

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.TNC/22
7 August 1991

Special distribution

Trade Negotiations Committee

TRADE NEGOTIATIONS COMMITTEE

Eighteenth Meeting: 30 July 1991

1. The Trade Negotiations Committee held its eighteenth meeting at official level, under the Chairmanship of Mr. Arthur Dunkel.
2. The Chairman suggested that statements and discussions should be made under Item IV "Overall review of progress in the Negotiations" of the Agenda (GATT/AIR/3217), taking into consideration the reports by the Surveillance Body, the Group of Negotiations on Goods and the Group of Negotiations on Services.
 - I. Overall Review of Progress in the Negotiations
3. The Chairman recalled that this was the fourth time the TNC met at official level since Dr. Hector Gros Espiell reached the conclusion on 7 December 1990 at the Brussels Ministerial meeting that "participants needed more time to reconsider their positions in some key areas of the negotiations". During the eight months which had elapsed, the TNC had achieved the following steps:
 - (i) On 26 February 1991, the TNC decided to restart the negotiations in all areas in which differences remained outstanding. It also adopted a work agenda in each of the negotiating areas;
 - (ii) On 25 April the TNC adopted the new negotiating structure under the GNG and the Chairman of the GNS informed the TNC of the organizational decisions his group had taken;
 - (iii) On 7 June the TNC adopted a programme of work for the months June and July. At that meeting the TNC agreed to reconvene in July, to review progress and devise a negotiating strategy for the second half of 1991.
4. The Chairman drew the Committee's attention the report by Ambassador F. Jaramillo, assisted by Ambassador D. Hawes on the Group of Negotiations on Services (document MTN.GNS/W/130), his report as Chairman of the Group of Negotiations on Goods (document MTN.GNG/W/28) containing the reports of the six negotiating groups: Market Access by Mr. G. Denis; Rule Making by Ambassador G. Maciel; Institutions by Ambassador J. Lacarte-Muró; Trade Related Aspects of Intellectual Property Rights by Ambassador L. Anell; Textiles and Clothing and Agriculture by himself in his capacity as Chairman of these two Groups.

He also referred to the report by Mr. M.G. Mathur on the Surveillance Body (document MTN.SB/W/12). He proposed that the reports be used as the basis for the review. He said that the time for procedural and general presentations was over. The Committee should now address specific points and set the scene for the real negotiating phase.

5. The Chairman said that the negotiating process had a number of important assets to bank on. Firstly, the political consensus behind the Round remained intact and a sense of urgency was evident along with a clearly stated intention not to compromise the quality of results. Secondly, notwithstanding the Brussels setback, an impressive number of participating governments had been moving, on an autonomous basis, towards meeting the key objectives of the Round; many of these were in the developing world and in Central and Eastern Europe. Thirdly, the deeper the negotiating groups had gone into specifics, the more it was recognized that technical and political questions were sides of the same coin and therefore had to be tackled more and more in an integrated way at every stage of the concluding phase of the Round. It would be self defeating, as experience had shown, to expect that last minute solutions would emerge through magic or good luck. Fourthly, it appeared that participants had at hand all the elements necessary to finally carry the Round to a successful conclusion.

6. In areas such as agriculture, textiles and clothing, market access and services, the combination of the work done before and after Brussels put participants in a position to move with determination in the phase of negotiations proper. This was not to underestimate the tremendous amount of substantive work that remained to be done.

7. In areas where detailed stock-taking and review exercises had taken place on the basis of available texts, the general sense appeared to be that matters were ripe for the final political trade-offs since most, if not all, of the preparatory work, had already been done. This was true of many of the rule-making areas and also in TRIPs. Even in areas where a common negotiating text was not yet available, TRIMs and Anti-Dumping for example, it was felt that once the essential political decisions were taken, as identified in the commentary of MTN.TNC/W/35/Rev.1, agreements would fall into place fairly quickly. On the Balance-Of-Payments question, the decision whether or not to negotiate in this area would be easier to take once the general contours of the Uruguay Round package became clearer.

