. Some saw liberalization in this area as a gauge of the seriousness of developed countries in taking developing country interests into account and as an incentive to developing countries for full participation in the negotiations as a whole. Some expressed concern at the imbalance of the negotiations; they noted a disproportion between requests and offers being presented to developing countries and that some modest requests by the latter had so far met with no response. Furthermore, developed countries continued to attach conditions to their offers. Some restated their willingness to make contributions commensurate with their development, financial and trade needs, while others underscored the growing pressures on less-developed countries to undertake new obligations inconsistent with their level of development. Some were concerned that developing countries could, as a consequence of the negotiations, suffer losses in the preferential margins currently enjoyed. Some participants recalled that they had undertaken autonomous liberalization measures, others that they had made, or in some cases already implemented, major conditional offers; they sought recognition for such moves. Some participants stressed that the negotiations should be carried out in accordance with the mandates of the negotiating groups, without exclusion of any product sector; all participants should be allowed to address their legitimate concerns in any sector, and, where necessary, initial offers should be expanded to cover all sectors. Some were concerned that offers were being made that excluded major products of interest to the developing countries. Others noted a lack of progress on fishery and wood products. Some participants stated that offers on agricultural products were premature as long as the course of the negotiations in the Negotiating Group on Agriculture was not set. Some thought that it was time to end the polemics on modalities and for each participant to make an offer aimed at meeting the targets set in the Mid-term Review. Some advocated a formula approach for the reduction of tariffs and elimination of non-tariff measures. Some pointed out that the lack of transparency in the access negotiations, as well as the bilateral approaches employed, made it difficult for individual contracting parties, particularly developing countries, to form an overall perspective on the progress of the negotiations. Moreover, the capacity of many participants to assess the overall balance of benefits in this area would be seriously affected if last minute exchanges of concessions replaced a more orderly and coherent pace of work; time would be needed to make this assessment. Some participants noted that others were ready to share in the benefits without making contributions, even in the form of bindings; those engaging in serious bilateral negotiations could not be expected to offer major concessions to participants who were less forthcoming.

24. In the specific area of tariffs, some participants urged those who had not submitted any proposals, or who had submitted proposals that did not match their capabilities, at least to offer extensive bindings. Some noted that the overall trade-weighted average tariff reductions in the initial offers was less than half the goal set at Mid-term Review. Some recalled that they had made offers covering all sectors and that they looked for similar offers from others. Others said that their offers were conditional

on the improvement of offers made to them. Some noted that the concessions they could make were limited by the fiscal implications thereof. Some stated that the efforts being made by small and medium-sized countries to open up their economies and participate actively in the multilateral trading system by making major offers to reduce and bind tariffs had not yet been recompensed. Some noted that the average level of m.f.n. tariffs on products of interest to developing countries were higher than the overall level, a situation they expected to be redressed in this Round. Some participants said that they were prepared to make additional proposals to reduce tariffs and increase bindings; their final contributions would, however, depend on the overall balance of the negotiations, including the security of concessions against discriminatory actions that could offset the effects of liberalization. It was important for this reason that the result of the market access negotiations benefit all countries. Some stated that offers should not be made contingent on widespread adoption of sectoral approaches. One participant recalled that his country's initial offer should be seen also in the context of the renegotiation of its Protocol of Accession.

25. Some participants, referring to the negotiations on rules of origin, supported a harmonization of rules, the elaboration of dispute settlement procedures and the establishment of a committee within GATT, whose terms of reference would need to be defined. Some hoped that the same degree of attention would be devoted to the elimination of other non-tariff measures as was being given to rules of origin and preshipment inspection.

26. Some participants stressed the need for fulfilling the mandate of achieving the fullest liberalization of trade in natural resource-based products. They were concerned at the lack of progress in this area and said that they were being confronted with issues like access to supply and resources, the role of government in natural resource management and environmental concerns, none of which were in the Punta del Este mandate; they opposed the idea of bringing these issues into the GATT. Some noted that their own contributions in the market access negotiations were conditioned by progress in this specific area.

27. Some participants considered liberalization of trade in tropical products as a priority and regretted that there had been little progress in this area since the Mid-term Review. Some were particularly concerned by the linkage being made between progress in this and other negotiating areas, despite the special status given to this sector in the Punta del Este Declaration. One participant recalled that his country had made a new offer and was looking into what it could do further.

