

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED
MTN.TNC/17
3 December 1990
Special Distribution

Trade Negotiations Committee

TRADE NEGOTIATIONS COMMITTEE

Thirteenth Meeting: 26 November 1990

1. The Trade Negotiations Committee held its thirteenth meeting, under the chairmanship of Mr. Arthur Dunkel.
2. The Chairman noted that the document to be forwarded to the Ministerial meeting of the TNC in Brussels was now before the Committee (MTN.TNC/W/35). He thanked all those who had contributed to its elaboration, and in particular the chairpersons of the various groups. He stated that this document would be accompanied by the report of the Chairman of the Surveillance Body (MTN.SB/14), by the communications which participants wished to send to the Brussels meeting, and by the present record of the TNC's thirteenth meeting. He noted that document MTN.TNC/W/35 was just one step in an on-going process and merely transmitted to the next meeting of the TNC the state of work done to date. Nothing in the document committed any participant in any formal way.
3. The Chairman stated that formal credentials would not be required for the Brussels meeting. At the end of previous rounds, there had been a Final Act or Procès-Verbal to be signed by participants. However, this was not necessary. His conclusion was that the TNC should adopt a Final Act by consensus, on the banging of the gavel by the Chairman. However, for those participants that wished to make a public expression of their support for the results, the text would be open for initialling in Geneva. This would be a political gesture. The real decision would be taken when Ministers met on the occasion of a Special Session of CONTRACTING PARTIES. The Committee noted this statement.
4. The Chairman said that the organization of work at the Brussels meeting would be based on the procedures of the previous Ministerial meetings in Punta del Este and Montreal. Ministers would make their formal statements in the plenary sessions of the TNC (see MTN.TNC/INF/10, part 6). Negotiations on issues requiring policy decisions would continue in parallel to this. The Chairman of the meeting, Minister Gros Espiell of Uruguay, would be organizing these negotiations. As in the previous Ministerial meetings, informal meetings of Heads of Delegations to the TNC would ensure that all delegations were informed of developments. The first such meeting would be held on Monday, 3 December 1990 at 3 p.m. The evaluation of the results attained in the negotiations, referred to in Part I:G of the Punta del Este Declaration would be carried out in Brussels. The Committee noted this statement.
5. The Committee noted that the five international organizations (IBRD, IMF, UN, UNCTAD and WIPO) that attended the Montreal Mid-Term Meeting would be invited to attend the Brussels Ministerial Meeting on the same terms as they attended the Montreal Meeting.

GATT SECRETARIAT
UR-90-0733

6. The representative of Argentina, speaking on behalf of SELA countries, recalled the evaluation of the situation in the negotiations submitted by them in MTN.TNC/W/33. He said that this evaluation had now been updated to 23 November 1990, which was being distributed in MTN.TNC/W/41 and MTN.GNG/W/27. The main obstacle to smooth progress in the negotiations was protectionism in the developed countries, which had so far made it impossible to find concrete solutions to the major trade problems facing the developing countries and the Latin American and Caribbean countries in particular. Thus, consideration of issues relating to market access had been delayed and it had not been possible to think in terms of progress which would ensure fairer trading conditions. The situation was unsatisfactory with respect to textiles, natural resource-based products, tropical products and agriculture. The lack of political will to tackle the forces of protectionism went hand in hand with lack of progress in the negotiations. This was in stark contrast to the efforts which had been undertaken by the countries of the region to restructure their economies, often at a high political and social cost. They could not accept that the richer countries refuse to make the necessary readjustments whilst requiring concessions from them that would yet not ensure their dynamic participation in international trade, including in the new areas. They called on the larger trading partners to redress the present situation, thus making possible substantive progress in market access and ensuring equitable conditions with regard to the rules and disciplines to be applied in the new areas. Only thus could a crisis be avoided and a system built which would meet the increasingly complex requirements of international trade. He stated that the SELA countries must, politically speaking, reserve their position with regard to document MTN.TNC/W/35 until after the Brussels meeting as both the legal undertaking and the question of an International Trade Organization would depend on the substance of the package. He also stressed that, before banging the gavel, the Chairman would need to make certain that all were agreed.

