

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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Trade Negotiations Committee

TRADE NEGOTIATIONS COMMITTEE

Thirty-Third Meeting: 19 November 1993

1. The Trade Negotiations Committee (TNC) held its thirty-third meeting at official level under the Chairmanship of Mr. Peter D. Sutherland.
2. The Chairman reminded participants that there were only 26 days left in which to conclude the Uruguay Round negotiations and referred to additional Ministerial statements which called urgently for a result. These were the Declaration of the XIX Latin American Council of SELA, which met in Caracas on 25-29 October (MTN.TNC/W/120) and the Declaration of the Visegrád countries (Hungary, the Czech Republic, Poland and the Slovak Republic), which met in Budapest on 12 November (MTN.TNC/W/121).
3. While the week of 15 November had seen significant developments, much remained to be done. Following the vote in the US Congress on the North American Free-Trade Agreement (NAFTA), the overall climate to conclude the negotiations rapidly had improved. It was now particularly urgent that the major trading partners, especially the European Community and the United States, bring to the table a decisive contribution which would facilitate the realization of the balanced package necessary to conclude the Round. In this respect, they would have to offer solutions to the specific market-access issues. Believing that the Geneva process had begun to crystallize the issues that remained to be solved and the political choices for success clearly identified, he said that it was up to the political leaders to find the will to resolve the remaining issues.
4. In presenting his assessment of the current status of the negotiations, he said that the Chairman of the Group of Negotiations on Market Access (GMA) had submitted a detailed report on the situation on 15 November. He attached particular importance to this report and requested all participants to convey to their Ministers his assessment so that the necessary flexibility would be forthcoming towards reaching a final balanced result for all. A large and broad-based market-liberalization package was within reach; the more recent dynamics of the negotiations had been positive despite slow and difficult progress. However, considerable work remained to be done before a multilaterally-acceptable and substantial market-access package could be concluded, and unless there was an immediate determined and vigorous effort to move the market-access package forward decisively, some participants might be tempted to adjust the package of results by withdrawing conditional offers. On the other hand, with the necessary leadership from the major participants, there was a real prospect of not merely achieving, but even significantly exceeding the overall trade-liberalization objectives agreed for the Uruguay Round.
5. Globally, 83 market-access offers had been made, of which 75 were comprehensive, covering both agricultural and non-agricultural products. Thus, participants accounting for virtually all international trade in goods had tabled their Schedules. Six least-developed participants had submitted offers, while the other nineteen least-developed participants were among those which had not tabled

any offers. Although the least-developed countries had been offered a significant concession in the form of a grace period, he urged them strongly and in their own best interests to submit their offers before the Round concluded. Thirteen other countries had not presented their offers; it was highly important for them to do so immediately.

6. On Tariffs, it was possible that a large number of participants, both developed and developing, would offer to bind virtually all tariff lines across-the-board, thus enhancing predictability of market-access conditions. In this respect, he understood that:

- A large number of participants expected to achieve an overall depth of tariff cuts of 36 per cent for agricultural products — 24 per cent by developing participants — as provided by the Draft Final Act (DFA). For non-agricultural products many participants had indicated their ability to considerably exceed the level of 33 per cent, provided they obtained a satisfactory balance of results with their trading partners.
- Many developing participants had offered to bind their tariffs at ceilings of 35 to 40 per cent on non-agricultural products, although some ceilings tended to be considerably higher in the case of agricultural products.
- The proposal by the Quad participants to eliminate tariffs and non-tariff measures in the sectors of pharmaceuticals, construction equipment, medical equipment, steel, beer, furniture, farm equipment and spirits had been gradually consolidated, as a critical mass of participants had expressed willingness to participate, in whole or in part. In this regard, the flexibility recently opened to developing participants in terms of coverage, depth of cuts and the phasing period had been helpful. A number of proposals to add other sectors, including paper, wood products, electronics, scientific equipment, ceramics, glass, toys, oilseeds and products thereof, and malt, remained outstanding. The participants concerned should contribute to solutions on these issues.
- Progress on the proposal by Quad participants for tariff harmonization on chemicals at low rates, including zero, had been positive, but a number of other sectoral harmonization proposals, including non-ferrous metals, fish products, textiles and clothing, remained outstanding and required urgent movement.