28. Some participants stated that a successful outcome of the Round was inconceivable without a satisfactory result in the negotiations on textiles and clothing; this was one of the keys to the integration of the developing countries into the multilateral system. Some expressed disquiet at the failure to agree on the modalities to phase out MFA restrictions and integrate this sector in the GATT. Some stated that the political will of the major importers was lacking. Some were concerned that the insistence of some participants on a global quota approach had brought the



negotiations to a virtual standstill. Some noted that another proposal also contained many disquieting features, which were tantamount to perpetuating bilateral restrictions and would complicate the integration process. Some participants stated that it was necessary to have a single modality, and some stressed that the approach to phasing out restrictions must be MFA-based. Some underlined the need for precise procedures for the phase-out. Some stated that the transitional period should clearly reflect a move from bilateralism to full integration in the GATT system. Some participants noted that, in the absence of agreement on modalities, integration period and growth rates, it was difficult to make provisions for transitional safeguards. Some stated that the concerns of new entrants would need to be taken into account. Some stressed that no linkages should be made with other areas of the negotiations; developing countries could not be called upon to make reciprocal concessions for the elimination of an import regime maintained in derogation of GATT rules.

29. Some participants stated that the success of the Uruguay Round depended on significant results being achieved in the area of agriculture. Some noted that the lack of meaningful progress was due to the intransigence of certain major players. Some said that it was no longer acceptable for one country or group of countries to be able, unilaterally, to alter the prices of commodities. Some felt that contributions to the reform process should be proportional to the country's rôle in the present state of affairs. Some participants indicated their willingness to make the decisions and accept the obligations necessary to achieve fundamental reform. Some said that they looked for a fair and market-oriented trading system in agriculture, which reflected its special nature, non-commercial policy objectives and different conditions in different countries. Some stressed that reform should encompass all product sectors; to leave out sensitive products would create even greater distortions. Some participants thought that negotiated commitments should be laid down in the form of new or adjusted rules and disciplines; others noted that rapid progress was required on formulating rules, so that concrete negotiations could be entered into as soon as the country lists on internal support, border protection and export competition had been established. Some stated that it was essential that all parties submit comprehensive country lists not later than 1 October; any attempt to create slippage in that date or to avoid commitments to provide the necessary information would be interpreted as an attempt to sabotage the entire Round. Some regarded these lists as an inventory of support and protection, and not as binding offer lists or as in any way prejudging commitments still to be negotiated. Some indicated their willingness to submit their lists, but that it would be difficult without clear agreement on the framework of the negotiations. Others indicated that they would have difficulty in meeting the 1 October deadline and urged flexibility for developing countries. Some participants underlined the need for reform, in the form of policy-specific commitments, in all four key areas - internal support, access to markets, export competition, sanitary and phytosanitary regulations. On internal support, some sought a clear definition of trade-distorting measures, and a reporting process for measures excluded from the commitment to reduce, as well as for residual measures; they reserved the right to revert to the criteria on non-trade concerns and to the review mechanism (paragraph 10 of

the Chairman's text); paragraph 6 of the Chairman's text was understood to allow the presentation of a country's specific concerns. Some noted that the internal support policies proposed to be permitted were policies that could only be implemented by industrial nations. In relation to border protection, some participants saw tariffication as only one approach among others; reduction in production volume of certain commodities should be recognized, and Article XI:2(c) of the General Agreement should be allowed to be operationally more effective. Some participants stressed the need for elimination of export subsidies. Some said that this elimination should be achieved through direct measures and not be assumed to result from other reforms; they rejected the concept of rebalancing as it would tend to cancel the benefits of liberalization. Some participants thought that the concept of "aggregate measurement of support" needed to be refined, while others sought agreement on it being used as proposed in the Chairman's text. Some looked for a strengthening of Article XI of the General Agreement. Some participants sought appropriate guidelines for dealing with specific situations. Some felt that the Chairman's text did not reflect the balance of interests. In particular, some noted a dilution of the understanding reached at the Mid-term Review that assistance to encourage agriculture and rural development was an integral part of the development programmes of developing countries. The principle of differential and more favourable treatment for developing countries should be taken into account in all four areas of the negotiation, reflecting the need of developing countries to take appropriate measures relating to food adequacy, agricultural development and poverty alleviation. Some suggested that a generous interpretation be given to the flexibility to be accorded to developing countries (paragraphs 11 and 15 of the Chairman's text). Some proposed that developing countries be exempted from undertaking any obligations so long as their policies did not create structural surpluses. Some stated that, in order to ensure mutual advantage and increased benefits to all, net food-importing developing countries would need operationally effective measures to offset the price increases that would result from the process of reform. Some participants noted that the absence of multilateral disciplines and real progress on market access would limit their ability to contribute to the process of reform in agriculture. Some recalled the statement by Cairns Group Ministers that the Round could not and would not conclude, in whole or in part, without a substantial outcome on agriculture. Some welcomed the agreement just reached to use the Chairman's text as a means of intensifying the negotiations.

