

MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND

RESTRICTED  
MTN.GNG/25  
19 November 1990  
Special Distribution

Group of Negotiations on Goods (GATT)

GROUP OF NEGOTIATIONS ON GOODS

Eighteenth meeting: 12 November 1990

1. The Group of Negotiations on Goods held its eighteenth meeting on 12 November 1990 under the Chairmanship of the Director-General.
2. The Chairman recalled that the meeting had been convened to conduct the evaluation provided in the last paragraph of section G of the Punta del Este Declaration, which read: "In order to ensure effective application of differential and more favourable treatment the GNG shall, before the formal completion of the negotiations, conduct an evaluation of the results attained therein in terms of the Objectives and the General Principles Governing Negotiations as set out in the Declaration, taking into account all issues of interest to less-developed contracting parties". However, without seeking to prejudge the views of participants it was his impression that it would be very difficult in present conditions to carry out this evaluation; the general state of the negotiations was no more encouraging than it had been on 2 November, when he had given his assessment of the position to heads of delegation in the TNC, and in many areas results were not yet available.
3. The Chairman drew to the attention of the Group two documents which had been circulated recently to the GNG: first, a statement by the ACP countries, Contracting Parties to the GATT and Signatories to the Lome Convention relating to the negotiations on Tropical Products (MTN/GNG/W/24); secondly, a communication from the United States containing a Draft Proposal Covering Steel Trade (MTN.GNG/W/23/Rev.1).
4. The representative of Brazil, speaking on behalf of developing countries, said that in the current state of affairs it was clearly impossible to carry out a detailed assessment of progress in the negotiations in relation to special and differential treatment for developing countries. Developing countries therefore wished to propose that the GNG be reconvened at an appropriate date to carry out the evaluation required by the Punta Del Este Declaration. They would rely on the Chairman to convene such a meeting while there was life left in the negotiations, since there would no point in carrying out a post mortem.
5. Developing countries stood firmly behind the multilateral trading system and wished to see it strengthened and expanded. This was evident in the important policy shifts in these countries directed towards opening their economies and adjusting them to the new trends of the world economy.

However, there had been serious misconceptions on the part of major parties as to how developing countries could integrate further in the world economy. Special and differential treatment meant flexibility to accommodate, in the integration process, the development needs of weaker economies. Thus far this had not happened in the Round.

6. In the market access area developing countries had been expected to provide full reciprocity or even more; in priority areas such as agriculture, textiles, tropical products and natural resource-based products it had been said that more could not be done because of inadequate offers by developing countries. In the rule making area little or no sensitivity had been shown to the need to preserve flexibility in the application of new obligations to developing countries; internal and external difficulties as well as serious imbalances due to the financial crisis and the debt problem required consideration. In the extension of multilateral disciplines to new areas account must be taken, beyond trade aspects, of essential elements of the development strategies and policies of the economies of developing countries; it was therefore indispensable to leave a degree of flexibility for the application of disciplines.

7. Flexibility was not synonymous with total derogation. Developing countries had been working towards the assumption of a higher level of obligation; obtaining more rights implied undertaking more obligations. However this common effort could not be a one way street. Large trading partners must do their share. Developing countries were fully committed to bringing the Round to a successful conclusion and recognised the historical importance of doing so.

8. The representative of Chile, speaking as Vice-Chairman of the Vth Consultation Meeting of SELA on the Uruguay Round, requested that a Declaration adopted by participants at that meeting be circulated in the GNG and TNC. This has been done in MTN.GNG/W/25 and MTN.TNC/W/33.

9. The representative of Cameroon, referring to the Export of Domestically Prohibited Goods and Other Hazardous Substances, which his delegation considered of importance when evaluating the results of the negotiations from the point of view of developing countries, recalled that a number of developing countries from Africa and other regions had proposed, in Punta del Este and Montreal, inclusion of this subject in the programme for negotiations. Unfortunately it had not been possible to decide on this matter, but the Chairman of the Montreal Ministerial meeting, in his concluding statement, had recommended that in view of the importance which some delegations attached to work in this area, the CONTRACTING PARTIES, should take an early decision to examine the action that could be taken in GATT.