8. Dispute settlement and questions related to the institutional arrangements had been kept on hold because there was a feeling that further progress implied more clarity in respect of the rights and obligations emerging from the substantive agreements. Since such clarity would have to be achieved very soon, these subjects of fundamental importance had to be brought to the forefront of the process now.

9. It was crystal clear that the Uruguay Round was poised to enter the decisive phase immediately after the summer recess. Notwithstanding the multilateral character of the negotiating process, each and every participant would have to assume full responsibility in the effort to build consensus at every step of the negotiations. What would be

essential, therefore, was a political resolve, based on mutual trust, to allow agreements to be made on the basis that "nothing is final before everything is done". In other words, the time had come to negotiate boldly using the linkages in a positive manner.

10. Concerning the negotiating strategy, the Chairman proposed that the TNC assume fully from now on its rôle of keeping the negotiating process constantly under review and supervision, having particularly in mind the requirements of transparency. To this end, it should remain -- not only theoretically, but in practical terms -- on call for formal or informal meetings and consultations. This was why no specific date for the next meeting of the TNC was being proposed. In other words, the Chairman reserved the right to bring at any time to the attention of the TNC any matter which threatened progress as a whole. The work from September 1991 onwards would need to be accelerated substantially, and an enormous negotiating effort would have to be made in October and November. This should be the "deal-making" stage of the Round.

11. An indicative and incomplete calendar of meetings listed out the formal meetings of the negotiating groups starting from September onwards (see Annex I). They represented in this sense only the tip of an iceberg. What was expected was intensive informal, bilateral and plurilateral negotiating sessions ending in concrete results leading up to formal meetings of the groups to take note of these results and move the negotiations further along. Each chairman would be using his powers to achieve break-throughs in ways he found most appropriate and productive, keeping fully in view the requirements of transparency and the man-power and other constraints of delegations. In concrete terms this would mean constant updating and revisions of the basic texts in MTN.TNC/W/35/Rev.1 to incorporate ongoing progress in negotiations. Under such circumstances, the participating Governments and the Secretariat would have to ensure that all available resources were fully engaged in, and committed to, the negotiating process.

12. In concluding his introductory remarks, the Chairman said that the objectives of this strategy should be clear to all -- a balanced, substantial and equitable package of results. This was essential if participants were to put in place a multilateral trading system truly global in membership and in scope. The Uruguay Round was too important for the world economy, and for each and every economy, to risk failure or a drawn-out delay.

13. On behalf of the developing countries, the representative of Brazil said that there was only one question to address today and that was whether or not participants were ready to give a chance to the democratic régimes and market economies that were changing the face of the earth in Central and Eastern Europe, in Latin America, Africa and Asia. Were they willing to allow trade once more to pull the world economy out of recession and unemployment and back to recovery? This, not less, was at stake at the closing days of the Uruguay Round. In this context, representatives of the developing countries in Geneva could not but rejoice at the series of statements culminating in the London Summit of the Group of Seven (G-7). These different manifestations of support by the IMF, the World Bank, the OECD and the G-7 had, in common, the

recognition that the Uruguay Round was not one among several choices but the most important and the first priority for the world economy. The developing countries welcomed these statements and put their trust in the leaders whom they considered responsible persons who had put their credibility at stake in issuing these statements. These leaders had pledged that the Round would not be allowed to flounder and that they would stand ready to bridge the gap between their statements and the state of the negotiations. The developing countries expected that these solemn promises would be delivered.

14. He said that developing countries were already showing, day after day, their willingness to contribute to the common endeavour with more than a fair and equitable share. In fact, they had already given away more than what they had to offer. They had already walked the extra mile, first by negotiating in a flexible and constructive spirit on issues like services where they had contributed to the encouraging progress recently achieved, and secondly by opening their markets, without waiting for the conclusion of the Round. They had reduced their tariffs. They had phased out their non-tariff measures and exceptions for balance-of-payments reasons. They had not kept waivers, derogations or "grey-area" measures as bargaining chips for the last stage of the negotiations.

