

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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Trade Negotiations Committee

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TRADE NEGOTIATIONS COMMITTEE

Thirty-Seventh Meeting: 30 March 1994

1. The Trade Negotiations Committee (TNC) held its thirty-seventh meeting at official level, for Heads-of-delegation plus one official, under the Chairmanship of Mr. Peter D. Sutherland. The purpose of the meeting was to finalize preparations for the Ministerial meeting at Marrakesh on April 12-15, including formal approval of the various texts to be submitted for adoption by Ministers.

2. The Chairman announced that since the TNC meeting on 15 December 1993, six governments had become contracting parties to GATT: Paraguay on 6 January 1994, Grenada on 9 February, and the United Arab Emirates, Guinea-Bissau, Saint Kitts and Nevis, and Liechtenstein on 8, 17, 25 and 29 March 1994 respectively. Apart from Paraguay which had been a participant in the Uruguay Round from the beginning, the other five countries had become TNC participants by virtue of their GATT contracting party status. As a result, the total number of Uruguay Round participants had now reached 122 governments plus the European Communities.

Texts to be adopted by the TNC at official level

3. The Chairman pointed out that following the work carried out by Heads of Delegation in the course of informal meetings, the Committee had before it two texts for adoption by the Committee, namely the Decision on Derestriction of certain Uruguay Round Documents (MTN.TNC/W/138), and the Decision on Corrections to be introduced in the General Agreement on Tariffs and Trade (MTN.TNC/W/144).

4. The Chairman proposed that the Committee adopt these Decisions.

5. It was so agreed.¹

¹The two Decisions, as adopted, were issued after the meeting as MTN.TNC/42 and 41, respectively.

Texts to be adopted by Ministers at Marrakesh

6. The Chairman said that the Committee should approve certain texts for submission to Ministers for formal adoption at Marrakesh. These texts, which had been tabled at the informal meetings of Heads of Delegation were as follows: Decision on Acceptance of and Accession to the Agreement Establishing the World Trade Organization (WTO) (MTN.TNC/W/137), Decision on Trade and Environment (MTN.TNC/W/141) and Decision on Organizational and Financial Consequences flowing from Implementation of the Agreement Establishing the World Trade Organization (MTN.TNC/W/145).

7. The Chairman proposed that the Committee approve these three texts and submit them for formal adoption by Ministers at Marrakesh.

8. It was so agreed.²

Outstanding texts

9. The outstanding texts were: the Marrakesh Declaration of 15 April 1994 (MTN.TNC/W/143) and the Decision on the Establishment of the Preparatory Committee for the World Trade Organization (MTN.TNC/W/142). The Chairman considered the text of the Marrakesh Declaration generally acceptable, except that one delegation had proposed additional language to be inserted on new issues to be taken up by the WTO and that this particular suggestion had not met with agreement. The second was also generally agreed except that certain delegations had expressed reservations on the inclusion of paragraph 8(c)(iii) which dealt with discussion of "suggestions for the inclusion of additional items on the agenda of the WTO's work programme" and another delegation had sought explicit mention of a particular topic in the decision.

10. The Chairman strongly urged the delegations concerned to resolve their particular difference of views which had prevented consensus on these texts so that the Marrakesh meeting could take place in conditions of harmony. Heads of Delegation had already fully debated the issues involved and it was incumbent upon the parties involved in this issue who had listened to all of the arguments to take the positions of their trading partners into account with a view to reaching a consensus solution. It seemed unbelievable to him that this issue should sour the atmosphere of what should be a celebratory occasion. Unless there was a change in position which would enable the participants to reach a solution, or a new idea that might help resolve this matter, he did not believe there was much to be gained by repeating the debate at the present meeting. If no delegation had any new element to raise, he suggested adjourning the meeting to allow more time for further consultations, and possibly to have another meeting on this particular aspect the following week.

Market Access in Goods

11. The Chairman said that the market-access verification process was now complete and rectified Schedules were being prepared by the Secretariat in final treaty form for attachment to the Final Act. This was a major time-consuming exercise involving about 20,000 pages of Schedules. It had to be noted that the final Schedules of a few participants — China, Bangladesh and Tanzania — would be attached to the Marrakesh Protocol on the understanding that they had yet to be verified and that, until this was done, their status remained provisional.

²The three Decisions, as adopted, were issued after the meeting in MTN.TNC/MIN(94)/1 to be forwarded to Ministers.

