

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

RESTRICTED

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Trade Negotiations Committee

TRADE NEGOTIATIONS COMMITTEE

Twenty-Fourth Meeting: 18 December 1992

1. The Trade Negotiations Committee (TNC) held its twenty-fourth meeting at official level under the Chairmanship of Mr. Arthur Dunkel.
2. The Chairman noted that the Airgram convening the present meeting (GATT/AIR/3383) also drew attention to the fact that a meeting of the TNC was also planned for 15 January 1993 at 11 a.m. Since one was now clearly in the concluding phase of the Uruguay Round (UR), he considered it essential that the TNC should meet to take regular stock of the overall situation. He confirmed his intention to call -- as soon as circumstances justified such a step -- the Group of Negotiations on Goods (GNG) to carry out its mandate in respect of the evaluation of results as foreseen in Part I, Section G of the Punta del Este Declaration.
3. As the Airgram showed, the pause in the UR negotiating process, imposed by the traditional end-of-year holidays, had been reduced to a minimum. The implicit message he was sending out as TNC Chairman was, therefore, very clear and simple, and could be expressed by two words: continuity and speed-continuity in the collective effort to bring the Round to a positive and quick conclusion, and continuity in the multilateral negotiating process. The present TNC meeting did not in any way imply that work would not take place the following week. This being said, he could not hide the fact that now, more than ever, governments were engaged in a race against time. This was even more so because a number of steps in the negotiating process that had been expected to take place immediately after the last TNC meeting had been delayed. It was not, however, useful to look back or point fingers as none of this would change the reality which all faced today. What counted in the ultimate analysis was that the process in Geneva, far from being stalemated, was moving forward and that recent contributions would help to work in a focused and specific manner during the last part of 1992 and from 4 January 1993 onwards. While the UR participants could always count on the TNC Chairman to continue to promote progress, it was they who were the negotiators and, therefore, the only ones who could actually deliver the goods.
4. The representative of the European Communities expressed the Community's agreement with the Chairman's proposals regarding the process, which reflected wisdom and matched the management requirements of an exercise as complicated as this one. As far as the Community was concerned, it worked under the instructions from its political authorities that what could not be done before the end of 1992 would have to be done in the first weeks of 1993. After the protracted discussions on agriculture, the Community had tried during the previous days to re-invigorate the negotiations on market access, because this remained the hard core of all efforts and should be the engine to revive the world economy which badly

needed such an injection. Bearing this in mind, the Community had introduced, together with the long expected agricultural schedules, new proposals in the area of services and industrial goods. These reflected the negotiations actively pursued in the course of the most recent weeks and would, it hoped, be a solid base from which to proceed further. In doing so, the Community remained convinced that the Montreal targets in this area could be achieved and even substantially overtaken. The Community's main efforts would continue to be concentrated on these issues from the beginning of 1993. As far as the other areas of the Draft Final Act (DFA) were concerned, it would rely on the Chairman's guidance to establish the process, or processes, to be followed.

5. It was not for the Community to contest other participants' right to try to amend the DFA. From the day the latter had been published, the Community had voiced concern over difficulties caused to it by certain portions of the text and had, therefore, conducted long negotiations on agriculture. Public reaction to the text in Europe had shown that the Community's reservations had had nothing to do with slick negotiating manoeuvres. Indeed, there were not many countries in which the DFA had managed to stir up as massive demonstrations as in the Community's member States. However, the Community would be worried, and would in fact oppose it, if substantial elements of the DFA package -- and more particularly those aimed at strengthening the multilateral system, which was one of the Round's essential objectives -- were to be questioned. The Community's determination was clear: it believed that the negotiations could be completed in the first week of 1993 and that a global and balanced outcome could be achieved. That was its working hypothesis and reflected its instructions. He added that more than any participant in the negotiations, the Community, as the largest importer and a union of nations with very diversified interests and traditions, had serious difficulties to overcome in such a wide-ranging set of negotiations. As it was -- and wanted to remain -- a very open community, and in order to be able to negotiate as an entity in trade matters, rules had had to be established in order to preserve security and credibility without which such a multilateral negotiation would be impossible. These rules were laid out in the Community's Charter, i.e., the Treaty of Rome. The European Commission, as the exclusive negotiator for the Community, had always been a strict observer of this constitutional provision of the Treaty; this had been confirmed without exception throughout all the trade negotiations held under the GATT's auspices since the Community had come into existence, and would also be the case in the Uruguay Round.

6. The representative of Morocco, on behalf of the developing countries, reiterated their firm commitment to a rapid and successful conclusion of the Round with balanced and satisfactory results which took their legitimate interests into consideration. The present world economic situation was sufficiently alarming without adding to it a failure of the Round which would further aggravate the situation. For this reason, they continued to believe that a strengthened multilateral system, based on agreed, transparent and non-discriminatory rules, constituted the best guarantee for lasting and fair economic development. In this regard, they recalled the very positive contribution they had made throughout the process in submitting offers and being unafraid to tackle economic issues of particular interest to their industrialized partners. When the DFA had

been presented, the developing countries had considered that despite its deficiencies and gaps, it represented an important and advanced phase of the negotiations, and they had expressed a steadfast will to institute all the necessary negotiations to reach the ambitious goals set at Punta del Este. The incurred delay could not, therefore, be attributed to the developing countries. However, one had to look ahead and, in this regard, they had taken note of the Chairman's proposal that the negotiations would continue. With this in mind, they urged that the negotiating process be fully transparent and enable them to participate in an effective manner, as the only condition allowing them to defend both their collective and individual interests. Furthermore, they emphasized the need to ensure that particular attention be given to the least-developed countries' specific difficulties. Finally, the developing countries called on their developed partners to give thought to the relative value of the pending divergencies in light of the overall stakes of the future of the world economy.

