

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED
MTN.TNC/W/133
2 March 1994
Special Distribution

(UR-94-0057)

Trade Negotiations Committee

INFORMAL MEETING OF HEADS OF DELEGATION

22 February 1994

Statement by the Chairman

Introductory remarks

Today's meeting has a specific and important purpose and intent, that is to discuss the present situation regarding the submission and verification of market-access draft final schedules. During this meeting I expect to have a constructive exchange of information to enable us to know clearly and definitively where each of you stand now that we have passed our agreed target date of 15 February. I should like to stress that the objective is collectively to carry the process forward to a successful conclusion by 25 March at the very latest, as agreed, and this meeting should solely relate to the market-access issues that I have just mentioned.

I think I should put before you some basic facts. First of all, we have a very serious time constraint on our hands and that is why, and I underline this, all of you agreed on 15 December 1993 that 15 February 1994 would be the deadline for the filing of schedules. It was not an optional choice, it was not a best-efforts choice, it was an agreed choice. The Secretariat airgram of 18 February (GATT/AIR/3556) sets out clearly the time schedules and the tasks that must be accomplished. Without going over those points again, I should bring to your attention that we have about four weeks to complete the verification process. At the best of times this would be a tight exercise given the number of participants involved and the complexity of the exercise. With the state of things as they are, however, I must tell you quite bluntly that we run a serious risk of compromising the satisfactory conduct of the verification process unless the pace of submissions of draft final schedules accelerates visibly as of now. This is particularly true because, for unavoidable logistical reasons, there must be no slippage from the date of 25 March if we are to ensure that governments know what they will actually be signing at Marrakesh. Even the purely clerical work relating to putting out 11,000 pages in treaty form and circulating the final schedules promptly to all participants requires a minimum amount of time, attention and preparation which we simply have to provide to secure quality and accuracy in the final result. Thus, the date of 25 March is not elastic and anyone who thinks differently should think again. It is the final deadline for the completion of the verification work which must be done between now and then.

Where do we stand today? As of now, 22 participants have sent in their draft final Schedules. Of these, 14 Schedules, including those which were circulated on 18 February, are complete and in accordance with the agreed format set out in MTN.GNG/MA/W/25. These have been, or are being,

circulated for purposes of verification. The others are either incomplete or in formats deviating from the requirements so that they will require correction before they are ready for circulation, but at least they have been submitted. The Secretariat is bringing the omissions and shortcomings to the attention of the participants concerned. It will also continue to render all possible assistance to enable delegations to make the necessary rectifications and re-submit schedules within minimum delays. As a Secretariat, we can only, however, do so much. The responsibility for moving the process forward efficiently lies primarily with your governments and with you, the Heads of Delegation, in Geneva. Quite clearly, there are still many governments who have yet to submit their Schedules. The fact that they have missed the agreed deadline of 15 February could become a serious setback to the process if governments do not now act quickly to remedy this failure. The longer the delay, the less time available to all to verify the Schedules and to prepare for the Marrakesh meeting. I spoke earlier about the time constraints we are faced with. I have also pointed out the reasons why there is no scope for slippage beyond 25 March. In these circumstances, I can do no more than to urge very strongly that all submissions be completed within the next couple of days so that the Secretariat can press ahead with the work of processing and circulating the material.

A final point. A special responsibility for leadership must lie with the Quad participants. Their failure to meet the 15 February deadline is particularly regrettable because it has encouraged a counterproductive "cat-and-mouse" game amongst themselves and others. This situation must end. Moreover, there is no logic to it. The market-access negotiations were substantially concluded on 15 December. The TNC took note of this and agreed that subsequent changes could only be improvements and not be such as to alter adversely the balance of concessions exchanged. The only course for participants is therefore to submit their draft final Schedules immediately. This is crucial for an environment of transparency and trust and also, therefore, for a comprehensive and meaningful verification process to ensure that the results of the market-access negotiations are truly reflected in the final Schedules. In this Room we all know only too well how critically important it is to get this process right. Indeed, the attachment of a final schedule is an essential condition for membership of the WTO. I would like first to call upon the Quad members to indicate the situation in regard to the submission of their Schedules.