Services

12. As regards services, he said that the process of finalisation of Schedules of Commitments and MFN Exemption Lists for attachment to the Final Act was now complete.

Administrative Preparations for the Ministerial Meeting

13. The Chairman drew attention to document MTN.TNC/INF/24 containing up-to-date details of arrangements for the Ministerial meeting which had recently been circulated. The Note included information and guidance on the programme of the meeting, the protocol scenario for the inaugural session, signature arrangements, speakers' lists, ministerial statements, and other relevant matters.

14. Separately, he understood that 34 delegations had informed the Secretariat that their Ministers would sign the WTO Agreement. He urged delegations who had not yet communicated their government's intention on signature to do so as soon as possible so that the necessary arrangements could be made for the signature ceremony.

Final Act

15. The Chairman said that the text of the Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations which contained all of the agreed rectifications since its adoption on 15 December 1993 had been circulated. He noted that the Schedules of market-access commitments on goods and services and the MFN Exemption Lists resulting from the multilateral verification process, formed an integral part of the Final Act texts and would be attached to the treaty version. He proposed that the Committee submit the Final Act for signature by Ministers at Marrakesh thus enabling them to endorse formally the agreements reached on 15 December 1993.³

16. It was so agreed.

Conclusion

17. The Chairman indicated that at the Ministerial meeting he would report orally at the Opening Session on the morning of 12 April on the work which had been done since 15 December 1993. He would table formally the texts which the Committee had decided to submit for adoption by Ministers. He proposed keeping open the prospect of holding a meeting on the issue that was still outstanding, possibly on Wednesday or Thursday the following week in order to see whether it was possible to resolve the matter in time for the Marrakesh meeting. Obviously, a decision would have to be taken as to whether such a meeting was worthwhile and he would be in contact with the delegations with regard to that matter early the following week. Since he did not believe that there had been real progress in regard to resolving the outstanding issues in recent days, he considered it would serve no great purpose to re-open the substantive debate on these issues at the present meeting.

18. The representative of Brazil said that this matter was of such importance that it warranted him repeating what he had said in the proceedings of the Informal Group of Developing Countries to set the record straight. While Brazil would attend whatever meeting the Chairman would convene in the spirit of seeking a satisfactory solution to this matter, it would do so without giving away a position

³The texts of two draft decisions, one on the relationship between the WTO and the IMF, which had been agreed by Heads of delegation but not circulated in the MTN.TNC/W/ series, and the other on trade in services and the environment, which had also been agreed by Heads of delegation and circulated as MTN.TNC/W/140, were not put for approval by the Committee since they had already been approved for incorporation in the text of the Final Act in the course of the legal rectification exercise.

on which it had reflected deeply. Speaking on behalf of the Informal Group of Developing Countries, he expressed their grave concern on the proposals to include on the Agenda of the WTO's Work Programme an item regarding workers' rights and international labour standards. Developing countries strongly felt that it was not incumbent upon the Preparatory Committee for the WTO to discuss any substantive issue which had not been part of the package resulting from the Uruguay Round negotiations except for trade and environment, which had been the subject of a particular draft Ministerial Decision. Neither would it be acceptable to insert in the Marrakesh Declaration additional language to the effect that consideration of the relationship between the trading system and internationally-recognized labour standards should be undertaken before the WTO was actually established.

19. They continued to support fully the Chairman's assessment in his introductory remarks on 20 January, namely that "The Marrakesh Ministerial meeting should focus primarily on implementation of the Uruguay Round results decided on 15 December and we should not attempt unrealistically by 15 April to negotiate new agreements or mandates in areas which were not envisaged in the course of our deliberations on 15 December". As the Chairman had mentioned on that occasion, it would be open to Ministers in their individual statements to indicate their wishes for new areas of activity to be taken up by the WTO. They would listen carefully and democratically to them. He would refrain from elaborating on the reasons why they thought the issues being proposed for discussions were not within the competence of this forum. It would suffice to say that, in their considered view, attainment of higher labour standards was fundamentally a matter of debate within each individual sovereign state. Attempts to relate such issues to trade instead of reflecting any legitimate concern for conditions of work in developing countries and the protection of human rights could actually result in protectionist measures designed to nullify or offset competitive advantages and jeopardize the efforts being made by Governments to raise wages and improve social conditions.