7. The representative of the Philippines, on behalf of the ASEAN contracting parties, said that the Chairman had provided a realistic assessment of where all collectively stood in the Uruguay Round and how they should proceed. He recalled that at the TNC meeting on 13 January 1992, the ASEAN contracting parties, together with other participants, had expressed the view that they could accept the DFA. For them, the DFA was a delicately balanced text and represented the optimum one could achieve, and they wished to reiterate that view. They had accepted, at that time, that further work in the agriculture negotiations was a necessary prerequisite to concluding the Round. It was therefore unfortunate that despite the unblocking of the impasse in agriculture, the objective of reaching a political conclusion before the end of 1992 would not be possible. While they were unhappy with this situation, they had no intention of pointing fingers, which would be an undesirable exercise. One now had to look to the future, in fact the very near future. Determined and serious work was needed in 1993 if the conclusion of the Round was to be achieved within the remaining period available. In this respect, they called on all participants, especially the major ones, to exert the necessary efforts to complete the Round in early 1993, and enjoined them to show maximum restraint in approaching the negotiations. While concerns raised might need to be looked into, one could not be lulled into the thought that there was plenty of time to revisit the existing balance in other areas of the DFA. While the ASEAN contracting parties, as a group, had been reasonable and constructive in their approach to the negotiations, there was a limit to their patience and goodwill. One needed to move fast in concluding the Round, failing which the Round risked becoming hostage to other political and economic developments in 1993 which would cast a doubt as to whether or not it could be concluded at all within the year. The Christmas holiday should allow all participants time to reflect on what had or had not to be done for the good of the multilateral trading system.

8. The representative of Australia welcomed the Community's statement regarding its determination to see the Round through to a successful conclusion in the early weeks of 1993. Australia wished to support the sense of speed and continuity contained in the Chairman's statement, to reiterate its support for the DFA, and to indicate its reluctant acceptance that some minor amendments might be required in order to see that through. It also wished to express concern at a certain tendency for changes to be

sought in areas that really revisited the basics of the negotiations and threatened to take one back rather than forward in this exercise. The Chairman and the participants had Australia's fullest support in what was clearly a critical time for the Uruguay Round.

9. The representative of India recalled that at the Committee's meeting on 26 November, his delegation had welcomed the possibility of resuming multilateral negotiations after a protracted delay of nearly one year. While some negotiations had taken place since then, it appeared that much remained to be done before the Round could be completed. India was, of course, interested in a very early conclusion of the Round and had been working with other participants to achieve this with balanced results. It would continue to do so in the coming days and weeks. There were differing perceptions about the balance in what was currently on the table. While some believed that the DFA was balanced in itself, others, including India, did not share this view. As his delegation had stated on 26 November, India's conviction was that the negotiations would ultimately be successful only if the concerns of all were taken into consideration and addressed. He recalled that India had put forward its concerns in these negotiations as early as 13 January 1992 when the first discussion on the DFA package had taken place. For any package to reach the threshold of acceptability for India, its concerns had to be taken into account and addressed. India looked forward to this being done in the current phase of the negotiations. Any negotiating process would have to be based on that understanding.

10. The representative of Japan said that, as all knew, the window of opportunity for the successful conclusion of the Round had been further closed. Further acceleration of the pace of negotiations was needed in the remaining days of 1992 and from the very beginning of 1993. All were committed to the successful conclusion of the Round and he shared the sense of frustration at the slowness of the pace of the negotiations. It was well known that Japan had a major political difficulty with the DFA, and the latter had to be modified in this regard. Japan had, however, been exercising a lot of self-restraint in not re-opening other issues. When the Chairman had proposed at the previous TNC meeting that substantive negotiations be re-activated in Geneva as of that day, the main basis of his proposal then had been the long-awaited breakthrough in the agricultural negotiations between the United States and the Community. Details of the proposal reflecting the bilateral agreement had been received that same morning. Also, an agriculture offer and an industrial one had recently been presented. Without commenting on the content of these offers -- for lack of time to make an assessment -- Japan welcomed the fact that the offers had finally been made. At the present stage in the presentation of offers on industrial products, it appeared that more participants were finally trying to catch up with others such as Japan which had already submitted their offers in March. At the most recent TNC meeting, he had assured the Chairman and all participants of his Government's readiness to participate in good faith in the multilateral process. A negotiating team from Tokyo had been in Geneva from the very day all had agreed to re-activate the process. Since then, Japan had actively engaged in a series of bilateral and plurilateral negotiations under each negotiating track. For one example, in services, Japan had taken the lead in providing, unconditionally, a second revised offer --

improved both in the form and the content -- in the form of a draft national schedule. At the same time, Japan had withdrawn two major items from its list of m.f.n. exemptions, thus improving the value of its offer. Japan could only hope that its negotiating partners would show similar spirit in order to contribute to the further progress of the negotiations. He reassured the Chairman and all participants of his Government's strong commitment to a successful conclusion of the Round in the very near future.

11. The representative of Korea expressed his delegation's disappointment that the successful conclusion of the Uruguay Round had once again proved to be so illusive. At the 26 November TNC meeting, Korea had expressed the hope that at the present meeting one would be celebrating. It now seemed that it would be some time before participants would be congratulating each other on their collective exercise. Korea had believed that the 12 November agreement between the United States and the Community on agriculture would provide a catalyst to the blocked negotiations, and had prepared itself accordingly. Indeed, a full delegation from Seoul had been in Geneva for two weeks to participate in the final negotiating phase. However, Korea had been too optimistic, and it was now more clear than ever that the political and technical foundations needed for success had still not been solidly laid. The negotiations had again slowed down for a number of reasons. First and foremost was, of course, the lack of political will on the part of the responsible players. Also notable was the disagreement among the major participants in the market access negotiations, the emergence of a number of new proposals that could tilt the delicately-struck balance in the DFA, and the common failure to work out a solution to other important pending issues, including tariffication in agriculture. As to the latter point, Korea had hoped that this issue of serious concern to it would have been properly addressed through the multilateral process in the past few weeks. Unfortunately, however, Korea had not been given an opportunity to present its case seriously. This was an indication of another deadlock that had been encountered since the Blair House Agreement in November.