7. In respect of Non-Tariff Measures on agricultural products, the revised offers were expected to reflect the following:

- Most participants had accepted the principle of comprehensive tariffication and the few who continued to oppose this central element of the DFA needed to review their position. The GMA Chairman would intensify his consultations aimed at a satisfactory resolution of the comprehensive tariffication issue.
- Difficulties continued in the negotiation between a number of participants regarding the application of the DFA provisions for current and minimum access opportunities by major participants. The areas which still seemed to cause most difficulties for some participants related to cereals, meat, sugar, and dairy products. He requested improvement from those participants.

- In the area of tropical products, developing participants continued to be seriously concerned, particularly with respect to bananas. He urged for a constructive dialogue with a view to finding a solution to these concerns.
8. Though the resolution of most problems concerning non-tariff measures on non-agricultural products seemed to be contained in the trade-rules package under the DFA, a number of product or sector specific non-tariff measures remained under negotiation.
9. Some tariff offers in the draft Schedules were still conditional upon the liberalization of restrictive government procurement practices and the proposal to eliminate tariffs on steel products remained subject to the conclusion of a Multilateral Steel Agreement. The willingness of certain major importers to offer deeper tariff cuts, including total elimination of duties in respect of resource-based products (wood products, non-ferrous metals and fish products) continued to be linked to access to supplies or resources. Efforts to find a resolution of market-access related DFA issues in the areas of textiles and clothing were still under way between the participants concerned. Consultations conducted by the GMA Chairman suggested that this issue in the context of market-access negotiations continued to be addressed constructively, although concrete solutions had yet to emerge.
10. A number of major outstanding sectoral issues required further movement on the part of Quad participants, since they constituted the most serious obstacle to the conclusion of a large market-access package. The manner in which these sectoral issues were resolved would not only affect the size and shape of the overall package, but also influence the ability of participants to balance concessions at the highest possible level.
11. In presenting this detailed picture, he wanted to impress upon those, especially among the major trading partners, who thought that they had done enough, that more needed to be done. In this regard, he emphasized five issues:
- Agriculture: the resolution of the DFA-related issues, including comprehensive tariffication and the provision for current and minimum access opportunities, remained key to the achievement of a satisfactory global market-access package. Resolution of agricultural tropical products liberalization issues also remained important.
 - Textiles and clothing tariffs and other products under high tariffs were issues for which additional flexibility from Quad participants was required. The prospects of other exporting countries, particularly developing participants, providing improved market access in the textiles and clothing area had somewhat improved with the recent helpful offers, including across-the-board bindings. Progress was linked to the satisfactory resolution of market-access related DFA issues in this area.
 - The outstanding tariff elimination and/or harmonization proposals remained key to the unfinished agenda, although some recent offers seemed to have begun to bridge gaps.
 - Electronics: recent offers had been helpful, but flexibility to offer deeper cuts remained an important factor for many participants, particularly developing participants.
 - Leather products and footwear had been the focus of recent concern by some participants, as their capacity to maintain existing offers was conditional upon other participants also reducing their high tariffs and addressing issues related to the supply

of raw materials. The GMA Chairman intended to hold consultations on these matters at an early date.

12. He said that by the end of the day, participants were expected to complete the updating of their draft Schedules, providing detailed descriptions of substantive changes to their initial offers resulting from recent bilateral negotiations. These revised offers constituted an essential element for the evaluation of the market-access results envisaged in the Punta del Este Declaration.