30. Turning to rule-making aspects of the negotiations, some participants underscored the need for strengthened rules and disciplines in order to curb the threats to multilateralism, redress the main imbalances and distortions in international trade and guarantee the results of the negotiations. Some stated that a global approach was necessary to extend GATT rules to all areas of trade and eliminate grey areas; linkages between and within negotiating groups should not be allowed to block the negotiations. Some said that the rules should be applicable to all participants and all products, while others stressed that this meant that they should meet also the concerns of smaller nations. Some participants expressed concern at the rigid positions in favour of selectivity adopted by some others. Some stressed that the existing balance of rights and

obligations should not be disturbed; any measures taking away benefits would be unacceptable. Some participants stated that it was not sufficient to address only the application of remedies without concurrent agreement on strengthened and increased disciplines. Some said that the pick-and-choose approach adopted by some participants ignored the delicate balance within and among negotiating areas and that refusal to negotiate improvements in some areas called into question improvements in others. Some did not want to see the negotiations result in Tokyo Round-type codes that introduced imbalances in rights and obligations. With respect to individual issues, some participants noted that the position of small countries in tariff negotiations should be made more equitable; others wished to ensure that the formation or enlargement of regional arrangements did not result in adverse effects on third countries; yet others said that the General Agreement should be transformed into a permanent and effective set of multilateral rules by the renouncement of the Protocol of Provisional Application and the full integration of the General Agreement into domestic legislation.

31. Some participants thought that efforts to tighten recourse to Article XVIII:B, at a time when developing countries were undergoing painful structural adjustment, were both dubious and unnecessary. The answer to recourse to this provision lay in increased market access for export products of countries with balance-of-payments difficulties, the integration into GATT of excluded sectors, an end to measures not in conformity with GATT, and the correction of imbalances in the areas of subsidies, anti-dumping and countervailing. Some stated that they would resist any attempt to change the balance-of-payments provisions, as this would upset the balance of rights and obligations assumed by developing countries under the General Agreement. Some said that the balance-of-payments situation of a country must remain the basic yard-stick for its invocation of the provisions. Some thought that the only real problem in this area was one of transparency and this could be solved within the existing rules. Some stressed that it was important to retain the present flexibility, especially in the face of the major structural reforms being implemented by the countries concerned. Some participants were not convinced that Article XVIII:B was open to other interpretations than that in the 1979 Declaration on Trade Measures Taken for Balance-of-Payments Purposes. While some participants stressed that no linkages should be made with the negotiations on textiles and agriculture, others stated that the continued disagreement over the need to amend the balance-of-payments provisions called into question improvements in other rule-making areas; the proposals made were modest and intended to clarify the balance-of-payments provisions.

32. Some participants felt that the Chairman's text on anti-dumping was unbalanced; it did not address the elimination of the use of actions for harassment or protectionist purposes; on the contrary, it expanded their scope into areas of circumvention, recurrent injurious dumping and repeat corporate dumping; thus, they could not accept the text as a basis for

negotiation. Some called for strengthened rules on the calculation of margins and the determination of injury and rejected the concept of presumption of injury. Some sought improved procedures for the initiation and conduct of investigations in terms of the threshold for initiation, the standards for determining normal value and making comparisons with export prices, the rules for injury determination, and narrow definitions of "like product" and "domestic industry". Some expressed concern at proposals to introduce retroactivity provisions. Some participants stated that strengthened disciplines were a prerequisite for addressing new issues. Some stressed that circumvention and repeat dumping strained the current rules.

33. Some participants noted that a satisfactory outcome in the area of safeguards was essential to the overall Uruguay Round package, all the more so now that agriculture and textiles were being brought into the GATT. Some stressed the need for a comprehensive, m.f.n.-based agreement which banned grey-area measures, together with the phasing-out of existing grey-area measures or their being brought into conformity with the General Agreement; any other outcome could invalidate other results of the negotiations. They were opposed to the use of any form of selectivity, even in exceptional circumstances. Participants variously called for the following provisions to be elaborated: clear terms for the legitimate use of measures to assist in the recovery of industries affected by substantial and sharp increases in competitive imports; a limitation in time and degressivity for the use of safeguard measures; adjustment assistance measures to be allowed as an option. Some participants stressed that the rules should clearly commit all countries faced with emergency situations arising out of fair trade.

34. Some participants stated that clear-cut countervailing duty rules were crucial to a fair and predictable trading system. Some said that they should allow for the use of fair duties to protect against material injury caused by subsidization and for procedures which did not themselves constitute a barrier to trade; they should include an effective dispute settlement mechanism and flexibility in the implementation of social and economic policies, taking into account the stage of development of different countries. Some participants felt that it was not possible to address the problems in the area of countervailing actions without an expansion in disciplines, including stricter rules for domestic subsidies. Others were concerned that expanding the scope of countervailable subsidies to cover also domestic subsidies would make recourse to countervailing duty actions for trade protection and harassment even easier. Some called for universality in subsidy provisions and balance in the list of permitted measures. Some said that the list was too restrictive and limited the possibilities for facilitating structural adjustment. Some participants said that structural adjustment assistance should not be considered an unfair trade practice. Some felt that the proposed extension of the list of prohibited subsidies could be specially burdensome to smaller, export-oriented economies. Some participants stressed that future rules on subsidies would need to take into account the needs of developing

countries, if more countries were to be able to accept the Agreement. Some stated that measures to promote or enhance investment for the social and economic development of developing countries, including in some cases domestic subsidies, should be permitted; modest subsidy programmes were not trade-distortive. Some noted a failure to distinguish between unfair advantage and legitimate development needs. Some participants viewed with concern the proposals being made to delete Article 14 of the Subsidies Code relating to more favourable treatment for developing countries.