12. Nevertheless, the work over the past few weeks had not been entirely fruitless and some progress had been recorded as was the case in services where certain technical issues had been clarified and some headway had been achieved in the initial commitments negotiations. He hoped that the same positive spirit would soon be displayed in other negotiating areas at meetings to be held early in 1993. For its part, Korea was firmly committed to the success of the Round. It had submitted its offers in market access, as well as its initial commitments in services, and was fully prepared to engage in serious access negotiations with its trading partners. As already mentioned, Korea's team of negotiators had been in Geneva for two weeks. Korea intended to continue bilateral negotiations until the Christmas break, as the Chairman had asked. It encouraged all participants to do likewise, and to make the best use of their negotiators' time. It fully supported the Chairman's proposed timetable for the end of 1992 and for 1993, and agreed with his proposal that one should minimize requests for changes and return as soon as possible to the negotiating table. In this connection, Korea appreciated the determination shown by the Community to conclude the Round in the first two weeks of January 1993; this time, however, all participants had to come back with a firm resolve not to enter into another lingering process and, for obvious reasons, with

a strong determination to conclude the six-year long negotiations once and for all. What was at stake was important for all. The greatest casualty of the failure or even further delay of the Round would undoubtedly be the world economy which was already in serious trouble; all knew too well the expensive price to be paid should the Round not be concluded before March 1993.

13. The representative of the United States said that his delegation had come to this meeting disappointed that circumstances and events had left all with insufficient time to achieve a political consensus on the Uruguay Round by the end of 1992. The United States remained convinced, however, that the effort to achieve the needed reform of the international trading system should continue. There would no doubt now be fingerpointing by some as all attempted to convince the world that their respective governments were not to blame for this unfortunate situation. This was to be expected. However, if one were genuinely to discover what it would take to complete the Round, it was vital to explore the real sources of delay and disagreement. Only then could one begin to attack them, systematically and with realism. It was now obvious that it would take further hard bargaining -- real bargaining and not just posturing or hiding behind others -- to bring a successful end to the most sweeping trade agreement in history.

14. One of the biggest barriers had been the fact that unforeseen circumstances had led to such a late start in engaging the real market access negotiations. This had unquestionably affected the sense of progress overall in Geneva. The United States was pleased that the Community had now submitted an agricultural schedule, although one would obviously continue to have differences over certain elements of that schedule. Unfortunately, however, it had been impossible to negotiate agricultural access questions before certain participants had resolved internal problems. Since that resolution had just begun to emerge, it was obvious that one simply had not had the time to develop a clearer picture of the vital agricultural package. While some might try to say that there had been enough time since the recent tabling of new proposals in agriculture to reach a political deal in 1992 on the basis thereof, the United States would question that logic.

15. What was now needed -- in fact was long overdue -- was a meaningful negotiation of the agricultural market access package. Without progress in this area, many participants simply would not give their political support to a final deal. Moreover, if the positions of certain participants prevailed in that process, the conditions for market access for agriculture could be more restrictive after the conclusion of the Round than before. This was not a result one could accept, nor one that would be in the best interest of most countries.

16. On industrial products, the participants had not been able to resolve a market access package that met everyone's objectives and provided maximum liberalization. While everyone had well-rehearsed reasons for this continuing lack of progress, it was clear that further intensive work was needed. The United States, for its part, was willing to make its contribution to such a package, including in the area of tariff peaks, all of which remained on the table. One would not resolve the existing

blockage on industrial tariffs without a commitment from all sides for a maximum -- rather than minimum -- approach to the final package. Some might point to the recent submission of a revised offer by the Community. However, this offer was essentially a snapshot of the negotiating process that showed the need for further negotiations if one were to complete the package. The United States was willing to submit a similar "status report" offer early in the following week. As it did so, however, it would put others on notice that only through a commitment to go beyond politically-safe positions and achieve maximum openness could one give the needed signal that the industrial tariff package was at last taking shape.

17. The regrettable and unforeseen delays in achieving real and tangible results in market access had kept participants from gaining the much needed momentum to sort out their differences over the DFA text. In effect, Tracks One and Two, contrary to the TNC Chairman's plan, had not created the climate for progress in Tracks Three and Four. Of course, all considered this regrettable. Some participants would suggest that this problem could be solved by simply banging the gavel and approving the DFA in its present form. That was unrealistic. Many delegations had raised substantive, interpretative and drafting problems that they wanted to be addressed. Of course, many would want to point the finger around the room so that someone else got the blame for opening areas other than agriculture. However, the real problem was reluctance to acknowledge the need to embark on the difficult and sensitive task of finalizing this text.

18. At the TNC meeting on 13 January, the Community had indicated its problems with the agricultural portions of the text -- portions which, he added, the United States had been willing to accept. At that same meeting, the United States had said that it found "certain other sections of the text deficient" and that "in some cases the text does not go far enough in reducing barriers, setting rigorous standards or providing strong disciplines and remedies against unfair behaviour". It had told participants that all should be willing to work out their remaining differences or risk failure. However, for the ensuing ten months it had discovered that it was impossible to have a multilateral negotiation on problems of relevance to the United States. Instead, it had been necessary to see if the United States could, on behalf of many concerned agricultural exporters, accommodate objections to the agriculture text in the DFA. All knew the history of that drama. There had been a tacit understanding in Geneva that such a breakthrough on agriculture was needed. But that should never have clouded anyone's judgement about the need for a focused and intensive process to resolve problems in other areas of the DFA. The TNC had been unable to develop such a process and give it sufficient time to do the job. Obviously, the United States, like others, had been prepared for such a negotiation. It remained prepared to go through what was expected to be a difficult exercise. A number of proposals for changes were now on the table. Discussions in recent days had confirmed that, in some cases, negotiators had come forward with text language that appeared to have been warming in their back pockets for quite some time, waiting for the right moment.

19. The reality was simple: one had not been able to negotiate a final bargain on these points. At least, however, one was now aware of the real differences that separated all from a happy signing ceremony. What all had

to do now was to intensify their contacts, both informal and formal, over the coming days and weeks to see how their differences could be resolved. It went without saying that all wanted to succeed. The question now was whether they could find a way. The United States looked forward to commencing discussions in 1993 with a renewed atmosphere of hope, but also a sober sense of realism about the task that lay ahead.

20. The representative of Brazil, on behalf of the Latin American and Caribbean countries, recalled that at the TNC meeting of 26 November, they had expressed their satisfaction at what had appeared to be a breakthrough in the Uruguay Round that could lead to its conclusion, and had stated their readiness to work to this effect. They had also underlined the need for detailed and early information about the bilateral agreement between the United States and the Community, and had drawn attention to the importance of avoiding a dismantling of the DFA through the use of Track Four. They had also stated that in their evaluation of the results of this Round, their conclusions would depend on what happened with the market access negotiations.