20. Such was the focus of a recent article by Mr. Benn Steil, Senior Research Fellow in the International Economics Programme of the Royal Institute of International Affairs in London, in the latest edition of 'Foreign Affairs'. According to him, "while stated as a matter of high principle, this doctrine [that is, the doctrine that it is no longer acceptable to carry on liberal trade relations with any country failing to provide its workers with "adequate social protection"] actually represents little more than an attempt to justify protectionism under the guise of concern for workers rights", and "social dumping exists in the eye of the higher-cost beholder: the charge is levelled exclusively at countries that succeed in attracting jobs and investments on the basis of having an advantage in unit labour costs", and finally, "in order to raise their competitors' production costs, the socially correct seek to impose their system of labour relations, workplace regulations, employment and remuneration laws, and social security provisions, all the while maintaining that they do so in the interest of the universal workers' rights". The Informal Group of Developing Countries fully agreed with those words.

21. The representative of the European Communities said that he thought that after the Chairman's report the participants had reasons to congratulate not only themselves, but also the Chairman and the staff of the Secretariat. Indeed, who could have thought some weeks earlier that at ten days before Marrakesh one would be in the situation of having only one issue to discuss. As the Chairman had said, there was one thing left, and it was of a highly political nature. He very much hoped, however, that in the time indicated this would be solved. The Community was not, of course, pleased about everything but that was to be expected. There were some things which still had to be checked, some Schedules which in fact were not yet available, which had only come to the GATT Secretariat the day before. Therefore, it was quite normal that a very last verification had to be done, and this hopefully without creating any problem. As to the final text, he thought that the legal drafting work which had taken place had been very good.

22. He wished, however, to say for the record that, on the review of the legal drafting of the Final Act, the European Communities and their member States had not opposed the changes made as reflected

in Corrigendum 7. However, this agreement had been made on the understanding that the modification to the Annex on Movement of Natural Persons under the General Agreement on Trade in Services (GATS), had been made without prejudice to the negotiated outcome on 15 December and did not affect the scope of the measures governing this mode of delivery under the GATS.

23. The representative of Japan congratulated Mr. Hoda, Mr. Hartridge, and other members of the Secretariat for their untiring work towards the completion of verification of the market-access negotiations. With regard to market access for non-agricultural products, Japan had upheld the offer made on 15 December 1993, and had even improved offers on some items hitherto made, despite the unexpected and regrettable development that some major trading partners had back-tracked from their previous positions. With regard to agricultural products, as he had mentioned at the Heads-of-Delegation meeting two days earlier, it was Japan's understanding that every country had made each offer in conformity with the modalities set forth in the Final Act.

24. With regard to services, upon examination of the final Schedules and MFN exemption lists, it was deeply disturbing to find that some of the major participants had not brought their commitments in line with the agreed disciplines of the negotiations. Scaling down of offers in some sectors, including Computer Reservation Services and aircraft-related services, had been made by some negotiating partners in their last-minute submission of documents to the Secretariat on 15 December, or a month after that deadline. Neither the verification exercise, nor bilateral contacts that had followed, had produced any correction. Japan, therefore, formally registered its dissatisfaction over the conduct of certain negotiating partners. He urged those concerned to effect the rectification of commitments, as it was always possible, even beyond the signing of the Final Act of the Uruguay Round.

25. The representative of India said that the participants were at the present meeting of the TNC at official level to forward the outcome of a seven-year marathon of negotiations to their Ministers and thereby discharge their obligation in this regard. It had been his delegation's hope, shared by the Chairman and a vast majority of participants, that this would have been done under a clear blue sky. Against all expectations, however, a cloud had appeared over the horizon; that it was a small one did not detract from its menace and destructive potential for undoing what had been built so assiduously so far in these seven years. Indeed, this cloud had the potential to threaten the very foundations of the multilateral system on which the participants were committed to build the edifice of a future World Trade Organization. Brazil's statement on behalf of the Informal Group of Developing Countries reflected his own delegations' views on the substance of the issue. He would refrain from congratulating anybody, and the Chairman would understand why, unlike the Community representative, he was not doing so. Those congratulations had to wait for another day, for it was his delegation's earnest hope, as the Chairman had said, that the cloud would disappear from the horizon and Marrakesh would be all that it had been envisaged to be when the negotiations had closed on 15 December 1993.