7. The representative of Egypt said that the developing countries had participated in the negotiations actively and to the best of their abilities with the aim of establishing a more viable, equitable and strengthened GATT system. Being the weaker partners, the developing countries needed such a trading system. The delay in the negotiations should not be attributed to them. Given the large number of issues to be resolved in the very short time before the end of the Ministerial meeting, he feared that either their interests would be neglected or they would be forced to accept obligations beyond their means. He noted that the evaluation of results pursuant to Part I:G of the Punta del Este Declaration would have to be done in Brussels. For the developing countries a satisfactory outcome would include the securing of substantial gains in areas of great interest to them, such as textiles, agriculture and tropical products, as well as in rule-making areas like safeguards, subsidies and anti-dumping. He recalled that, in addition to autonomous liberalization efforts undertaken since 1986, Egypt had tabled an offer to reduce further and bind tariffs and would continue liberalization efforts in the future. Referring to document MTN.TNC/W/35, he said that its shape and content caused a lot of concern to his delegation. There had been no time for his authorities to study, evaluate and prepare themselves to

accept its implications. He reiterated that the "single undertaking" related only to Part I of the Punta del Este Declaration dealing with trade in goods. Trade in services and TRIPs were separate domains upon which governments would have to decide separately and without any bearing on decisions on trade in goods. He stressed that the establishment of a new institution had to be studied carefully at the appropriate time and in cooperation with other organs of the UN system, a system which dealt with issues of major importance to developing countries that had been neglected during the past 40 years. The aim should be to establish not an "à la carte" trade organization but an institution that could further international trade and incorporate the development dimension. Developing countries were not prepared to accept a ready-made package agreed among the major trading partners and presented on a take-it-or-leave-it basis as a pretext for salvaging the Round. They remained ready to do the utmost in the remaining time in order to secure the success of the Round.

8. The statement made by the representative of the Philippines on behalf of ASEAN countries is reproduced in full, at her request, in document MTN.TNC/W/42 and should be read in conjunction with the present note. The concerns she raised related inter alia to: meaningful results in market access as crucial to a balanced outcome of the Round; rate of integration process, growth rates, product coverage, transition period relating to textiles; the need for a substantial agricultural package to ensure a successful conclusion of the Round; proposed negotiation of balance-of-payments provision; unconditional m.f.n. in respect of safeguards; dispute resolution, m.f.n., and transitional arrangements in relation to TRIPs; coverage and prohibition of TRIMs; m.f.n., coverage, temporary derogations, and exceptions with respect to services. Also included were detailed statements of position on agriculture, anti-dumping, and subsidies and countervailing measures.

9. The representative of India said that, in the area of textiles, his country's concern was not only for integration of the sector into the GATT, thus removing the basic inequity constituted by the present discriminatory trade restrictions, but also to achieve a rate and degree of liberalization such as to give confidence that the process would not be halted by protectionist forces. Annex II of the draft agreement had given serious concern in this respect. He expected that, in framing new rules for trade in agriculture, full consideration would be given to the wide gap that existed in the levels of subsidization between developed and developing countries as well as to the large variation in the degree of dependence on agriculture. India had pursued seriously bilateral tariff negotiations, but so far had concluded that the benefits offered to its trading partners far outweighed those to be derived from their offers. He stated that his country's offers would be conditional not only on counter-offers but also on the entire package, and in particular on the results in textiles. In the area of rule-making, he restated India's interest in re-establishing a rule-based trading system. Thus, substantial results were needed on safeguards, subsidies and countervailing duties, and anti-dumping duties.