13. Constructive work had continued to take place on Services and additional important work would take place the following week. However, he was particularly concerned that certain positions taken recently on financial services might prove to be counterproductive. Indeed, there was evidence that unless there was an urgent review of these positions, not only would past and current efforts to improve existing offers falter, but the important progress already achieved might begin to unravel. He called upon the United States, in particular, to find workable solutions. All governments at this stage of the negotiations had a responsibility to explain to their domestic interests that might take unrealistic positions, the immense value of what had been achieved and could be achieved in this first multilateral negotiation on liberalization of trade in services. 85 countries, including all major participants in services trade, had now submitted initial offers on services. However, a number of participants' offers remained outstanding and he reminded them that the Group of Negotiations on Services had agreed that 26 November was the deadline for the submission of final Schedules.

14. On Institutional Questions, a major breakthrough had been achieved on 15 November when the Informal Group on these issues produced revised texts of the Agreement establishing the Multilateral Trade Organization (MTO) and the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU). He thanked the Chairman and his Group for their valuable work and the remarkable achievement of consensus on all but a few outstanding issues which the Heads of Delegation had already begun to address. The Informal Group's Chairman would continue to assist as a "Friend of the Chair" on resolution of these issues.

15. A comprehensive process had been established for Heads of Delegation to address all of the remaining issues in the Round. Also in place was a process involving consultations by the "Friends of the Chair" to complete the drafting of the texts and to ensure their consistency and coherence. As he had repeatedly mentioned, and in particular at the meeting on 10 November, any participant seeking substantive changes to the DFA carried the burden of seeking sufficient support for the proposed resolution of its difficulties, or alternatively, reviewing its position. There was not much time left for this and those participants that wished to embark in this direction were urged to begin and complete the process with great expedition. With respect to narrowing remaining issues, he urged delegations, including those who might not be directly concerned by them, to reflect on possible solutions, and underlined that if the Heads-of-Delegation function was to serve its full purpose, it was essential not simply to constantly repeat well-known and time-worn positions but rather to advance discussion by offering solutions instead of problems.

16. He said that following consultations with delegations, it appeared desirable that the market-access offers to be made by 19 November should be taken into account by the participants in the evaluation exercise required by the Punta del Este Declaration. Accordingly, the evaluation meeting could be held on 3 December. The Secretariat paper, intended to assist participants in the discussion, was expected to be distributed no earlier than 29 November. As regards the scope of the evaluation, that was a matter for participants to address when making their contributions to the exercise. Clearly, areas such as tariff reductions lent themselves to more measurable results than others such as services or rules, but he understood that a number of participants intended to focus on all aspects of the Round's results

and there seemed little point in being too formal about the original Punta del Este mandate. In his view, the principal aim should be to ensure that the evaluation would make a positive and constructive contribution to the conclusion of the Round.

17. He reiterated that substantive issues and debates on matters relating to different areas — market access, services, goods, etc. — should be conducted in the Heads-of-Delegation meetings. The primary purpose of the TNC meetings was to maintain overall control and to provide transparency and globality. He reminded participants of the on-going programme of meetings of Heads of Delegation and the work of the four "Friends of the Chair".

18. Before concluding, he welcomed the governments of Belarus and Croatia which wished to be associated with the work of the Round and for which GATT accession working parties had been established at the GATT Council meeting on 27 October.

19. He announced that the next meeting of the Committee would take place on 26 November.

20. All participants that spoke thanked the Chairman for his assessment of both the state of play of the negotiations and the work that still needed to be done.

21. The representative of Malaysia, speaking on behalf of the Informal Group of Developing Countries, recalled that at the meeting of the Committee on 10 November he had referred to the more open discussion of issues which until then had been discussed outside Geneva. While these open discussions had provided more transparency on those issues, certain concerns and problems remained. First, certain developments in Services pertaining to banking and taxation could have adverse implications on the negotiations, in particular on the understanding under which the developing countries had made their offers. He thought it would be useful for the developing countries to understand the situation since they had begun the process of assessing the costs and the benefits of their participation in the DFA and the commitments expected from their governments under the new GATT, whatever its form would be. He proposed early discussions to avoid the risks of a reverse movement on the offers of many countries in respect of financial services.