35. With respect to the new areas, some participants said that the final outcome would need to be based on an appropriate interpretation of what the task had been in the first place; the Punta del Este mandate should be respected. Some stated that, to ensure widest possible participation in the outcome and not perpetuate existing imbalances, explicit recognition should be given to the development dimension. Some felt that the potential advantages to be gained by the developing countries were not easy to perceive. Some expressed concern about the repercussions of a link between the new areas and institutionalized retaliatory practices which were part of the dispute settlement procedures. Some stressed that old failures in agriculture, textiles and safeguards would need to be remedied if agreement were to be secured in the new areas.

36. Some participants expressed concern at the ever widening scope of proposals being made in the TRIPS negotiations. Some stressed the need to ensure an appropriate balance between the protection of intellectual property rights and the right of countries to legislate for their economic, social and technological development. Some said that norms, standards and enforcement measures should remain in the realm of national legislation, while others wanted to see these included in the negotiated rules. Some stressed that any negotiated norms and standards should take into account the development, technological and public interest objectives of developing countries; a lack of flexibility would prevent such countries from participating fully in the multilateral system, and it should not be expected that all adopt the highest norms and standards of the industrialized countries. Some warned against an agreement on TRIPS becoming a barrier to industrialization and the acquisition of new technologies. Some said that any outcome on norms and standards should stand on its own and not seek to amend or replace some of the provisions of existing conventions. Some participants stated that an adequate transition period should be allowed for, in particular for the introduction of product patentability, but that transitional arrangements were not a substitute for incorporating the development dimension. Some underlined the need for multilateral dispute settlement procedures. Some participants, while supporting multilateral actions to strengthen the protection of intellectual property rights, said that it was necessary to establish a balance of rights and obligations between intellectual property right holders, users and public interest, and that due account should be taken of existing international agreements. While some participants wished to see a comprehensive agreement implemented as an integral part of the

General Agreement, others noted that the substantive aspects of protection of intellectual property rights went beyond pure trade concerns; they argued against integrating an international system for the protection of these rights, which was within the competence of other international bodies and of national legislation, into a system for promoting free trade based on non-discrimination. Therefore, they argued for having two final agreements, one in the framework of GATT on border measures relating to counterfeit and pirated goods, and one relating to intellectual property rights and their application. Where this latter would be lodged would be decided by Ministers in Brussels, in the light of the results obtained and taking into account the competence of other international organisations in this field.

37. Some participants said that the objective of the negotiations on TRIMS was not to address investment measures themselves, but to formulate disciplines to deal with the possible adverse trade effects of certain measures. Some said that attention should be concentrated on those measures which could be considered to be trade-related. Some said that it was necessary to continue the process of identification of direct and negative effects on the basis of existing GATT obligations. Some participants noted that trade effects were a by-product of certain investment measures, including investment performance requirements, used to diversify the pattern of production and trade, increase export earnings, stimulate import demand, encourage the transfer of technology, or redress the balance of payments; such measures should not be prohibited. Some expressed concern at attempts in other negotiating groups to prohibit investment measures that would be allowable in the context of the TRIMS negotiations. Some participants noted that a number of trade-related investment measures were already prohibited under the GATT; the negotiations should aim to ensure respect for current GATT rules and provide clear and effective disciplines on measures that were not already dealt with adequately. Some underlined the need for transitional arrangements for countries reshaping their economic system.

38. Some participants welcomed the growing awareness of the need to abide by GATT dispute settlement rules and procedures, refrain from unilateral measures, and adapt domestic trade legislation and enforcement procedures so as to ensure conformity with GATT procedures; they said that this should be translated into a firm commitment in the final package. Some said that a credible dispute settlement mechanism was essential to the effective functioning of the multilateral trading system and for putting a stop to unilateralist tendencies. Some noted that improvements in the GATT dispute settlement system had already been implemented after the Mid-term Review and any further change should be gradual. While some participants expressed doubts about the merits of introducing an appeal mechanism into the procedures, others felt that this would contribute to strengthening them. Some participants stressed that it was not possible to improve dispute settlement while GATT rules remained vague and procedural blockages were permitted to continue.

39. Some participants noted that there was a need for greater coherence of trade, financial and monetary policies, both domestically and internationally, and for institutionalized cooperation between GATT, the IMF and the World Bank. Others stressed that institutional issues should not be used to establish cross linkages, but to provide more efficient assistance to developing countries in the process of structural adjustment.