In the area of safeguards, he rejected any proposal for selectivity even in a limited form. The trade-harassing effect of anti-dumping procedures should be eliminated through appropriate provisions on de-minimis market share and cumulation. He sought both recognition of the fact that subsidies were an efficient way of neutralising distortions and market imperfections in developing countries, and close scrutiny of the Illustrative List of Export Subsidies with a view to removing manifest inequities and achieving transparency. He was concerned by attempts to block any results in respect of Article XXIV, without which the Round could not be successful. He felt that proposals on Article XXXV were not only in the nature of amendments but also upset the balance between m.f.n. and reciprocity. With respect to dispute settlement, it was important that the rôle of the GATT Council and of contracting parties should not be reduced to that of spectators. The new text on import licensing would be acceptable only if it covered export licensing as well. As for balance-of-payments provisions, his delegation would be going to Brussels on the assumption that there would be no further attempt to reopen the issue. On TRIMs, nothing should be done to restrict the freedom of countries to determine their investment policies. Developing countries could not be expected to host screwdriver-technology enterprises which only aggravated balance-of-payments difficulties. Investment measures were the only means of harmonizing corporate interests with the development objectives of developing countries. India had participated intensively and constructively in the TRIPs negotiations, but was far from convinced of the appropriateness of dealing with norms and standards in the GATT context. Serious concerns persisted, and would need to be accommodated, on some norms and standards particularly in relation to patents. India had entered a reservation on the lodging of the results; this would have to be in WIPO or in a new international organization on which thinking had advanced to some extent. For the Agreement on Trade in Services to be of interest to India, the multilateral framework as well as the initial commitments would have to provide adequately for relocation of labour over a spectrum of skills. The agreement should fully incorporate the m.f.n. principle and provide symmetrical treatment to the factors of production. It would be unwise to extend the GATT dispute settlement mechanism to TRIPs and services; the mechanism in these areas should have a pronounced negotiating bias. It should not include strict time-limits, although the steps might be the same as in the GATT mechanism. It was difficult to conceive of retaliation in areas where there was limited reliance on border measures; instead the methods to be used should be diplomatic pressures, community condemnation and international finger-pointing. Referring to the concept of a "single undertaking", he recalled that it had originally been agreed to put the negotiations on services on a separate track outside the judicial framework of GATT. This had been done to address the concern that, when an independent economic treaty was negotiated, it be demonstrated to each participant that it was in its interests to join the agreement. At the Mid-Term Review, the participants had agreed to enlarge the TRIPs negotiations to cover norms and standards on the express condition that the question of lodgement of the outcome would be addressed

at the end of the negotiations. Thus, the present suggestions by some participants that the negotiations be accepted as a single package was totally unacceptable. It clearly violated the principles of free consent and good faith universally recognized in treaty-making.

10. The representative of Mexico was concerned that key problems remained to be resolved in almost all areas of the negotiations and that in several groups there was still no basis for negotiation. The market access negotiations were far behind schedule and some participants were even talking of withdrawing proposals. However, it was important to sustain the level of ambition. Many developing countries, including Mexico, had implemented important liberalization measures, which should be granted adequate credit and recognition, as provided for by Ministers. He recalled that a number of countries had submitted a "non-paper" on this subject, which should not be ignored. His country supported ambitious reforms in agriculture and had submitted a proposal accordingly. Mexico sought better access for its exports of fruits and vegetables and its final contribution would largely depend on progress in this area as well as in that of sanitary and phytosanitary regulations. On anti-dumping, his delegation had demonstrated its readiness to deal with new issues such as circumvention and to increase the effectiveness of anti-dumping measures. However, stricter disciplines were needed with regard to investigations and methodology. To ensure the elimination of trade harassment through unjustified investigations, clear provisions would be needed on standing of petitioners, fair comparisons for establishing the margin of dumping, strict conditions for cumulation and the calculation of material injury to the domestic industry, sunset clause, etc. As a developing country applying anti-dumping measures and given the changes envisaged, Mexico would require technical assistance and a reasonable transition period in which to implement fully the commitments to be undertaken. In the area of subsidies and countervailing duties, the Chairman's draft went beyond the area of subsidies in that it did not state that, in relation to pricing policies, the discrimination to be avoided was between enterprises or sectors within the national territory. Thus, if a domestic price were lower than international prices as a result of national natural-resource policies or of export restrictions in other sectors, it would be sanctioned in the same way as a subsidised price. Such an extension of national treatment to the world scale would require the text to go into a number of sensitive issues and would imply that countries endowed with natural resources would have to renounce their comparative advantage or be exposed to trade retaliation in their major markets. Both situations would be equally unacceptable.

