

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

RESTRICTED

MTN.TNC/W/30  
6 November 1990

Special Distribution

Trade Negotiations Committee

Original: English

GENEVA MEETING OF CAIRNS GROUP MINISTERS: 5 NOVEMBER 1990

Communiqué

Submitted by Australia on Behalf of the Cairns Group

Ministers and representatives of the Cairns Group (Argentina, Australia, Brazil, Canada, Chile, Colombia, Fiji, Hungary, Indonesia, Malaysia, New Zealand, the Philippines, Thailand and Uruguay) met in Geneva on 5 November 1990.

The meeting was held to assess recent developments and to lay the foundations for future action in the Uruguay Round. In advance of their deliberations, Ministers received a report on the state of the overall negotiations from GATT Director-General, Arthur Dunkel. They also took note of the assessments made by delegations at the 2 November meeting of the Trade Negotiations Committee. Specifically on agriculture, they received a briefing from Negotiating Group Chairman, Aart de Zeeuw.

Ministers concluded that the Uruguay Round negotiations as a whole were now running desperately short of time. Despite efforts at senior official level over recent days, under Director-General Dunkel's auspices, only limited progress had been made and negotiations in several key areas were effectively stalled.

Ministers concluded, moreover, that the agriculture negotiations were in a state of crisis. There had been no effective engagement on agriculture since the July Trade Negotiations Committee meeting. Positions were far apart, with only 28 days remaining before the Brussels Ministerial meeting scheduled to conclude the Uruguay Round. Furthermore, lack of any engagement on agriculture was adversely affecting progress in most other areas of the Round including natural resource-based products, textiles, tropical products and other market access negotiating groups.

Ministers stressed that the European Community and its member States bore the responsibility for this crisis. Other key delegations, including the developed and developing countries of the Cairns Group, had submitted their offers in accordance with the framework proposed by Mr. de Zeeuw, by the due date of 15 October. Although three weeks had since elapsed, the Community had still tabled neither an offer nor the information required to allow negotiations to proceed.

Ministers considered that by this lack of action, the Community showed total disregard for undertakings given in the Punta del Este Declaration which launched the Uruguay Round in 1986, the Mid-Term Review Agreement of April 1989 and the July 1990 agreement to put offers on the table by 15 October.

Cairns Ministers also recalled that at the Houston Economic Summit, participants had emphasized that they were ready to "exercise the political leadership necessary to ensure the successful outcome of these negotiations". Ministers thus called upon the European Community to recognize that given the central importance of agricultural reform, further procrastination will put the whole endeavour of the Uruguay Round and consequently the multilateral trading system at serious risk. They should recognize as well that if the Round fails, it is the EC which must shoulder the blame.

Cairns Group Ministers called upon the Community to table its offer and country list without further delay, so as to allow negotiations on agriculture to proceed and thereby remove the blockage that had been created. It was simply unrealistic for the Community to expect progress to be made elsewhere in the Uruguay Round while it continued to stall on agriculture.

At the same time, Cairns Ministers noted with concern reports that the proposed Community offer might contemplate minimal reductions in internal support levels over the next five years, the absence of any effective opportunity for improved market access and the absence of any specific commitment to reduce export subsidies. Furthermore, Ministers were concerned at reports that Community member States might attach additional requirements, such as rebalancing and increased protection for some products which run counter to the trade liberalizing objective of the Round. The Community would need to demonstrate that its offer did not have a "take it or leave it" character.

Cairns Ministers noted that such an offer would clearly be inconsistent with the de Zeeuw framework for the negotiations and fall far short of the objective, agreed by Ministers at the Mid-Term Review meeting, of achieving "substantial, progressive reductions in agricultural support and protection".

Cairns Ministers indicated that when a Community offer was tabled, their officials would be directed to engage immediately in intensive negotiations to establish whether sufficient flexibility existed to secure the agreed objective of substantial and progressive reductions in support and protection; and whether the Community and others, including Japan and certain EFTA countries, are willing to engage seriously in negotiating specific commitments in the areas of internal support, import access and export subsidies, in addition to pursuing a positive outcome on sanitary and phytosanitary measures, all in accordance with agreed negotiating objectives and commitments, taking into account special and differential treatment for developing countries.

Cairns Ministers consider that, on this basis, it should be clear by mid-November whether the Brussels Ministerial meeting has any prospect of agreeing to a substantial settlement on agriculture along the above lines as part of an overall package to conclude the Uruguay Round. If this is not the case, all participants in the negotiations would need to assess the implications for the further conduct of the Uruguay Round and for the future of the entire multilateral trading system.

In this context, Cairns Ministers recalled the determination they expressed at their meeting in Santiago de Chile in July that the Uruguay Round cannot and will not conclude, in whole or in part, without a substantial outcome on agriculture.

In reaching their conclusions, Cairns Ministers stressed that it was important that all participants recognize what is at stake in this Round outside agriculture. We have the opportunity to revitalize the world trading system - to achieve a further multilateral lowering of industrial tariffs, and the phase-out of non-tariff barriers, and so-called grey-area protection, which have bedevilled the trading system over recent years. We have the opportunity to expand the multilateral framework to cover the fast-growing area of services trade so that world service industries can compete on a fairer, more open and predictable basis.

There is little doubt that failure of this Round will see an unleashing of protectionist forces which have been building up in recent years, particularly in the climate of economic uncertainty which faces the world at this moment. We risk a further breakdown of the multilateral framework, a loss of predictability and stability in trading conditions and a growth of inward-looking trading blocs. While developing countries would suffer greatly from such an outcome, the cost for competitive industries in the industrialized world would be equally enormous. Any wrong signal from the Round at this time would have unforeseeable negative effects on each and every country's economic activity and on overall prospects for a sustained increase in world trade and prosperity.