40. Some participants noted that the Chairman of the GNS had submitted the draft agreement on his own responsibility; it had not been accepted by the negotiating group. Some drew attention to the fact that the entire text was subject to further consideration. Some said that they had participated in the elaboration of the draft framework agreement on the understanding that it would reflect an overall balance of interests. However, lack of agreement on a number of issues, including coverage, put progress in jeopardy. Some stated that the coverage of the agreement should extend to all services sectors. Some noted an imbalance in the treatment of factors of production, and some stressed that the movement of labour should be included. Some thought it would be necessary to spell out the various forms of delivering services. Others thought that government procurement should also be covered, notwithstanding the negotiations on the GATT Code. Some participants noted that the Mid-term Review decision allowed that certain sectors be excluded in whole or in part due to certain overriding considerations. While some participants stated that market access and national treatment obligations should be undertaken on the basis of negative lists of reservations, others favoured positive lists of commitments, and yet others thought it should be possible to allow for both. Some participants cautioned against adopting approaches that would invite parties to establish more reservations than they would otherwise have thought to make. Some felt that the sectoral negotiations should lead to sectoral annotations that would facilitate the application of the agreement and not to exclusions or derogations that detracted from its multilateral character. Some participants were concerned that disagreements on coverage could prejudice the opportunity to negotiate initial undertakings in this Round, as foreseen in the Mid-term Review. Some stated that the acceptability of the framework rested on the realization of initial commitments, while others said that it was necessary to establish the framework before engaging in an exchange of concessions. Some stressed that the agreements should include an automatic and unconditional MFN clause. Some sought the inclusion of multilateral procedures for emergency safeguard measures. Some noted that, to ensure the widest possible participation in the negotiation and in its outcome, there should be full recognition of the development dimension in the framework agreement. Developing countries should retain the right to regulate services in accordance with their level of development. Provision should be made for them to develop their own services sector, increase their export capacity and improve their competitiveness, and for assuring market access in developed countries. Moreover, measures undertaken by developing countries to these ends should not be subject to prior agreement by other parties. The need of developing countries to have recourse to balance-of-payments measures should be recognized. Some participants

stated that developing countries could not be expected to undertake obligations in a general framework on the mere hope of finding their concerns adequately addressed in succeeding negotiations. Some noted that, due to their level of development, some countries were unlikely to benefit much from liberalization of services trade. Some participants stated that there should be progressive liberalization, coupled with some temporary preferential treatment of domestic service providers. Some had difficulty with the concept of equality of competitive opportunities in the negotiation of commitments. Some participants stressed that transparency should not only be a general obligation in the framework agreement, but that the Punta del Este mandate stipulated that the negotiations themselves be conducted in a transparent manner, so as to ensure that the final result was acceptable and beneficial to all. Some said that the proposal for notification of all new laws and measures which affected trade in services was excessively burdensome. Some participants noted that urgent attention needed to be given to elaborating provisions under parts V and VI of the draft text.

41. Some participants noted that the standstill and rollback commitments were still not being fully implemented. Others welcomed the unilateral rollback actions undertaken by some others.

42. Some participants underscored the need for a successful outcome to the negotiations in fulfilment of all the goals of the Uruguay Round and noted that failure would call into doubt the multilateral system. Some welcomed the political commitment of participants to the success of the negotiations and stated that what was now needed to meet the final challenge was a real spirit of compromise. Some participants regretted that not very much had yet been done following the expression, at the recent Houston meeting, of determination to make the necessary political decisions to achieve far-reaching results in all areas. Some emphasized the need for leadership by the major participants in order to ensure a successful outcome to the Round, while others noted that it was necessary for all participants to show the political will to make the necessary efforts and sacrifices to achieve a really significant success. Some hoped that this TNC meeting would lead to a renewed commitment by all participants and warned against reduced ambitions as time ran out; a tight work schedule should be established for the autumn. Some thought it might be necessary, at some stage, to change the organizational structure of the negotiations to deal with all issues in a comprehensive manner, as it would be necessary to identify and take into account the real ties between different subjects of the negotiations. Others suggested that, as of September, chief negotiators remain in Geneva and provisions be made for the TNC to be on call to deal with blockages as they occurred and in continuous session from mid-October. Some cautioned, however, that the work of the individual negotiating groups should be allowed to continue for the time being. Some thought that it would be necessary to have in each negotiating group, by the end of October, a draft text with a minimum of square brackets and that participants should, therefore, be prepared, in early autumn, to deal with the major blockages identified at this meeting of the TNC. Some stated that the Chairman of the TNC should be able to follow progress in the



negotiating groups day by day and to intervene in any way he might judge appropriate, so that he would finally be in a position to draw up the overall document to be presented to Ministers, a document which must be both simple and clear. Some participants said that it was essential to ensure balance and increased transparency in the final stages of the negotiations, to adhere to the basic objectives and negotiating mandates, and to ensure that the interests of all were taken into consideration. Some noted that a successful outcome to the Uruguay Round would depend on enlarging the convergences of interest between developed and developing countries. Some stated that this would require that some of the more important players demonstrate a greater degree of sensitivity to the interests of developing countries and not seek to achieve non-trade specific or non-trade related objectives that were not part of the mandate of the negotiations. Others noted that those participants who wished the Round to succeed would need to return in the autumn with the mandate and flexibility to make the necessary policy-specific commitments in all areas of the negotiations, and requested the others not to stand in the way of progress.