15. If all industrialized and developing countries agreed that the Round could and should be concluded soon and with substantial, balanced and equitable results, then a number of things had to be done. First and foremost, there would have to be a sound work programme for the second half of 1991 - a clear, comprehensive and credible programme that would put to good use the positive intentions behind recent statements and that would translate words into action. Among the elements of this programme, political decisions were required as soon as possible on three basic elements of the agriculture negotiations -- domestic support, access, and export competition -- with concrete indication of quantities and time periods. Textiles should be accorded their original political priority. Meanwhile steps should be taken in relation to an adequate orderly extension of the MFA and for the transitional period.¹ In market access, attention had to be given to the removal of tariff peaks and tariff escalation, to the need to grant credit and recognition to unilateral measures of liberalization, as well as to a speedy conclusion of negotiations on tropical and natural resource-based products. Progress in the services negotiation should be consolidated and improved. Likewise, negotiations had to advance in the area of rule making, in particular in anti-dumping and safeguards, as these were fundamental to ensure stability and predictability.

16. The representative of Brazil went on to say that the mere enumeration of some elements of the work programme was enough to indicate that a huge task lay ahead, one that would require months of tireless effort and complex negotiations. The technical work undertaken over the last six

¹On 31 July 1991, the MFA was extended for a period of seventeen months until 31 December 1992 (COM.TEX/69).

months had helped in paving the way. If participants wished to accelerate the negotiations and arrive at the end of the year with a balanced package of meaningful results, the moment to take the necessary political decisions was now ripe. He hoped the major participants would not wait till the eleventh hour to take the political decisions. Recent experience had shown that this was a high risk strategy. Even if it succeeded in clearing blockages, it could serve as a pretext for mediocrity, for compromising the ambitious goals of the Punta del Este declaration and settling for unsatisfactory results in the name of expediency and time constraints. It would also make inevitable a rush to expedite other important matters, imposing an "indecent haste" on the process which would be detrimental to the interests of smaller delegations. For this reason, time was of the essence if the Uruguay Round was to be concluded in a way which would reinforce the multilateral trading system against trends towards fragmentation and proliferation of preferential arrangements. What was needed was a strong and credible multilateral system to ensure expansion of the world economy and the consolidation of the achievements of those who had opted for change rather than stagnation. An open system was also needed to provide markets indispensable for the growth of developing economies and to respond to the requirements of the least-developed countries.

17. The representative of Brazil concluded his statement by paying tribute to the Chairman's dedication, abnegation and capacity to provide leadership and inspiration in the conduct of the negotiations. He stressed the sense of urgency and pledged the fullest cooperation of the developing countries with the Chairman's endeavours.

18. The Committee took note of the statements.

II. Chairmanship of the Surveillance Body

19. The Chairman said that on the basis of the consultations that he had carried out, he would like to propose that Mr. M.G. Mathur continue to serve as Chairman of the Surveillance Body.

20. The Committee so agreed.

ANNEX I

MULTILATERAL TRADE NEGOTIATIONS
NEGOTIATING GROUPS

INDICATIVE SCHEDULE OF MEETINGS

(September - December 1991)

DATES	NEGOTIATING GROUPS
Week of 16 September	Agriculture
Week of 16 September	TRIPS
17 September	GNS (Maritime transport)
19 September	GNS (Telecommunications)
20 September	GNS (Financial services)
Week of 23 September	GNS
26 September	Institutions
27 September	Market Access
Week of 30 September	Rule-Making and TRIMS
On or about 30 September	Textiles and Clothing
October	Surveillance Body
21 October - 1 November	GNS
18-26 November and 9 December	GNS
ON CALL	TNC