21. Though they were still ready to work collectively for the success of the Round, they were deeply disappointed at the lack of progress. With regard to the need for detailed information from the United States and the Community, he noted that the text of their Agreement had been provided only a short while earlier. This jeopardised any possibility of moving forward in a transparent and multilateral manner in the last part of the Round. As regards the DFA, they were very disappointed that amendment proposals of a wide scope, the adoption of which would imply a total imbalance in the DFA, had been aired and had even found their way to the Press. Proposals for changes in vital areas such as, inter alia, anti-dumping, TRIPs, sanitary and phytosanitary regulations, technical barriers to trade, and institutional questions, such as on the MTO, had set in motion a process of amendments and counter-amendments in which the total dismantling of the DFA was becoming a clear, if not unavoidable, outcome. The efforts of six years aimed at reinforcing the multilateral trading system were thus being undermined.

22. As regards market access, which represented a good part of the Latin American and Caribbean countries' interests, the situation was no more encouraging. These countries had always understood that the access negotiations would be grafted to the DFA, thus allowing for the re-balancing of the global package in line with their aspirations. What was currently happening was very far from this. Implicit or explicit efforts were being made by the major participants toward trade-offs between access concessions and changes in the DFA that made the imbalance even worse. On the other hand, in spite of the generous offers the Latin American and Caribbean countries had placed on the table, they found themselves in a situation where many of their trading partners -- even the largest -- had presented either incomplete offers or totally unsatisfactory ones. They had been hoping that these offers would provide a trigger in this phase of the negotiations in order to reach a successful political conclusion of the Round. This had not happened and had led them to question the value of others' offers as well as the status of their own offers, and even the need to revise the latter, since everything else was conditional.



23. Even more seriously, these countries had not been able to see in the past three weeks a political will on the part of the major trading partners to move these negotiations to a rapid and well balanced conclusion. This was in contrast to the solemn commitment undertaken in Munich by the G-7 leaders to conclude the Round before the end of 1992. Their concern was even more justified when they looked at the future and saw that various political events might lead to an even greater -- perhaps irreversible -- slippage of the negotiations.

24. The Latin American and Caribbean countries still believed, however, that with goodwill and political vision it would be possible to conclude the Round within the well-known time-limit, even though the margin left was ever smaller. For this to occur, it was absolutely necessary that political leaders, in particular those of the major economic powers, behave as such and distinguish between the pressures of specific lobbies and the deep and lasting interests of their countries, which in fact were no different from those of the multilateral system. Nothing was irreversible, and nothing could be taking for granted. The liberalization effort undertaken by the Latin American and Caribbean countries could not be maintained if their hopes in the multilateral system were not fulfilled. This was not a threat, but just a perceptible signal of discontent, because the possibilities existed of reaching an agreement on a just, free and open trading system. While the state of the world economy was a negative factor, it was largely within the reach of the participants in the Round to reverse the situation; however, this demanded, on the part of all of them -- and the major ones in particular -- a vision of the future and a sense of responsibility.

25. The representative of Pakistan said that the present meeting provided an opportunity for a candid assessment of the present stage of the Uruguay Round. Undoubtedly, this had been a complex round of negotiations. Naturally, a venture of such magnitude had to go through some tribulations. Yet, Pakistan believed that, given political will and a shared understanding of the concerns and aspirations of all, one could still bring the efforts of over six years to fruition. He drew attention to some of Pakistan's outstanding concerns in the hope that it would facilitate focusing on some fundamental preoccupations in which many participants in the Round had a common interest. Pakistan's deepest concern related essentially to the process in which all had found themselves throughout 1992 and especially during the most recent weeks. The multilateral trading system which all had been trying to develop in the Round was of obvious interest to each one of the participating countries. While all remained committed to bringing the Round to an early and successful conclusion, the new system they sought to establish would take root only if it took due account of the legitimate concerns of all and not of just a few. An even-handed approach would therefore be expected in regard to the aspirations and concerns of all. For the results to be durable, they had to be developed with the active involvement of all those who would be affected by their implementation.

26. With regard to the evaluation of the results before the final completion of the negotiations -- as foreshadowed at the time of the launching of the Round in Punta del Este -- he recalled that at the TNC meeting on 26 November, all had gone along with the objective of

re-activating the negotiations with a view to achieving a successful political conclusion before the end of 1992. Some legitimate concerns had therefore arisen as to whether there would be any time left for all participants to evaluate the results after the conclusion -- albeit only a political conclusion -- of the Round or whether there would be enough time before the end of the present set of negotiations to undertake such an exercise, especially if most participants might not have been involved in the final round of consultations and negotiations.

27. Pakistan also had certain basic concerns with the DFA which, as it had stated at the TNC meeting on 13 January 1992, had not been fully taken into account. The first concern related to agriculture. From most accounts, whether press reports or other sources, the agreement between the Community and the United States appeared to substantially alter the DFA. From what one could discern at present, pending further details, the so-called peace clause in that Agreement would appear to create a further imbalance in what had already been an insufficient disciplining of agricultural trade distortions. The further weakening of the decisions on export subsidies had to be a cause of deep concern because, when combined with the so-called peace clause, it essentially implied the dropping of one's defences. While it was true that Pakistan had not opposed the concept of comprehensive tariffication and the binding of agricultural tariffs, he asked how countries like his could be expected to choose the optimum ceilings for binding these tariffs if they did not have confidence in the reserves which would be produced by weak disciplines on export subsidies. There was also the question of internal support. It was now clear to any discerning observer that not only would the reductions to be undertaken by the major industrialized countries be marginal, but also that most of their support might even escape the net altogether. On the other hand, it was not clear whether they would be able to continue with their subsistence support, which in any case was not trade-distorting. Equally important, if reductions were now to be on the basis of an Aggregate Measurement of Support, how would one ensure that support in the developed countries on products of interest to developing countries would also be reduced? If that were not to be the case, then, from Pakistan's point of view, the scheme was inherently flawed. In a general sense, it might be difficult to endorse an unbalanced result in agriculture.

28. As regards textiles, Pakistan had all along tried to express its concerns in respect of the inadequacy of the economic package in the text. Regrettably, it continued to wait for an opportunity to explain these concerns in an open process.