43. Speaking on behalf of developing countries, the representative of Brazil stated that these countries wished to express their frustration and disappointment at the lack of substantive results at the present meeting of the TNC, in contrast with the high levels of expectation which had been created prior to the meeting. This would only aggravate the serious difficulties already created by the scarcity of time left for arriving at meaningful agreements. Developing countries could not accept any responsibility for the lack of progress at this session of the TNC. With considerable effort they had brought delegations from capitals and had been ready to negotiate. They had, however, been confronted by the lack of political will on the part of the major participants to tackle substantive problems in key areas of the negotiations, such as agriculture and textiles. Developing countries wished to reaffirm their readiness to negotiate constructively and with a sense of urgency in order to reach acceptable solutions to the imbalances currently impeding progress in the Round, while preserving the necessary transparency, full participation and respect for established mandates in each area. Developing countries would reject, however, any attempt to impose upon them a pre-negotiated package agreed only by a few. It was with profound concern that developing countries found themselves compelled to declare that, if the current situation was not changed soon, the Uruguay Round would be in serious jeopardy as a result of the lack of political will of the major participants.

44. The representative of Uruguay endorsed the statement made on behalf of the countries of Latin America and the Caribbean (MTN.TNC/W/22) and agreed with the statements of other developing country participants reflected in this note. He recalled that the countries of Latin America and the Caribbean had agreed to carry out an evaluation of the progress and results obtained in the negotiations. In view of the time-table being outlined for

the period to the end of November, he stressed the key importance these participants attached to the evaluation they would carry out of the results offered to them by the Round. There was no alternative to substantial results, fully consistent with the Punta del Este Declaration and achieved through a transparent process based on a consensus of all participants. These results would commit contracting parties to a fairer and more equitable trading system in which there was no place for codes establishing trading systems of different levels and which, therefore, was not in keeping with the very basis for the existence of the Uruguay Round and the GATT, the principle of multilateralism. Mutual trust and the credibility of participants were essential, all the more so given the complexity and importance of the issues, which created special obligations in this respect. He was confident that all participants would live up to this requirement. He attached the utmost importance not only to transparency but also to scrupulous observance of the proper procedures. A basic principle of international law was that all parties needed to participate equally in any multilateral negotiation to ensure that the results received unanimous approval. Any other approach would be counter-productive and tend towards the legal absurdity of claiming to commit to the results those who had not participated in their elaboration. All would lose if the negotiations failed to achieve their objective of a fairer and more balanced multilateral trading system. It would be regrettable and counter-productive for the other participants in the Round to underestimate this evaluation and see it as a formality. Nothing could be further from the truth. They had clearly stated that their countries' decision on whether or not to accept this Round would depend on the outcome of that stock-taking exercise. They would attach particular importance to progress in the areas of market access and agriculture. He cautioned that a reduction in the level of undertakings established in the Punta del Este Declaration would threaten the delicate balance of rights and obligations built up in GATT over the years. The Punta del Este objectives with regard to access were such that, as far as the developing countries were concerned, any undermining of them would bring immediate consequences in areas such as the new subjects, where they would be obliged to limit their support very significantly. A set of limited or partial results, especially if they did not correspond to the most important objectives for their countries, would therefore be totally unacceptable. His country was prepared to continue making its contribution towards achieving results that were satisfactory to all.

45. Summing up,<sup>1</sup> the Chairman made the following statement on his own responsibility:

46. "In four months from now, Ministers will join our negotiating process for the third time. Their purpose in coming to Brussels will be to approve the final package of results of the Uruguay Round.

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<sup>1</sup>Already circulated as MTN.TNC/15

47. Will we be ready at that time to put forward the comprehensive and ambitious set of decisions that the Punta del Este Declaration calls for? Or in other words, with only 15 working weeks to go and taking into account the stage reached today in our preparations, can we make it?

48. This is the question that we have to put to ourselves and which in any case is put to us by all those around the world who depend so much on the success of our endeavours.

49. I have noted a collective expression of determination to succeed with these negotiations, both in terms of meeting the deadline and in terms of keeping with our high level of ambition in respect of the package.

50. At the same time, however, I cannot but underline the very deep sense of concern which has emerged from the TNC's thorough examination of the negotiating group reports. First, let me say about the profiles that many represent a compendium of positions, rather than draft agreements. Second, and this flows from the first, it is clear that we are collectively behind schedule. This has been accepted by all of you and all of you have asked for an intensification of the negotiating process in the final phase.