22. The developing countries were also concerned with the question of environment. While grateful to the Chairman of the Informal Group on Institutional Issues for the texts he had circulated to participants, he noted that certain issues of particular significance remained, including that of environment. For some countries, reference in the MTO text to a committee on environment was important. Although all agreed on the importance of the subject, he recalled that two GATT Committees were already dealing with the subject — not to mention other UN and non-governmental agencies. He questioned the late introduction of the subject in the negotiations and the insistence by some participants for the inclusion of wording on the establishment of a committee in the MTO text, probably with a view to pacifying the interests of environmentalists. The developing countries had problems with the wording included in the text, albeit in brackets — though not in the preamble — but were willing to look at it again. He called upon the proponents to discuss the matter on a step-by-step basis. He said that though delay was not his objective, it was necessary to examine the basis and the mandate for such a committee and to discuss it at a higher political level. He stressed, however, that the inclusion of wording on a committee in the MTO text was not acceptable.

23. On the question of anti-dumping, the developing countries continued to have problems. On market access, he hoped that all participants would honour the 19 November deadline, since the evaluation exercise was very important to all developing countries. To date, the work carried out on evaluation with regard to their interests — regionally, as a group and as individual countries — had

not been very positive to their balance sheets. However, this could worsen with the inclusion of other non-tariff aspects presently under discussion. If combined with the services area, the evaluation could be even less attractive. He therefore hoped that the sectors of interest to developing countries would be given further liberal treatment and called for that little extra in terms of market access which would help the negotiators to convince their authorities that they had received something in the goods sector in exchange for their substantial offers in other sectors.

24. The representative of Canada believed that the events of recent days should encourage all participants that it would be possible to honour the commitment to conclude the Round successfully by 15 December. There had been a fear that the momentum that was clearly building up in the negotiations could have been lost if the US Congress had failed to pass the NAFTA. This vote in the United States — of direct interest to Canada — had shown that the political will to liberalize trade did exist; this could only add momentum to the final weeks of the Uruguay Round negotiations. He also believed that under the direction of the Chair the negotiations process had been working well and producing results, such as the texts on the DSU and the MTO, the review of which had already begun; participants had been submitting the most comprehensive market-access offers to date and the Heads-of-Delegation informal process aimed at resolving specific outstanding issues also had begun. At the TNC meeting on 1 November, many participants, including Canada, had stressed the need for improved offers on market-access for goods, including agricultural products and textiles. Since then, there had been considerable activity in trying to build on the undertakings made at the G7 Summit in Tokyo in July. He welcomed the formal zero-for-zero tariff proposal on oilseeds presented by Argentina and supported a similar zero-for-zero approach on malt, in addition to beer. However, he expressed disappointment that these initiatives to bring undeniable improvements in market access continued to be resisted by some participants. He reiterated that a large and balanced outcome on market access should take into account Canada's export interests in resource-based and agricultural products. This meant zero-for-zero tariff treatment on forestry products, free or low harmonized rates on non-ferrous metals and real improvements by major trading partners in market access for fish and agricultural products. The recent meeting in Seattle, United States, of the Organization for Economic Cooperation among Asian and Pacific Countries (APEC) had provided another opportunity for many to strengthen their collective political resolve to conclude these negotiations. He was encouraged that early reports indicated that some APEC participants were making an effort to table improved offers. As he had acknowledged in early November, the Services negotiations were progressing well, but some clear areas of wide-spread concern remained, and he detected that this progress could be stalling. He therefore urged all parties to engage fully in the bilateral negotiations on market-access for services.