11. The representative of Chile supported the statement made by the representative of Argentina, and shared many of the views expressed by the representative of Mexico. He expressed some doubt as to the legality of item 4 of the Protocol to GATT in relation to Articles I, XXVIII and XXXV of the General Agreement, (page 7 of MTN.TNC/W/35). This would need to be studied in greater detail and he, therefore, entered a reservation in this regard for the time being.

12. The representative of Jamaica supported the statement made by the representative of Argentina. After four years of negotiations, Ministers would be faced with the task not of putting the finishing touches to a package of agreements but of resolving major substantive issues. In respect of both timing and substance participants had failed to do justice to the Punta del Este mandate. While bilateral procedures made it difficult to assess the precise nature and balance of results in the market access areas, offers on the table did not in general seem to have met the requirements set by Ministers in Montreal. An assessment of the implications of the access negotiations for existing arrangements with its major trading partners would constitute an important element in Jamaica's assessment of the overall balance of results. Appropriate measures would also need to be taken to ensure credit and recognition for autonomous liberalization measures. Predictability, stability and transparency, as well as the fundamental principles which underpinned the General Agreement, should be the basis for the rules which emerged from the Round. He was concerned that in some areas the negotiations appeared to be moving in a different direction and emphasized that the rules must, in an integral manner, provide for differential and more favourable treatment for developing countries, especially in such areas as subsidies. There was still no text to serve as a basis for the agriculture negotiations. Crucial issues such as the level of obligations to be assumed by developing countries and the flexibility to be accorded them, particularly in the provision of internal support, were yet to be settled and would need to be treated with the seriousness and sensitivity they deserved. The interests of net food importing developing countries must be fully taken into account. In the so-called new areas, development concerns and needs must be treated more fully. In the area of services, much time and effort had been devoted to shaping an agreement that fitted the particular concerns and interests of major players: it would be necessary to ensure that a truly multilateral and balanced framework emerged from Brussels. The political deadlock on TRIMs must be broken and a compromise made by those who sought to impose far-reaching disciplines on measures traditionally used by countries to promote development and structural changes. He recalled that the General Agreement was a contractual arrangement among sovereign states. Contracting parties would accept results and assume multilateral obligations which they considered to be in their interest. Approaches which would dictate otherwise were not likely to prove a sound basis for a lasting multilateral trading system. These issues required careful, in-depth consideration by all contracting parties.

13. The representative of Tanzania said he had not had the opportunity to study all of document MTN.TNC/W/35, but he took note of the fact that the Chairman proposed to forward the text to Ministers in Brussels. It was for Ministers to decide whether the outcome of the Brussels meeting was a set of results which they might agree as being final results to be taken back to their governments for due consideration, or whether some of the issues needed further treatment, including further negotiations. The "single undertaking" could only be a concerted effort to strengthen the

multilateral trading system and in particular to ensure that all past derogations were redressed without undue delay. In accordance with the Punta del Este Declaration, it was for Ministers, at the appropriate time and place, to convey their government's position as to which results they found acceptable and whether these results should be implemented in the GATT framework or within other institutional arrangements. It was not clear whether Ministers would be expected to convene as the GNG in Brussels to carry out the evaluation provided for in Part I:G of the Punta del Este Declaration. The existing Codes to which Tanzania had not acceded would remain outside the purview of the final results as far as it was concerned. His delegation had no mandate to become a priori party to any new agreements, e.g. on preshipment inspection. There was no mandate for re-negotiating Article XVIII of the GATT. Ministers in Brussels should not be expected to negotiate questions which fell outside the Punta del Este mandate, e.g. in the areas of TRIPs and TRIMs. Many least-developed contracting parties had not been able to participate effectively in the Round; this should not be taken as acceptance of their ability to make commitments that might be acceptable to others. He re-iterated that time derogation for least-developed countries was not defensible; recognition of their status rested with the United Nations. If the international trading environment and financial and monetary system would permit these countries to export profitably and thus raise the level of their economies to a point where they ceased to be considered as least developed, it would be incumbent on them progressively to undertake commitments which would become comparable to those undertaken by other developing countries within the overall imperative of special and differential treatment. To ask the least-developed countries to accept commitments within an arbitrary time period was to impose on the weak conditions which could not be complied with. Their Ministers should not be put in the situation where they were "damned if they did and damned if they didn't". Brussels and its aftermath should not make their tasks even more formidable than they were.