29. Pakistan also had difficulties with other elements in the package, in particular certain elements in the MTO and market access areas that were of interest to it. While he would not raise them now, he would address a philosophical point concerning the requirement for schedules of initial commitments in services. Pakistan did not wish to shy away from commitments consistent with its level of development, but it was clear that many countries would not be in a position to submit their schedules in time for various reasons, some of which had to do with the newness and the complexity of the exercise. How, then, should one act to resolve the political implications of this problem?

30. Pakistan remained committed to an early and successful conclusion of the Round. Indeed, Pakistan had been among the first to support the launching of the Round and even the inclusion of services in the agenda. It hoped that one could continue to work towards a balanced package with the active involvement of all those who might have particular interests and concerns.

31. The representative of Switzerland welcomed the fact that the negotiations had, over the past few weeks, acquired a necessary and essential dynamism -- certainly a much needed impetus to conclude the Uruguay Round. One had at last reached a phase in which one identified and discussed the elements of the DFA in need of amendment. All were aware of the need for showing considerable self-restraint in this regard, and to base themselves insofar as possible on what had been negotiated and on what common capital there was. Switzerland would concentrate and focus on what, in its view, was essential, and as members of the TNC well knew, certain aspects of the agriculture package constituted this essential element.

32. With regard to the market access aspect of the negotiations, Switzerland welcomed the new offers which had been made in the course of the last two days, and those that had already been announced. Switzerland was also aware that some of these offers had not reached their optimum level as yet, but was not overly concerned by this aspect to the extent that one was in an ongoing process and therefore the whole process of adjustment of offers would also continue in a sustained manner. Switzerland hoped that those participants which had not yet made offers would do so as soon as possible. These offers constituted an essential element for finalizing the negotiations in the areas of market access and services. It would be inconceivable to make any progress in the other areas of negotiations without these sectors.

33. Referring to the political impasse, he said that procedural approaches, such as repeating deadlines, as opposed to substantive ones had been very often used in the negotiating process. Switzerland hoped that the date set at the present meeting would be the last such deadline. As far as Switzerland was concerned, the real deadline was the date upon which all would sign the agreement on the Uruguay Round, an agreement which Switzerland wished to see balanced in all its different aspects.

34. Finally, his delegation believed that there was no reason to succumb to pessimism. Switzerland had been encouraged by the statements made earlier and by the broader approaches both on substance as well as on other aspects such as participation in the framework of these negotiations. It believed that the rôle of the TNC Chairman remained an important one in guiding and directing the negotiating efforts, and agreed with the latter's proposals in this regard. Switzerland was also aware that he and the negotiations themselves would not make any progress unless delegations made sure that there was progress. Switzerland was prepared to respond to his invitation to continue negotiations over the next few days and to tackle them as intensively as possible again from 4 January 1993.

35. The representative of Canada said that completing the Round was Canada's highest international economic priority and that Canada attached the greatest importance to an early and successful conclusion thereof.

From Canada's perspective, the Round was all but complete. The DFA had been available since December 1991 and most of it was acceptable to all participants. Also, since December 1991, improvements or clarifications had been brought to a number of texts. The work done during the past autumn had led to progress in certain areas, in particular the breakthrough -- which Canada welcomed as a significant step forward -- by the United States and the Community on agricultural export subsidies and domestic support. The tabling at last of the Community's line-by-line offer on agriculture was also welcome. Other market access negotiations had shown some indication that some progress could be made which one could take and build upon. There were, however, setbacks in negotiations and much remained to be done.

36. Canada was disappointed by two events. First, the delay in restarting the multilateral phase of the negotiations that had significantly reduced the amount of time available for reaching a deal before Christmas. Canada had brought over a full team in early December to negotiate the final package, but real negotiations had failed to materialize on a number of fronts. Canada's frustrations in this respect were shared by a number of others. Second, Canada was concerned at attempts by certain key participants to raise a number of new issues or re-open an agreed text late in the game. These included extensive new proposals in many areas including subsidies, TRIPs, services, institutional issues and substantive re-openings of areas such as sanitary and phyto-sanitary provisions and TBT. Canada was particularly concerned that the multilateral trade organization (MTO) was being questioned. This was part of the DFA and had been extensively negotiated in 1991. Canada considered the MTO to be a significant, substantive and essential part of the outcome of the Round because (i) it would put the world trading rules on a further, longer-term footing; (ii) it would ensure that the results were treated as a single package, applicable to all; and (iii) the MTO would provide a single workable dispute settlement system.

37. Many participants, including Canada, had specific concerns that they needed to address before the final outcome. The agriculture text had been opened to accommodate the Community. Canada wanted its concerns addressed with respect to the proposed clarification of Article XI:2(c)(i). Also, in the subsidies text, it attached importance to removing what it regarded as a built-in discrimination against federal States contained in Article 2.2. A change therein would not alter the balance of that text. However, he added that a wholesale reworking of the existing text did not appear to Canada to be the way to resolve the Round.

38. As to where one went from there, Canada believed this was not the time for assessing blame. Instead, the time over the coming holiday should be used to look again at how to progress. All knew that they were working under a deadline of the current US Fast-Track authority if they wished to conclude the Round quickly. Canada was prepared to meet that deadline and was ready and willing to return whenever the TNC Chairman recalled the participants. Upon resumption, one needed to be sure that the basis existed for achieving high quality results in the market access area for both goods and services, because without good results in these areas the business community would not judge the participants' efforts kindly. In order to achieve a balanced agricultural outcome, it was absolutely

imperative that the agricultural and market access offers of all major participants be improved, especially the offers of those that were the major proponents of comprehensive tariffication. In one case, for example, a significant improvement in the minimum access offer for dairy was needed. Similarly, in another case, Canada would not agree to an outcome which effectively perpetuated a status quo, which was the practical effect of the current access offer.

39. The representative of Finland, on behalf of the Nordic countries, underlined the continued importance that these countries attached to the rapid conclusion of the Uruguay Round, and recalled their full commitment to a global, balanced and substantial package. They pledged their readiness to participate actively in what they hoped would be expeditious final negotiations to be carried out in the manner the Chairman had suggested in his opening remarks. In this context, he pointed out that the Nordic countries had had, for the past two weeks, full negotiating teams in Geneva in all areas. Against this background he expressed their disappointment that the commonly set objective to reach an agreed political package by the end of 1992 could not be met. However, they did not want to be, or sound, too gloomy since some positive elements had emerged lately, as was pointed out, for example, by Switzerland.