25. The most difficult and politically-sensitive issues had been saved for the end. Some were perhaps of general concern and others problematic for only one delegation. While the process had begun to address the remaining issues, certain issues of particular importance to Canada had yet to be examined. Firstly, the issue of sub-national specificity of subsidies as set out in the subsidies and countervailing text could have profound consequences, for Canada, completely unintended by the drafters of the relevant language. Article II:2 of the subsidies DFA text deemed any subsidy offered by a provincial government in Canada to be specific even if it was generally available throughout the province. This provision discriminated against parties with federal as opposed to unitary systems of government, and the text ran contrary to the principle under which GATT had always striven to be neutral as to the constitutional make-up of contracting parties. Evidently this provision of DFA had not been intended to spark off such a potentially damaging result and should therefore be corrected. The second issue concerned tariffication without exception. The objective of achieving real improvements in market access for agricultural goods, which Canada's offer certainly met, could be lost by devotion to a single methodology. Indeed, the offers tabled by some of its principal advocates were clearly deficient in areas of current and minimum access. Improved market access could be accomplished in more than

one way, and Canada remained of the view that import measures consistent with the disciplines of a clarified and strengthened Article XI should not be subject to tariffication, provided they were accompanied by meaningful access commitments fully in conformity with the trade-liberalizing objectives of the Round. Canada supported the Chairman's procedural decisions and his efforts at drawing attention on the outstanding issues that had to be resolved for success in the Round.

26. The representative of Colombia said that contrary to affirmations by some major trading parties, the market-access negotiations had not been completed. The tabling of revised Schedules could lead to a more ambitious market-access package which was a sine qua non for the success of the Round, a situation not feasible under the existing status of offers and which required that the developed participants, in particular the Quad, made greater efforts as regards agriculture, tropical products, textiles, clothing and footwear. Colombia's offer in goods and services was conditional to account being taken of its interests, including the full integration of agriculture and textiles into the GATT within the time-limit set by the DFA. He reiterated Colombia's deep concern at the Community's offer for bananas. It would be impossible to complete the Round with a result for bananas which would be contrary to the basic principles of GATT, the Ministerial Declarations at Punta del Este and Montreal, as well as the guidelines and modalities for negotiations as contained in the DFA. The Community would have to assume the consequences of its actions should it decide to maintain discriminatory market-access conditions for bananas.

27. Colombia was opposed to re-opening the DFA and did not consider it appropriate to include new subjects such as environment so late in the negotiations. It supported Brazil's position that a hasty setting up of a committee was not opportune. He, however, recognized it was important to effect some adjustments in the DFA which required approval through negotiations at the multilateral level. With respect to the negotiations on institutional issues, he acknowledged the excellent work carried out by the Informal Group Chairman. With respect to the DSU, Colombia was satisfied with the inclusion in the text of some provisions from the 1966 Decision. Prudent and responsible use of this procedure would guarantee contracting parties' GATT rights. With respect to the MTO text, he pointed out that balance had been achieved in certain articles, such as decision-making, amendments, the non-application clause, or even the MTO itself. He hoped that with flexibility, a speedy agreement would be found on the few outstanding points without abandoning the Punta del Este premises, since the results needed to be both opportune and effective from the point of view of the Punta del Este Declaration.

28. With respect to the Secretariat's document for the evaluation exercise, he said it should be based on the parameters agreed upon in 1986. The quantitative assessment of market-access offers would have to reflect the trading situation of developing countries in November 1993 as compared to the situation prior to 1986, since developing countries wanted to evaluate new possibilities for growth and creation of trade resulting from the Round, as well as their contribution to international trading activities. In order to facilitate an evaluation of the global package, despite difficulties in quantifying offers in services, a qualitative evaluation was indispensable. Colombia supported an evaluation exercise carried out by participants based on a complete document, updated to 19 November, the deadline for market-access offers. A first evaluation on the Punta del Este objectives should be carried out as soon as possible, with a follow-up exercise a few days later. He thanked the Chairman for the transparency of the mechanism of consultations among Heads of Delegation with participation by all.

29. The representative of the United States agreed with the comments by Malaysia on the importance of early discussions on issues in the financial services area which were of general concern, and announced that on 22 and 23 November, the US Assistant Secretary of the Treasury for Tax Policy would be in Geneva. The Secretariat would arrange a meeting for the afternoon of 22 November when the Assistant Secretary would provide an explanation of the US position on the tax issue and would engage

in discussion with interested participants. On the US Schedule of commitments and the MFN exemption with respect to banking and securities under certain circumstances, he thought that the meeting for the Heads of Delegation scheduled to deal with services would provide an occasion to talk specifically about the position that the United States had taken in the financial services area. He believed that there was a certain amount of misinformation about the matter which had resulted in exaggerated reactions. He hoped, therefore, that at the meeting of the Heads of Delegation the United States could provide a solid base of information on the subject. With respect to Services, the United States expected to submit a revised offer which would spell out in precise detail the necessary explanations.