14. The representative of Colombia supported the statement made by the representative of Argentina. He stated that his country could accept the presentation in MTN.TNC/W/35 of the renegotiated MTN Agreements on import licensing, technical barriers to trade, customs valuation, anti-dumping and subsidies. However, he had not been aware that further negotiations on government procurement had taken place in the appropriate negotiating group and was, therefore, surprised to find the text on page 138 of MTN.TNC/W/35. He did not believe that the inclusion of texts that had not previously been circulated was a practice to be followed in GATT. He stressed that his delegation would not in the future submit to any bilateral pressures simply because of its inclusion here.

15. The statement made by the representative of Bangladesh on behalf of the least developed countries is reproduced in full, at his request, in document MTN.TNC/W/45 and should be read in conjunction with the present note. He called attention to the draft decision they had submitted to the TNC in document MTN.TNC/W/34 for adoption as an integral part of the Uruguay Round results. The concerns he addressed related inter alia to: the need for a food-aid package; exemption from obligations in the field of agriculture that would thwart development efforts and from the

requirement to make submissions; access to needed technologies; special provisions in the services agreement on free movement of labour and on technical and financial assistance; full market access without reciprocity. He recalled Bangladesh's tariff offer and its policy of gradual liberalization of non-tariff measures since 1985.

16. The representative of Pakistan said that, for any results to command universal acceptance and respect, it was essential that they be based on the fundamental precepts of multilateralism and a shared belief in accommodating the interests of all. He noted that there were, as yet, no texts on some important subjects and that, where texts existed, these were far from satisfactory. He recalled the agreement in the Punta del Este Declaration that, when the results of the Multilateral Trade Negotiations in all areas had been established, Ministers meeting also on the occasion of a special session of the CONTRACTING PARTIES shall decide regarding the international implementation of the respective results. discussion in Brussels on implementation might detract from the essential task of negotiation. He noted that the evaluation of results provided for in Part I:G of the Punta del Este Declaration was to be conducted by the GNG, not the TNC. Consideration of the proposed Final Act without such evaluation, for which sufficient time would be required in capitals, would be premature. With respect to the current situation in the negotiations he stated that his country could not conceive a satisfactory outcome to the Uruguay Round without a satisfactory outcome in textiles. Product coverage remained to be resolved. If the integration process was not to be a mere illusion, there should be no hesitation in excluding certain items from the list in Annex II. The period of time to complete the integration process, the quantum of integration in different stages of the process, the percentages by which the quotas would grow during the transitional period, and the disciplines on the use of safeguards during this period, all waited to be settled. With respect to safeguards, he stated that continued insistence on selectivity, could scuttle the negotiations not only in this area but in other areas of the Round. He, therefore, appealed to the proponents of selectivity to accept to work on the basis of an undiluted m.f.n. principle. In the area of subsidies and countervailing measures, it was a matter of deep concern that the draft, prepared by the Chairman of the Group, sought to establish a threshold of exports in different product sectors above which a developing country could not use policy instruments to assist exports and, by implication, its development efforts. The economies of developing countries were generally not diversified and relied on a few export sectors as the engine for their economic development. In addition, a government could not be expected to vary its export assistance in the face of export shares that sometimes fluctuated widely in response to a multiplicity of factors. If competitiveness were to be the only criterion to establish disciplines on subsidies, the developed countries should surely accept complete prohibition of subsidies on agricultural exports. He stressed that no negotiations had taken place on the balance-of-payments provisions of the General Agreement and believed that

none were needed. The aggravation of balances of payments brought about by the Gulf crisis underlined the need for maintenance of the flexibility now provided under Article XVIII:B and the procedures established in terms of the 1979 Declaration of balance-of-payments measures. With respect to agriculture he noted that his country did not have the resources to subsidize; he trusted that the major developed countries would muster the necessary political will, and display the required leadership, to save the Uruguay Round from total collapse. The negotiations on services had been on track until the recent introduction of concepts such as conditional or partial m.f.n., and less-than-full coverage of sectors. He hoped this would be reversed. On TRIPs and TRIMs he continued to have serious concerns about the limitations that these agreements could place on the capacity to design policies to suit economic goals and priorities. In the area of patents and copyright, in particular, it should be ensured that the setting up of norms and standards fully took into account development objectives. Outright prohibition of certain investment measures was unrealistic and unfeasible. The flexibility to adopt policy instruments in support of development and investment objectives could not be compromised.