40. In order not to lose the momentum of this process, the Nordic countries urged all, in particular the major participants, to work toward the necessary progress in the market access area not only as regards agriculture but also industrial goods. It had become obvious that the earlier breakthrough in agriculture between the two major participants was not alone sufficient to trigger an imminent conclusion of the Round, although it had prevented a potentially damaging trans-atlantic trade war. As the Chairman and others had stressed, one was now negotiating against the clock. In these circumstances, any attempt to unravel the DFA would put the Round clearly in jeopardy. It was the Nordic countries' firm conviction that the DFA was, and would continue to be, the only realistic basis for all to finish the Round on time. While certainly not perfect, it was, all things considered, the best deal that one would get for a very long time. For these reasons, the Nordic countries stressed the need for urgent political courage on the part of all to resist making more than minimum changes to the DFA. They also urged all participants, especially the major ones, to rapidly engage in serious negotiations with the clear objective to conclude the Round within the time-frame available.

41. The representative of Indonesia said the complexity of the process did not permit participants to achieve the end-of-year target. However, as the Chairman had said, some progress had been achieved, though not enough. Indonesia welcomed the news that the United States and the Community had resolved their problems in agriculture. It duly noted the counsel to continue efforts to conclude speedily the remaining parts of the work. His delegation would make every effort to contribute to the process. In expressing its difficulties, Indonesia did so in the spirit of finding the means to address them in a most constructive and pragmatic manner. As expressed by its delegation on a number of occasions, Indonesia had a specific concern about the problem of providing basic food for a large population - 180 million people, many of whom still lived below the poverty line. He sought, therefore, indulgence and understanding about the urgency

of ensuring that Indonesia have the production capability to provide food for its population. To do so, Indonesia had put into place a programme of domestic food adequacy aimed at providing rice -- the basic staple food -- to a population that would increase to 200 million in the first decade of the 21st century. Indonesia would like to do so in a cost-effective manner with its agriculture responding to market mechanisms. This responsibility required the maintenance of the existing system to ensure that prices remained stable at a level which corresponded to the world market rate, while continuing to increase production capacity to meet domestic demand. After careful consideration, Indonesia had come to the conclusion that the supply management and the existing production programme, which was so necessary for the food policy programme, would make it difficult for the time being for it to comply with the minimum access and tariffication requirements of the DFA. His authorities had concluded that they had to seek an exception. While Indonesia would continue to search for constructive and pragmatic solutions to its problems, mindful of the interest of others, it had to flag this concern, which would be alleviated by a postponement of the application of the relevant DFA provisions.

42. Indonesia's second concern related to the provisions on intellectual property. It had accepted rigorous standards for protection as stipulated in the DFA. However, it was concerned about whether in the short transitional period stipulated, it would actually administer all the enforcement provisions without exception. Indonesia's administrative machinery might not be able to perform every aspect of the enforcement provisions. Indonesia sought ways to overcome the difficulties so that its inability to administer some aspects of the provisions during the transition period would not lead to future disputes based on non-compliance when the problems were technical in nature and not a deliberate attempt to evade the provisions. The solution to the problem should follow the path of correction and cooperation rather than that of dispute settlement, and should include technical assistance. Indonesia recognized the difficulties that required it to proceed in a restrained and judicious manner. His delegation would do everything possible to be constructive and cooperative, and sensitive to others' concerns, but would also seek understanding from its partners about its problems. It would also be seeking new guidance to resolve those problems, and would be responsive to all possible solutions and ready to discuss with any party.

43. The representative of Mexico said that his delegation fully supported the statements by Morocco on behalf of developing countries and by Brazil on behalf of Latin American and Caribbean countries. Mexico noted with frustration media reports and corridors rumors that one had been unable to agree to a political agreement to conclude the Uruguay Round by the end of 1992. The environment could not be more adverse. Various trading partners had not tried their best, leadership had been lacking on all fronts and vision was still lacking as concerned these negotiations. While important progress had been made, as others had mentioned, it was also true that many governments were not ready to confront their immediate problems in areas which were important for the success and benefits of the future, both for theirs and those of others, in a display of what one might call collective amnesia or multilateral irresponsibility. In the past few days one had heard of the first attempts to re-open the negotiated package. Important amendments were being proposed in the modest agreement on agriculture, the

institutional arrangements were being attacked, modifications were even being suggested in subsidies, anti-dumping and other rule-making sections of the DFA and proposals were also made in the "new areas" in order to accommodate powerful interests.

44. As a reaction to this strategy, it would no doubt be necessary to add a new and legitimate list of changes requested by other participants in order to restore the balance in the DFA which was being tilted by the proposed modifications. All of this threatened to convert the negotiating agenda into an endless affair. It was quite obvious that if there was a stalemate on such matters, the Round would continue for a very long time. This, of course, was a matter of deep concern. Mexico believed that the agreements and compromises achieved thus far had to be respected and that maximum self-restraint was essential for the success of the Round. Mexico joined those that had suggested that the level of discussion be raised so as to be able to finish the Round soon and so that all governments might make their best endeavours in demonstrating negotiating responsibility and real political will, which had been lacking thus far. Not only would work need to begin as of the very first day of January 1993, but this would need to be done with greater intensity, something which recently had been lacking. Decisions were unavoidable and had to be taken promptly before the Round unraveled.

45. The representative of Israel reiterated its readiness and willingness to participate fully in the Round and present offers in all relevant areas. Israel, like others, had a specific concern with regard to the principle of comprehensive tariffication that still had to be addressed. Its sincere hope was that a way to accommodate these concerns would be found to the satisfaction of all.