10. Pursuant to this recommendation, the CONTRACTING PARTIES had established in July 1989 a Working Group on Export of Domestically Prohibited Goods. As a result of the work done and the intensive negotiations which had taken place during the last one-and-a-half years, it had been possible for the Group to elaborate a draft Decision for which

there appeared to be a broad degree of support. The text of the draft Decision was a much watered down version of the initial African proposal, but, in a spirit of cooperation, his delegation had shown willingness to accept the compromise text. Even though this text seemed to be acceptable to most of the participants at a technical level, there was apprehension that in further discussions in the Working Group some delegations could take the stand that more time would be necessary for completing the work. This would be most unfortunate since it had always been tacitly recognized that work in this area should be finished by the target date for completion of the Uruguay Round.

11. As the Working Group had been established on the recommendation made by the Chairman of the Montreal Ministerial meeting the results of its work, in the form of a draft Decision, should be transmitted to the Brussels meeting for the information of the Ministers. After the Ministers had taken note of the Decision, the CONTRACTING PARTIES could adopt it at their 46th Session. In these circumstances, Cameroon wished to request the Chairman, also in his capacities as Chairman of the TNC and Director-General of GATT, to use his good offices and, if necessary, hold consultations to ensure that the work be completed in this week's meeting of the Working Group.

12. In a statement made on behalf of least developed countries the representative of Bangladesh acknowledged the attention which participants had given to the proposals tabled by the least-developed countries in a number of Negotiating Groups. Some of the concerns of the least developed countries had been taken on board in the Negotiating Groups on Dispute Settlement, Functioning of the GATT System, Subsidies, Safeguards, TRIPS, TRIMS and Services, but not to the full extent that would be desirable. For example, in the areas of TRIPS and TRIMS, only time-bound derogations or transitional arrangements had been provided in favour of the least-developed countries, when in their view these derogations would have to continue as long as their development requirements remained unchanged. The imperatives of their development needs would not allow the least-developed countries to prohibit any of their investment promoting measures and they would have to ensure access to needed technologies through the instrumentality of their national policies and legislations.

13. Similarly, in the framework for Services, special consideration had been given to the difficulties of least-developed countries in accepting liberalisation commitments. But in view of their special economic situation and development, trade and financial needs, and until their domestic service sector became significantly competitive, these countries should not be required to undertake any initial commitments as a condition for becoming a party to the service framework. Any framework agreement or arrangement on trade in services must provide for the unhindered movement or temporary residence of skilled, semi-skilled and unskilled service providers from the least-developed countries in the market of service consumers, as well as for the granting of technical and financial assistance aimed at broadening the production and export capabilities of services in these countries.

14. It should, however, be underlined that the least-developed countries' immediate and priority interest lay in the results of negotiating groups in the access areas as well as in textiles and clothing and agriculture. It was deeply disappointing that no specific measures in favour of these countries had yet emerged in these groups, particularly with regard to the least-developed countries' proposals for the elimination of tariffs and non-tariff barriers on products of export interest to them, including agricultural, tropical and natural resource-based products in their processed and semi-processed forms. However, it was certainly noted that most participants were ready to eliminate immediately all restrictions on exports of textiles and clothing by least-developed countries, and to exempt them from the application of transitional safeguard measures.

15. The least-developed countries had also made out a case for special and flexible rules of origin providing for a lower local content requirement for their exports of semi-processed, processed and manufactured products. This vital concern of the least-developed countries still remained to be adequately addressed in the relevant Negotiating Group.

16. In the negotiations on Agriculture, reforms and new disciplines that have been or would be agreed upon should allow these countries to provide protection, support and assistance, including assistance to export development, in this sector. The least-developed countries which were net food importers were going to be adversely affected at least in the short-term by the reform process in the agricultural sector. They should therefore be assisted to overcome any consequential erosion in their purchasing power of food, by means of adequate food aid in the form of grants and financial and technological assistance for developing their agricultural sector. Special consideration should also be given to the needs of these countries, including technical assistance within the framework of any agreement on sanitary and phytosanitary regulations.

17. Closing his intervention the representative of Bangladesh requested that it should also be considered as a statement to the subsequent meeting of the Trade Negotiations Committee.

18. The representative of Tanzania said that time-bound derogations were an arbitrary arrangement which had little justification in logic or in equity. His delegation did not consider that this could ever be an acceptable way to provide for the special needs of least-developed countries.

19. The representative of the European Communities indicated that the EEC shared some of the opinions which had been expressed by previous speakers. Regarding the question of Export of Domestically Prohibited Goods his delegation would do its best to ensure that interested participants were not disappointed in the results of this work.

20. Closing the meeting the Chairman undertook to convene a meeting of the GNG, to conduct the evaluation described in Part G of the Punta del Este Declaration, at an appropriate time.