51. The profiles have indeed helped our negotiations to move forward. They have forced negotiators to focus on concrete options, on issues that need to be resolved and perhaps on potential meeting points. If, in spite of the good work done by the chairmen and by the participants in the negotiations, these profiles have not succeeded in doing more, this is for two reasons.

52. The first is the absence of new instructions from a number of capitals in key areas of the Round on the adjustment in positions that are needed in order that divergent interests are reconciled.

53. The second is the phenomenon of linkages within and among subjects which arise from the Uruguay Round being one single undertaking. Linkages can, and should be used positively to push the whole process forward. Unfortunately, up until now, they have been used negatively with negotiators largely playing hide-and-seek with each other and not revealing their hand.

54. We have now to move to the stage of reaching agreements on the substantive issues. Participants must now concentrate on their essential requirements in each area and identify the adjustments they must make to reach optimal solutions. To be able to do this, we must identify the issues at stake. What then are the major issues?

55. In the access negotiations, all participants should improve the quality of their offers on tariffs and non-tariff measures as soon as possible and should from the end of August intensify their bilateral negotiations in order to create the conditions necessary to reach the level of ambition set by Ministers. The process of tabling specific tariff and non-tariff offers on all product sectors must be completed by 15 October 1990. In order to reduce uncertainties as to where offers

should be discussed, the Negotiating Groups on Tariffs, Non-Tariff Measures, Natural Resource-Based Products and Tropical Products should hold joint meetings.

56. Tropical products have been singled out in the Punta del Este Declaration as a priority area of negotiations. Progress in this area has, however, been linked by some participants to developments in the other access groups and in agriculture. The process of improving offers on tropical products would greatly be facilitated by early submission of country lists in agriculture.

57. The Drafting Groups on Rules of Origin and Preshipment Inspection should identify possible compromise solutions before 15 October 1990.

58. With respect to textiles and clothing, the major issue impeding progress in this area clearly is the choice of a single modality by which the integration of textiles and clothing sectors into GATT will be carried out. National positions on the modalities question therefore need to be reviewed, and a decision taken, as a matter of urgency. Even when the modality is determined, there will be other difficult questions still to be settled. I have noted the very wide support in the TNC for a modality based on the MFA.

59. On agriculture, it has been agreed that the de Zeeuw text is a means to intensify the negotiations. Negotiators on agriculture are well aware of the purport of this decision and I can confidently look forward to an acceleration of negotiations on this basis. All participants should be fully prepared to engage in this process and country lists should be submitted at the earliest possible date. Participants are urged not to hold back the submission of these lists until the deadline of 1 October, but to table these and their specific offers as soon as they are ready. In any event, offers must be submitted by 15 October 1990. It is indispensable that participants be given the additional flexibility needed for negotiations to move ahead rapidly both in the field of commitments and in the field of new GATT rules.

60. The Group on GATT Articles has made encouraging progress in a number of areas. On one outstanding issue - the proposal that negotiations should be engaged on the use of measures taken for balance-of-payments purposes - there is no sign of a meeting of minds. Participants should decide without delay whether or not they are to engage in a process of negotiation on this subject.

61. As regards MTN Agreements and Arrangements, negotiations are proceeding on the basis of specific texts in four areas (Customs Valuation, Government Procurement, Technical Barriers to Trade and Import Licensing Procedures). Detailed negotiations on a fifth area, that of Anti-Dumping, should begin in early September. These negotiations will have to take into account, on the one hand, the position of some participants that the disciplines on the use of anti-dumping duties should be improved and, on the other, the position of some participants that additional provisions are needed to ensure the effectiveness of anti-dumping measures. A new text will be drawn up to facilitate the process.

62. The single most critical issue in the area of safeguards is whether or not Article XIX actions should be permitted on a selective basis. Here it seems to me the onus is on delegations proposing the selective application of safeguard measures to demonstrate that this would strengthen the GATT system and to specify the exceptional circumstances which would in their view justify selective action. Another issue relates to the treatment of "grey-area" measures, seen by some participants as also being related to anti-dumping and countervailing duties. Participants need to make more concrete proposals for dealing with this issue. Consideration should be given to the suggestion that any contracting party which considers itself affected, directly or indirectly, by "grey-area" measures should invoke the dispute settlement procedures in order to establish whether these measures are in conformity with GATT provisions.

63. For subsidies and countervailing measures, it is clear that early progress on the basis of a revised version of the Chairman's text is necessary and that a solution in this area will require improved disciplines not only on the use of subsidies but also of countervailing duties.

64. Given the complexity of the subject of Trade-Related Aspects of Intellectual Property Rights, including Trade in Counterfeit Goods, and the number of outstanding points, this is one of the subjects on which the pressure of time is most acute. The flexibility required of all participants must include readiness to envisage changes in their national legislation.

65. The main substantive issues relating to Trade-Related Investment Measures include what the present obligations of contracting parties are in this area, how development considerations should be taken into account, and what new disciplines should apply to TRIMs that cannot be related to GATT Articles. It is necessary that these issues be resolved quickly so that negotiations can proceed on the basis of a single text.