30. The representative of Korea said that with respect to market access it was time for major participants to take more flexible positions and to show the necessary leadership to meet the expectations of the other participants to complete the Round successfully. Korea had recently submitted its revised offer on industrial goods, under which it had substantially increased the degree of its participation in the zero-for-zero and harmonization package, and was prepared to improve its offers in sectors such as electronics, non-ferrous metals and textiles. With respect to agriculture, Korea's well-known textual problems in areas of vital interests remained. For example, Korea had great difficulties in tariffing trade in rice due to its extremely important cultural value. Pointing out that the Uruguay Round participants had not yet discussed how to tariff the movement of people across borders, he reaffirmed that Korea could not tariff rice. Korea would continue the dialogue with its trading partners to resolve these issues and would try to improve its offers to the maximum extent possible. On services, Korea continued to be concerned about the approach taken by a major participant with respect to financial services and taxation. He also believed that the issues in the audiovisual and maritime services should be resolved as soon as possible. Korea was working on its final services Schedule and MFN exemption list with a view to meeting the deadline, and hoped other trading partners were doing likewise. On institutional issues, Korea was encouraged by the fact that the Chairman of the Informal Group had successfully carried out his mandate by producing revised MTO and DSU texts. It was unfortunate that the most fundamental issue that would largely define the future of the multilateral trading system still remained open. Korea supported the establishment of a strong international organization and believed that the re-opening of the DFA should be kept to a minimum.

31. The representative of Mexico expressed satisfaction to the Chairman of the Informal Group on Institutional Issues for his very intense and complete work. He believed that the two agreements were very useful in spite of some pending matters. He hoped that these agreements would be respected, that existing elements would not be re-opened and that attempts would not be made to incorporate any new subject such as the creation of a committee on environment which would require further negotiations. As concerned the MTO text, the agreements reached on difficult matters such as decision-making, amendments, waivers, and non-application were balanced. He was certain that the solutions reached overall and in particular in the MTO text, would significantly lighten the political burden for countries having problems with the creation of the MTO. For Mexico, the creation of the MTO was not a secondary matter nor a matter of mere cosmetics or format, since it was the necessary undertaking to reinforce institutionally the hopefully ambitious results of the negotiations. Finally, he recalled that Mexico continued to seek incorporation into the DFA of environmental matters through the inclusion of "green", non-actionable subsidies in the DFA Subsidies text. This was not a new subject, but rather an element which had been deleted in the latter text as a result of an obscure deal among the major trading partners. If such subsidies could not be allowed for all participants, then Mexico would insist on its well-known position that they would be allowed for developing countries. Lastly, he informed the TNC of the recent admission of Mexico to APEC.

32. The representative of Australia said that his country's offer on the table on both industrial products and agriculture was fully consistent with the Montreal target and the DFA in all respects.

Australia was prepared to go further into participating in the various sectoral proposals at hand provided that there was an outcome, preferably at zero-duty rates for non-ferrous metals without exceptions and fish, and a satisfactory resolution of the market-access negotiations on agriculture. He agreed with the Chairman's report that in agriculture the offers tabled by major participants were unsatisfactory in areas such as beef, sugar and dairy products which, for countries like Australia for which agriculture was very important, were critical elements for an acceptable market-access package. He referred to the question of bananas which, while not of direct export interest to Australia, was nevertheless very important for a number of participants. He believed, therefore, that a resolution of this issue was essential for the resolution of the market-access package.