* * * * *

Response by the Chairman to the discussions

I think it is appropriate for me to make some comments and, particularly, to respond to the representative of Korea. The real issue before us today is the integrity of the process and the participants' adherence to their obligations. In the light of the discussion that has taken place it seems appropriate to me to recall the events in the area of market access up to the TNC meeting on 15 December 1993. I would refer only to what was stated by the representatives of the Quad countries in their communications to the Chairman of the Negotiating Group on Market Access or at the Group's meeting on 15 December. In its letter, the European Communities — and this is confirmed by what has been said by its representative today — stated that it had concluded negotiations with the countries representing the vast majority of its external trade, including the United States, Canada and Japan. Japan's letter confirmed completion of substantive market-access negotiations with 31 participants, including the EC, Canada and the US. Canada stated at the Group's meeting that negotiations had been concluded with some 15 participants and expressed the hope that the number would rise to about 20 in the next hours. It did indicate that with two Quad countries not all outstanding issues had been resolved. Similarly, the US stated that negotiations had been substantially concluded with 26 participants. It hoped that some of the negotiations with 11 other participants would be brought to the same stage in the coming hours. While the US representative stated that other negotiations would be pursued

expeditiously, he did not foresee or contemplate any significant change in the US offer from what the participants had been expecting. On the basis of these communications and statements, the Chairman of the Negotiating Group on Market Access concluded that substantive market-access negotiations would have been completed by the time the TNC met later that same day. Subsequently, at the TNC meeting on 15 December, the participants agreed that the substantive market-access negotiations had been concluded. Such conclusion meant that, as of the same day, the existing market-access results would not be reduced. This was made unambiguously clear and was accepted by all the parties except for such minor adjustments which should have no significant impact on the overall and bilateral balances.

That was the way that the Uruguay Round was concluded. It had the agreement of all of the participants. Today, we have been told of the position in regard to the Quad countries and the difficulty in regard to the submission of final schedules, but we have also been told that those schedules will now be furnished to us in the immediate future. I cannot but comment that it is deplorable that we have a situation where the deadline of 15 February has passed without all of these schedules being submitted, particularly as so many other participants have felt themselves inhibited in their reaction to their obligations. In any event, I should say, as pointed out by the representative of Hong Kong, submissions should not be dependent upon the Quad submitting their schedules, although we note the reasons given for not putting in their schedules. I would simply hope that those concerned would think again and immediately submit their schedules on the basis of the agreement between parties.

What is being put at risk is the completion of the process of verification of the Schedules in time for the Marrakesh meeting at which the participants will sign the Final Act and authenticate the results. What exacerbates the situation is the fear that has been expressed by some that, contrary to the understandings of 15 December, one or more participants — and we have had a number of clear statements to the opposite effect — might make significant downward adjustments in a manner which was neither agreed nor expected. And downward adjustment is something which was expressly excluded by the agreement of all of the parties at the TNC meeting on 15 December. Speculation in this regard should be put to rest as rapidly as possible by the proper finalization and submission of the final Schedules by all concerned. Should fears of withdrawal be realized it would create a most dangerous situation and any participant guilty of such behaviour would bear the responsibility for creating a potential, to some degree at least, of unravelling which could have incalculable results and consequences. Those who have abided by the rules set out at the TNC meeting cannot be put at a disadvantage vis-à-vis those who have not. I want this to be clearly understood by all the participants. It is the integrity of the process to which we have all agreed which is at stake.

Since the situation created by the non-submission of draft final schedules by a majority of participants, particularly by the Quad, is very serious, I propose that we meet again in the near future — I am not going to fix a date now as I think it is too early to set such a date. I should say that I am reassured by the general content of the statements which have been made today which in the main have clearly indicated that there is no intention on the part of participants in any way to renege on the obligations which they have undertaken. So, we will await results. I confirm to the representative of Korea his understanding of the agreement. I think it is absolutely clear what the agreement was on 15 December and, indeed, in the process leading up to that date, that the negotiations would be concluded except for upward revisions in terms of market-access commitments after that date. That was the understanding which everybody had and which, indeed, was widely hailed even by certain Heads of Government throughout the world as being the position which pertained after the successful conclusion of the Round. So I will conclude by asking all participants immediately to submit their Schedules to enable the process to proceed as it was agreed that it should proceed.