46. The representative of Hong Kong said that his authorities remained fully committed to an early and successful conclusion of the Uruguay Round and in this respect welcomed the Chairman's opening statement. It would be up to each participant to ask itself why one had failed to achieve the objective agreed at the previous TNC meeting, namely, a successful political conclusion to the Round before the end of 1992. No doubt different participants might have different answers. He hoped all could reflect during the forthcoming holiday so that they could draw all the lessons from the recent process and make a renewed effort in 1993. Looking ahead, his delegation would continue to take a positive approach to the negotiations, taking full account of the principles of globality and balance. In these critical stages of the negotiations, it was incumbent on the major participants to exercise political will and leadership to remove the blockage between themselves so as to help move the process forward. He had noted and welcomed the positive statements by the United States and the Community. He hoped they would help provide a new impetus to the market access and initial commitments negotiations in this continual process to reach a successful conclusion.

47. As one moved towards the final phase, it was timely to recall that apart from the schedules of concessions in Track One and Track Two, the DFA was an important and inseparable element of the results of the Round. At the TNC meeting in January 1992, his delegation had made clear that despite its serious problems with certain parts of the DFA, particularly in the

rules areas such as safeguards and anti-dumping, it would accept the DFA as a basis for concluding the Round. This remained Hong Kong's position, and it would exercise discipline and self-restraint in any multilateral review of the document. He underlined that there should be no change in the understanding that all participants had accepted in respect of Track Four which, in the Chairman's words at the previous TNC meeting, had been "established with a view to examining whether it was possible to adjust the Draft Final Act in certain specific places, and these adjustments should be concentrated entirely on what we could collectively agree to without unravelling package". It had taken six years of difficult and at times acrimonious negotiations to put together a DFA of some 500 pages. His delegation would not wish to offer any views on the agricultural texts, but no-one should underestimate the risk involved in seeking substantial changes to the other areas. He urged participants to approach any Track-Four exercise with maximum self-restraint and with the greatest respect for the credibility of the multilateral trading system and the rules and disciplines that underpinned it.

48. The representative of Costa Rica said that as a developing country and member of the Latin American Group, Costa Rica's concerns had already been set out clearly by Morocco and Brazil who had spoken on behalf of these groups. However, on behalf of Colombia, Guatemala, Honduras, Nicaragua and Venezuela, he wished to refer to an issue which gave them all cause for serious concern and which had to be added to the overall alarm as regards the state of affairs in the Uruguay Round. Specifically, two days earlier the Community had submitted its list on agriculture commitments. This list had found its way to the press which had stated that it would imply major changes to the DFA which would completely unbalance the latter. The attempts at changing agreed provisions on anti-dumping, TRIPs, sanitary and phytosanitary measures, technical barriers to trade, not to mention the institutional aspects, meant a process of amendments and counter-amendments which had in fact rendered more acute the fears of many delegations concerning the prospect of a negative outcome to the Round.

49. As far as bananas were concerned -- one of the principal exports of the countries for which he was speaking -- there was a blank space in the list of the Community's proposed commitments for market access along with the comment that further information would be provided later. At an earlier date, this might have been taken as a genuine desire on the part of the Community to negotiate and to respect the commitments of the Round. But this conclusion had lasted no more than one day. Indeed, the day before, the Community's Council of Agriculture Ministers had adopted a new régime for the import of bananas to come into effect in 1993, which established conditions of access that were completely restrictive as regards Latin-American exports. Given this state of affairs, he believed it was necessary to point out that the banana-exporting countries of his region were deeply concerned at the Community's lack of compliance with the Round's commitments. It was not acceptable that the new régime, which did not even guarantee the present conditions of access or equivalent ones, be disguised as a tariffication exercise. It was clear that this régime violated openly the standstill commitments undertaken at Punta del Este. He recalled that two weeks earlier, their countries and the Community had agreed to a suspension of the good offices of the Director-General -- being carried out under the 1966 Decision on Procedures under Article XXIII --



with regard to the Community's banana import régime in an attempt to find an opening in the process of informal consultations which would lead to a solution of the existing dispute. However, the day before, the Community, in complete ignorance of this process as well as of the GATT rules and the Uruguay Round principles, had adopted a system which was tantamount to the simple imposition of a disguised quantitative restriction with the restrictive consequences which it implied for the banana trade of the countries concerned.

50. The banana import régime that had been adopted established a tariff quota the volume of which implied the reduction of at least 20 per cent in relation to present access for Latin American bananas. It applied a duty in the first year which was virtually double that of the average duty applied at present. It created in the second year a completely prohibitive duty which in practice was tantamount to a quantitative restriction. It did not include any levels of growth in the quota, ignoring completely the levels of Latin-American production, which had grown on average by 14 per cent in recent years. As if the restriction mentioned above had not already weakened enough the concept of tariffication of the DFA text, the Community had in addition established a quota management system based on the system of "linkage" and that was clearly in violation of the GATT.

51. The DFA, building on the Punta del Este and Montreal commitments on tropical products, established full liberalization of trade in tropical products. The Community had not only not abided by this goal, but had not even offered a liberalization commitment of any kind. Furthermore, it had in fact applied a far more restrictive system than the present one. What had now occurred in Brussels went far beyond the specific interests of the Latin American countries concerned with regard to banana trade, as the methodology established in the DFA text on agriculture could not be used to increase trade restrictions at the border. The decision taken by the Community was serious and the danger existed that this might allow others to justify the imposition of highly restrictive measures with regressive trade consequences simply by camouflaging it under the methodology set out in the DFA text. Thus, the path to be followed in the Round became more difficult and the imbalance which already existed in the results became even more significant.

52. The representative of Hungary recalled that at the previous TNC meeting all had committed themselves to take up the thread of the negotiations bearing in mind the need to reach a political conclusion before the end of 1992. It was with this in mind that Hungary had participated in the work undertaken in various areas. Hungary welcomed the fact that progress had been achieved since that meeting, although not as much as was needed in order to reach the set goal. In these conditions, it seemed that an urgent appeal had to be made to all parties asking them to redouble their efforts and work at a far greater pace in all areas in order for the negotiations to be concluded in the first weeks of 1993.

53. While all had agreed to the reconsideration of the DFA, it had not yet been initiated. A warning had to be sounded against what could be seen as an increasing and serious danger, that of re-opening all the different texts of the DFA. Hong Kong had reminded participants of the definition that all had accepted concerning the goal one was trying to achieve and of

the disciplines by which all had to abide in the work under Track Four. He stressed the concept of adjustment and the fact that one did not want to unravel or unbalance the text. All had to be very moderate by restricting amendments to the text and remaining within the constraints they had set upon themselves. His delegation stood ready to work with the Chairman and all participants and to spare neither the effort nor the little time left to all in this endeavour.