17. The representative of the EEC noted that the charter during the four years of the negotiations had been the Declaration of Punta del Este, the main objectives of which had never been questioned by any participant. These objectives were freer trade through mutual concessions and the establishment of the basis for an adequate, well-functioning multilateral trading system. In three areas, where extreme positions had made it impossible to reach a basis for negotiation, there was no complete chairman's report. An improvement in the Anti-Dumping Code had so far been impossible because those who were already the most open economies and the largest importers, and as such the most likely targets for dumping, were confronted with exporters who questioned the necessity of any effective anti-dumping provision. In the area of TRIMs, Australia and the developing countries questioned the justification of any prohibitive action against investment measures, some of them denying even the existence of any mandate for that sector in the Punta del Este Declaration. With respect to agriculture, for about four years the European Community, which was the world's largest importer and exporter of agricultural products, had been under pressure to eliminate the main elements of its double price system: the variable levies, internal support and export restitutions, which aimed at ensuring farm income and to that end shielding the internal market from excessive changes in world market prices and the volatility of the US dollar. Spokesmen for the Community had said time and again that this was a non-starter, but also that the Community was ready to go into negotiations without, however, dismantling the basis of its present system. There was no doubt that all-or-nothing attitudes, which were the negation of real negotiations, had weighed heavily on the negotiating process. Success or failure in Brussels would depend on the ability of Ministers rapidly to reach political breakthroughs in the main area of the negotiations. On agriculture, while real negotiations had hardly taken place, for the first time in the history of GATT all participants agreed to reduce their respective farm support programmes and that reforms should address the three main areas of internal support, market access and export

competition as well as sanitary and phytosanitary regulations. Disagreement was over the depth and the speed of the reform. As far as market access was concerned, the Community had so far resisted all pressures to reduce its offer of July 1989, built on an across-the-board reduction. However, on the basis of present counter-proposals, a readjustment was inevitable. The success of the Round was the responsibility of all participants. Developing countries could not escape this responsibility, if only because, for them, the cost of failure would be particularly high. It followed that all had to play by the rules, all the rules; and, within the limits of their economic development, he expected developing countries to contribute to market opening. He asked for no more than for the possibility to engage in the necessary give-and-take which alone would ensure an overall balance of advantages. In that balance, the Community would be paying particular attention to its contractual link with the ACP countries, so as to ensure that, on the road to global liberalization, their particular interests were not overlooked. In the textiles sector, the different approaches had been unified in one text which coincided very closely with the Punta del Este mandate. What was needed was concrete evidence of market opening for textile products worldwide, accompanied by clear GATT rules in the key sectors linked to textiles, particularly anti-dumping, subsidies and counterfeiting. The document on services was extremely unsatisfactory. All bore a collective responsibility for the lacunae in the key area of financial services and for the fact that the ocean of brackets made it well-nigh impossible to distinguish substantive political options from mere technicalities. Most seriously, however, the document contained a proposal in the key area of m.f.n. which would fundamentally undermine the prospects of achieving a balanced outcome acceptable to all. This proposal was maintained against the opposition of 105 other delegations. Its maintenance would lead to the failure of the services negotiations. In conclusion, all had a collective responsibility to extend their efforts and imagination to the limit in order to achieve the indispensable political breakthroughs in Brussels, given the foreseeable consequences of a failure of the Uruguay Round.

18. The representative of Nicaragua supported the statement made by the representative of Argentina and the assessment contained in document MTN.TNC/W/41. She also supported the statement made by the representative of Mexico relating to recognition for autonomous liberalization measures already undertaken by their countries. She stressed that the text on textiles in document MTN.TNC/W/35 had been submitted by the Chairman on his own responsibility and that it did not reflect the position voiced by Nicaragua on the special treatment to be granted to new exporters. The level of any transitional restriction should not be based on former exports. This concept was reflected in paragraph 2 of Article 6 of the MFA. She was concerned by the concepts contained in paragraph 4 of the Protocol, which could lead to an erosion of the Punta del Este commitments and could undermine the m.f.n. clause.