33. On Services, he shared the views expressed by Malaysia that the United States in the area of financial services risked a very serious unravelling of the progress that had been made in putting together a good market-access package on services. He therefore welcomed the opportunity to discuss this issue seriously with the United States. With respect to Rules, Australia continued to have very strong reservations and considered extremely dangerous at this late stage of the negotiations the United States' desire to re-open the DFA texts on anti-dumping and sanitary and phytosanitary regulations. The United States' problems had been adequately covered in the existing negotiated texts and he hoped that it would be possible to collectively convince the United States of this fact and therefore not to press for changes in those two areas.

34. The representative of Japan informed the Committee that Japan would submit, before the deadline, its revised Schedule which would include mining and industry, but not agricultural items because of the on-going intensive bilateral and plurilateral consultations in the agriculture area. Like Korea, Japan had extreme difficulties in some sectors of agriculture, but hoped to find a mutually-acceptable solution resulting from the current intensive negotiations with trading partners. As soon as an agreement had been reached, Japan would table its Schedule covering all agricultural products in one package. He highlighted salient features of Japan's Schedule. In addition to the sectors for zero-for-zero and harmonization which had been agreed at the Tokyo Summit, this Schedule would reflect Japan's proposals for zero-for-zero on paper and pulp, electronics, ceramics, glass wares, scientific equipment, toys, rubber and films. It would also reflect the US-Canada proposals on tariff harmonization for non-ferrous metals, subject to an agreement by major trading partners, particularly one major partner which had not yet agreed to the proposal. The offer was equivalent to a 60 per cent tariff reduction. On implementation, Japan's average tariff rates in the mining and industry area would be as low as 1.5 per cent.

35. With regard to Services, he noted that as of 18 November only six countries had submitted their MFN exemption lists. Many major participants, including the United States and the Community, had not, however, yet done so. He assumed that they did not intend to seek MFN exemptions; should they subsequently submit any MFN exemption lists, he thought they would then have to provide satisfactory explanations to the TNC. Regarding the United States' reservation on national treatment for direct tax and the visit to Geneva by the Assistant Secretary of the Treasury Department, he hoped that the purpose of the visit was not simply to explain the United States' position, but also to sincerely respond to the strong concerns which had been expressed by a majority of UR participants. He urged the United States to reconsider its position in this area, since its attitude could constitute a major barrier to the successful conclusion of the negotiations in Services. Regarding Institutions, he expressed Japan's gratitude to the Informal Group Chairman and his colleagues for their hard work and excellent documents that had been submitted. He was sure that the participants would be able to resolve the few outstanding issues.

36. The representative of Sweden, speaking on behalf of the Nordic countries, said that the negotiations on market access which had appeared to lack momentum in the past, seemed to give various signs that they were back on track. The Nordic countries counted on further progress being made in the negotiations among the major participants. A number of crucial offers were still missing and until they were tabled, individually and properly assessed, it would be difficult to appraise the situation as a whole, thus making real the danger of offers being scaled down. Some problem areas needed to be addressed in the appropriate forum: agriculture, textiles, fish, tariff peaks, and country-participation in the various sector arrangements presently under discussion. The Nordic countries' particular concerns had been clearly expressed in the GMA.

37. On Services, while the Nordic countries, together with most other participants, had referred to progress that had been made in this sector and had seen these negotiations as an example, it now appeared that this positive assessment might be in danger, because serious problems — financial services and reservations concerning direct taxes — were causing nervousness and concern among most participants, including themselves. Some were apparently considering the withdrawal of offers as a consequence, putting the whole sector in danger. There was also a clear risk that the negative signals could spread to other sectors in this area, which was very important for the final package. The Nordic message was therefore that offers should be maintained and improved in order to realize an ambitious services package, containing meaningful commitments on an m.f.n. basis in all key service sectors. A precondition to success in this endeavour was revised and improved offers from the major participants without further delay. In this regard, he took positive note of the United States' statement. On Institutional Issues — MTO and DSU — he expressed the Nordic countries' appreciation of the contribution that had been made by the Informal Group Chairman whose report constituted a breakthrough in an area that had been ridden by divergence of opinions. He was confident that the few outstanding issues could be solved. With respect to the DFA, he was of the opinion that re-opening texts, in particular in the Rules area, would be counterproductive. Overall, the climate was now promising for a successful conclusion of the Round after the positive and welcome outcome of the vote on the NAFTA.