66. The remaining issues in the area of dispute settlement have been identified. A draft text of an agreement which brings together the various improvements in the procedures should be established no later than the month of September 1990.

67. Participants in the negotiations on functioning of the GATT system will need to take appropriate decisions on proposals for the establishment of a small Ministerial group in the GATT and the strengthening of GATT's relationship with the IMF and the World Bank, as well as on the general issue of policy coherence, and the future rôle of the GATT and its secretariat.

68. With respect to trade in services, the issues requiring decisions at this stage have been identified by the Chairman in his introductory note to the draft Framework Text (MTN.GNS/35). The vast majority of participants do not favour introducing into the framework the possibility of excluding sectors, in total or in part, from the coverage of the agreement. It is particularly urgent, for the substantive negotiations to proceed, that full

consensus is reached on the coverage of the framework and that the question of the rôle of m.f.n. treatment in the process of liberalization is settled.

69. With regard to standstill and rollback, participants should notify measures which they are prepared to roll back by 15 October. Participants should also be ready to take action on measures which are found to be inconsistent with the GATT only at the end of the negotiations.

70. This is indeed a daunting list and by no means complete. If I have heard one point of complete agreement in this meeting, it is that we must now have a radically changed and more urgent approach to the task before us. I could not agree more. And this is why we need a very clearly defined programme of work for pursuing and concluding these negotiations. I have specific proposals to make.

71. To begin, some essential facts. As I said earlier, Ministers will join us in Brussels in the week of Monday, 3 December. And let me say that Brussels will be totally different from Montreal. In Montreal, we were negotiating work schedules and negotiating agendas for the fifteen subjects and those of you who were there, and, later in Geneva in April last year, will agree that even this limited task proved time-consuming and difficult. In Brussels, Ministers will be asked to adopt legal agreements which will often involve changes in national legislation and, these, almost invariably, in politically sensitive areas. I will say no more.

72. Brussels will, therefore, need very careful preparation. Ideally, we should go there with the Uruguay Round package fully settled and concluded. But experience tells me this may not be realistic. What then is the second best option? It is, in fact, the only one available to us; namely to reduce, to the barest minimum, the number of policy decisions to be taken at Brussels. This means that the great bulk of the issues which are still open must be settled in Geneva.

73. How does this overall perception translate into a work programme? Let me use our Brussels mile-stone and work backwards.

74. To provide time for Ministers to prepare for the meeting, it is clear that documents will have to be ready in three languages by Friday, 23 November, at the latest. The evaluation by the GNG of results attained in the negotiations foreseen in Section G of the Punta del Este Declaration should take place early in November.

75. The pressure of time is, therefore, even greater than many of us would have thought.

76. To achieve the rapid breakthroughs that are needed in key negotiating areas, I propose therefore that from the last week of August to the first week of October, each negotiating group will meet formally and informally to seek to resolve the outstanding issues before them. Any points outstanding should be clearly defined in texts. After this meeting, I shall be distributing a calendar of formal meetings for these groups.

77. In my capacity as Chairman of the TNC at the official level, I will be requesting the Chairman of the negotiating groups to send me at the end of this period their assessments of the situation in their respective groups, in particular the major questions which still need to be settled. It goes without saying that during that period the TNC, meeting informally or formally, could be asked to help to cope with issues unresolved in the groups.

78. From the week of Monday 8 October we will have to consider that we are, de facto, in Brussels. This is the stage of establishing the final agreements. It means that senior officials responsible for the overall conduct of the negotiations must, from then on, be in Geneva with full power to negotiate and conclude agreements on the understanding that nothing is final until everything is final. During that period the focus will be on the TNC which will direct the negotiations with support wherever necessary from the negotiating groups. It will, therefore, also be necessary for all negotiating teams on all subjects to be present in Geneva.

79. During this stage of the work my aim would be to build up agreements on one subject after another and thus move towards a final and complete package.

80. We must never forget that the Uruguay Round is not an end in itself, but a vital element in a profound, difficult but necessary transformation of the world economy. During this meeting we have heard speakers from many countries describing the efforts being made to integrate their economies into the global economy, by opening markets and participation in the multilateral exchange of goods and services. It is obvious that the success of these efforts depends heavily on a successful outcome of the Uruguay Round. But if the countries which are now restructuring their economies towards greater reliance on international trade have a special stake in the Uruguay Round, the stakes are also high for all other countries, no matter how big or small, for which international trade accounts for a growing part of domestic output and demand. The dependence of all of your countries on international trade as a source of growth and development can only increase. It is clear from our discussions this week that all of you feel the need for the Uruguay Round to succeed, because history gives us no other choice. None of us can afford the disruption in the flow of goods, services and investment that failure would entail. You have accepted that success is vital; so now make it happen."

#### VI. Arrangements for future meetings

81. See Chairman's statement above.