19. A statement by the representative of China on the draft decision on Article XXXV is reproduced, at his request, in document MTN.TNC/W/43. Further, he noted a serious imbalance in benefits in the package presented in document MTN.TNC/W/35. There was little possibility of substantial

liberalization in areas where developing countries had a comparative advantage, while they were being asked to undertake drastic domestic adjustment in other areas, beyond what many of them could sustain. In the area of textiles, the growth rate approach, integration factor, product coverage, time span and the linkage with strengthened GATT rules and disciplines, all gave rise to serious doubts as to whether the move was really towards integration. The situation on agriculture and tropical products was not much better. The liberalization of trade in services might require less-developed countries to abandon policies designed to promote the development of the services sector. The high level of protection being sought for intellectual property rights was hardly acceptable by the less-developed countries and created a danger of frequent cross-sector retaliation in trade in goods. An outright prohibition of trade-related investment measures would reduce the benefits of foreign investment and was likely to discourage the flow of investment to less-developed countries. Chapters 3, 4 and 5 of the Chairman's text on TRIMs should be removed.

20. The representative of Brazil supported the statement by the representative of Argentina. He stated that the Brussels meeting must concentrate primarily on those issues which were directly responsible for the present impasse, with a view to breaking the deadlock in the very first days. These issues generally coincided with the backlog of unfinished GATT business of the past, which most directly affected the trading interests of the weaker partners, namely market access and in particular agriculture and textiles. It was not possible to go back on the Punta del Este pact and try to face the new challenges without settling the old ones. The solutions to the latter would set the pace and tone for the solutions to be found in other areas. There would be no safe end to this journey if an attempt were made to force an unbalanced result. As had been stated in a recent letter to the President of the Commission of the EC by the President of Brazil, in the current state of affairs Brazil would receive no benefit, but rather would suffer a net loss, as a result of the negotiations; it would render impossible the approval by the National Congress of any agreement that might be reached on such a basis; this would also seriously compromise the general support for the broad policy of trade liberalization which the Brazilian Government had adopted. It would be a mistake to assume that the only possible choice in Brussels was between total failure and absolute success. That was why a balanced result must be achieved, covering all areas and meeting objective criteria which were by no means impossible to envisage. For instance, a decisive criterion would be the extent of concessions and the time-frame for implementation in traditional areas such as agriculture and textiles. These would constitute a parameter to be applied in other areas. In the final assessment of the results it would be necessary to determine that a proper balance had been reached in the substance before seeing whether the Final Act reflected the interests and objectives of all participants.

21. The representative of Morocco expressed his concern about the inadequacy of the results achieved so far. He regretted that there was still no basis for negotiation on agriculture as his country needed the progressive but substantial reforms that would rid the world market of its present distortions. In the area of services, he regretted recent developments that threatened the overall balance and hoped that the latter would be re-established in Brussels. Results in the market access area so far fell far short of expectations. The state of the negotiations on TRIPs was also a matter for concern. However, he hoped that all participants would show the necessary political will to ensure results beneficial to all and particularly to the less well endowed, within an open and fair multilateral trading system.

22. The Chairman said that the representative of the IMF had informed him of the intention to submit to the Brussels meeting a document clarifying certain rights and obligations relating to the IMF.¹ He took it that there were no objections to this.

23. The Committee took note of the draft text (MTN.TNC/W/35) and of the statements made by the Chairman and by participants.

24. In conclusion the Chairman said that he shared participants' feelings of dissatisfaction with the document being forwarded to the Brussels meeting. However, the document represented an immense amount of work. Participants owed it to themselves to ensure that this was not lost. To do this would require a superhuman effort in the next hours and days. The only chance of achieving the agreement that all desired rested on the political will of all participants. They would need to go to the Brussels meeting to negotiate in a true spirit of conciliation and understanding, with the will to overcome the very considerable differences that subsisted and not to preserve all the last details of their present positions.

¹Later circulated as MTN.TNC/W/44.