38. The representative of Brazil welcomed the results of the Informal Group on Institutional Issues, which he was convinced were a substantial step in the right direction for setting up a normative system for international trade and the settlement of disputes arising therefrom. Success in this Group had made it even more important and imperative the elimination of any ideas of unilateralism in this area, which he believed should be a central objective of every effort in the Round, and which he hoped would prevail. He expressed concern about the re-opening of the Rules text and reaffirmed Brazil's well-known position regarding trade and environment. With respect to market access, Brazil and its MERCOSUR partners — Argentina, Paraguay and Uruguay — had not yet tabled their offers, nor would they be able to do so by the deadline. He informed the TNC that this offer was being worked upon very seriously in the capitals of the Group and in Geneva among its delegations. MERCOSUR was confident that a substantially improved offer would be made very shortly, hopefully by the end of the week of 22 November. Brazil supported Argentina's initiative on oilseeds. On steel, however, a matter of great importance to Brazil, his delegation was disappointed with the evolution of discussions in the Multilateral Steel Arrangement that had concluded on 18 November and regretted the lack of progress in this sector. With respect to other sectors, Brazil was working seriously in order to make substantial contributions in the areas where it had a significant participation in world trade, under the assumption that there would be flexibility for developing countries on the range, timing and depth of tariff cuts. He hoped that Brazil would be able to present its position by the end of the week of 22 November.

39. The representative of Turkey said that services should be included in the evaluation documentation under preparation by the Secretariat, without which it would not be possible to make a balanced and comprehensive assessment of the global outcome of seven-year long negotiations.

40. The representative of Bangladesh, speaking on behalf of the Least-Developed Countries (LLDCs), supported the views expressed by the Coordinator of the Informal Group of Developing Countries. He supported also the evaluation exercise which he hoped would, among other things, touch upon the benefits that might accrue to the LLDCs. The latter could not make their own evaluation since they were not entitled to consult the market-access offers from other countries because they themselves had been unable to submit concrete offers. With respect to the areas of specific concern to them, some of which had yet to be addressed, they were holding continuing consultations and expected sympathetic consideration from other participants.

41. The representative of Côte d'Ivoire hoped that the recent movement in the negotiations would continue and that the final market-access offers would be submitted at an early date, making it possible to carry out the evaluation exercise which was so crucial for developing countries. With reference to bananas, whatever the solution might be to the dispute between the Community and certain Latin-American countries, it would certainly have consequences for the interests and development efforts of the Asia, Caribbean and Pacific (ACP) countries, in particular Côte d'Ivoire. She therefore hoped that the ACP countries would not be ignored and that dialogue in consultations would be constructive and would take account of their interests. As the final phase of the negotiations was crucial and called on the effective participation of all countries, she requested that the Chairman's report be distributed on the day of the TNC meetings, or as soon as possible thereafter, in the three working languages. This would make it possible for the non-English speaking participants to be better informed and to seek timely instructions.

42. The Chairman said that the concerns expressed and the comments made on a wide range of issues were, indeed, important signals to all participants, but particularly to the major trading powers. He hoped that in the following week there would be progress in addressing the outstanding substantive issues, as the comments made reflected very considerable concerns in regard to the conclusion of the Round and could not be ignored. Although a number of problems had yet to be resolved the present picture was not all negative. He believed that the various contributions had indicated a genuine belief that the negotiations had entered the final stage and could be completed by 15 December. He cautioned that this final phase was vital, important and very delicate, requiring leadership and compromise. He urged all participants to reflect very carefully on the comments that had been expressed and to renew real efforts to resolve remaining and important issues for the benefit of the whole multilateral process, in order to conclude on 15 December.

43. The Committee took note of the statements.