54. The representative of Argentina said the statements by Morocco on behalf of the developing countries and by Brazil on behalf of the Latin American and Caribbean countries fully expressed his delegation's view. As all knew, the DFA was the result of a delicate and difficult balance which had been achieved after more than five years of negotiations. Despite the fact that it was not satisfactory, the majority of the participants had given it their support since it provided the basis for allowing the conclusion of the Uruguay Round. His delegation had subscribed to this position on 13 January 1992. The DFA package should be further enhanced by market access and services negotiations; in no way could the argument be used that these negotiations would weaken the content of the DFA and take the negotiations back to their earlier phase.

55. Over the past few weeks, however, a very clear-cut danger inherent in the negotiations had emerged in the lack of self-restraint on the part of certain participants, who had suggested the re-opening of certain texts without the sufficient degree of support which had been agreed at the TNC meetings in January and November 1992. In Argentina's view, this might prevent progress being made in a multilateral examination of the DFA and in negotiations in market access and services, thus pre-empting the early conclusion of the Round. It was therefore essential to demonstrate the political will and leadership that would bring all efforts to a satisfactory conclusion. These traits had to be demonstrated in particular by the largest trading partners in the system. The will and the determination to stand up to interest groups which were resisting structural adjustment and trade liberalization was the key to whether or not one would be in a position to meet the challenge set out in the Punta del Este Declaration. Some amendments that had been attempted would change the very approach and indeed the very objectives of Punta del Este. Some had also led to uncertainty and would in fact invalidate the very programme to which all had agreed six years earlier. The danger was that if this trend was further confirmed, one would in fact depart from the clearly indicated path and would be lost in a maze out of which it would be extremely difficult to exit.

56. The representative of Tunisia supported the statement by Morocco on behalf of the developing countries. The Chairman had noted the concern of all participating countries that hoped for a successful conclusion to the Round. He thought one should not just speak of a speedy agreement on the DFA, but also of the historical responsibility to give this agreement maximum chance for implementation so as to be able to promote new international economic relations which would generate greater wealth and prosperity in the world, thus progressively improving life for all mankind. The unblocking of the negotiations as a consequence of the compromise between the United States and the Community should not make one just sit back, since it was everyone's responsibility to negotiate.

57. Very often when speaking of challenges arising from the Round, one heard of the position of the major trading nations, or that the results of the Round would be decisive for developing countries. Countries like Tunisia that were engaged in a transition towards a market economy were the most sensitive to the new rules of trade. These countries were not being helped by the length of these negotiations, nor by prospective results which did not reflect special and differential treatment for developing countries. Many developing countries, including Tunisia, had assumed their responsibilities and had presented initial commitments for services and had also tabled schedules for agriculture. It was quite obvious that the way forward was as spelled out by the Chairman at the beginning of the year and as confirmed in the course of the TNC's more recent meetings. In this connection, he reiterated that his delegation had made proposals -- on which it still insisted -- for examining the possibilities of extending the time-limit for the implementation of the results of the Round and for the management of any unfavourable effects of some of those results. All this was in accordance with the ideas of the founding fathers of GATT, and was contained in the Preamble to the General Agreement. It was necessary to translate GATT principles into the new agreement so that all developing countries could share in international trade growth which was vital for their economic development. Nothing should discourage participants from continuing this on-going work and from resisting all pressures. One sensed being very close to fulfilling the common objective of all in these negotiations, and this should lead to a renewal of efforts, in all transparency.

58. The Chairman thanked the delegations that had spoken. At this point in the negotiating process, it was important to state positions frankly and openly so that everybody was aware of them. He hoped that there would not now be any hidden problems coming to the negotiating table at the last minute. At the present meeting, delegations had begun to move from general statements to very specific points and this was a welcome development. No-one stood to gain by a wait-and-see game because this would prevent the final conclusion of the negotiations which was a shared objective. He assumed that the programme of work he had earlier proposed was agreed. He noted from the debate that the importance of transparency had once again been recognized, and that globality had, more than ever, been emphasized as the rule of the game. However, since there could be as many definitions of globality as there were participants in the Round, he would, as Chairman, make some points in respect thereof.

59. It was evident that with the type of agenda at hand and the ambitious objectives that had been fixed, it would not be possible to do everything at the same time. Hence, the term parallelism in the case of the Round meant that the point had to be reached where each and every participant could form a global view of the results. The global view meant, first of all, the Draft Final Act, which was nothing more and nothing less than the framework of rules and disciplines envisaged by governments in the Round. A very important part of the Round was also the market access negotiations in goods and in services. All this work had to move forward in parallel. At the TNC meeting in January 1992, governments had recognized that the final word on the DFA could not be had before also having a clear picture of the results of the negotiations in respect of market access and initial commitments in services.

60. It was in the market access negotiations in goods and services that much of the fight against time was taking place and it was precisely in these areas that the Chairman could not substitute for efforts by the negotiators. He would leave participants with this thought because he believed it was absolutely essential that negotiations be engaged straightaway.

61. As Chairman he would not enter into details in respect of issues that were considered as belonging to Track Four, but only remind participants that Track Four would not be a successful exercise until substantial results were seen as being achieved in Tracks One and Two. This was parallelism and globality. He thanked and agreed with delegations who had indicated that what was needed was to ensure that changes or adjustments, if any, in the DFA should be collectively agreed. He also hoped, however, that there was understanding that to find out what could be collectively agreed problems had to be examined. These two processes had to go hand in hand.

62. Comparing the progress in the Round to climbing a peak, he said that the temporary ups and downs of weather should not prevent participants from moving forward. He hoped for good weather in January so that all could reach the summit. Oxygen would be needed and was not readily available. Some even seemed better prepared to go up with less oxygen than others, and this, perhaps, was the problem. One thing was clear, namely that it was the participants who were the climbers, while the TNC Chairman and the Secretariat were the sherpas at their disposal to help them in their task. He hoped that this important point would be kept in mind by all when they resumed work in the following week and in January 1993.

63. The Trade Negotiations Committee took note of the statements made.