26. However, he wished to put on record his delegation's serious concerns on several market-access-related issues, in both areas of goods and services, and to make clear India's own position on these issues. The first concern was about a note in Part I, Section II of the United States' tariff Schedule, which read:

"2. The concessions in this schedule on all textile and clothing products covered by the Agreement on Textiles and Clothing, as specified in the Annex to that Agreement, are established based upon the fundamental understanding that the maintenance of the balance of rights and obligations under the Agreement on Textiles and Clothing, in particular Article 7 thereof, means Members will provide effective market access to textiles and clothing entering their territory from the United States. An assessment of effective market access is based upon the following criteria:

- (i) the reduction and binding of tariff rates at levels no higher than 35 per cent for apparel, 30 per cent for fabric and made-ups, 15 per cent for yarns, and 7.5 per cent for fibres; and
- (ii) the elimination of all non-tariff barriers within three years and a commitment that no new non-tariff barriers will be established."

27. India had sought clarifications from the US delegation bilaterally on the meaning and purpose of this note; it had also raised the issue in the multilateral verification process. While it had been assured by the US delegation that its tariff Schedule on textiles and clothing was unconditional, it had not been able to indicate the purpose of this note in the Schedule, nor to accept India's request to drop it. In India's view, a note of this nature had no place in a country's schedule. It was regrettable that the United States had not deleted this note, which seemed to be a unilateral interpretation of certain provisions of the Agreement on Textiles and Clothing. Apart from the fact that such unilateral interpretations of agreements did not serve any purpose, India specifically wanted to put on record that it did not accept this interpretation of those provisions of the Agreement on Textiles and Clothing. India reserved all its rights under the WTO agreement upon its coming into force.

28. The second issue was about commitments on movement of natural persons in the US schedule of commitments on services, precisely the commitment in 'speciality occupations' and conditions attached to this commitment. India had negotiated with the United States on this matter over a period of two years. The last bilateral on this issue had been based on the US offer contained in MTN.GNS/W/112/Rev.3 of 7 December 1993. India had been negotiating for further liberalization of conditions attached to the offer. However, to its surprise, it had found that the US schedule submitted on 15 December 1993 had an additional condition that had not been negotiated with India. Moreover, even this had been further changed in two different respects: one of these changes had been attributed to a typographical error and there was no explanation for the other change. Both these changes, in India's view, had severely reduced the value of the concessions to it. India had not been able to resolve this issue bilaterally. However, it had agreed with the US delegation that since negotiations on movement of natural persons were still open and would be pursued after Marrakesh and until six months after the WTO's entry into force, it would have an opportunity to sort this out with the United States. Under these circumstances, his delegation was letting this matter rest at the moment.

29. The representative of Guatemala informed the participants that during the entire process of verification his country had stated that its position was linked to the offers on bananas submitted by the European Communities. As the Community's offer submitted the day before presented very serious problems in that the Community continued to insist on a régime which was in violation of GATT and contrary to the agricultural package of the Final Act, his Government wished to express yet again a reservation with regard to this offer on bananas. Guatemala was prepared to deal with this issue in greater depth at the next meeting which the Chairman had suggested for the following week.

30. The representative of the United States said he accepted the suggestion that it was not useful at this point to repeat the substantive arguments with respect to the issue that remained outstanding on the Declaration and the Decision establishing the Preparatory Committee. He wished to repeat, however, for the record that the United States continued to believe that there should be a reference in these documents to the question of the relationship of recognized international labour standards to the international trading system as an issue on which discussions should begin in the new WTO. Without that reference these documents did not appropriately reflect where one was and where one should be as the new WTO was being launched. Since Brazil had elaborated by referring to an article in a publication, he could not resist noting and referring to an editorial which had appeared that same week in the 'Financial Times', which did not generally or necessarily agree with the US positions in the trade area and which, indeed, did not agree with its substantive position on this particular issue,

but which nevertheless concluded that it was in the interests of the international trading system that a discussion of this issue should take place because of the view that that was the only way, in their view, to clear the air and resolve the issue appropriately. Without having to deal with substance, he wished to say that the argument for beginning the discussion, which was the argument the United States was making, was, in the latter's view, a strong one.

31. As to the market-access results with respect to the schedules-verification process, there were three countries with which the United States had continuing issues which it intended to pursue bilaterally, although he did not suggest that the process of printing and going forward with schedules should be held up at this point. One was Turkey, the schedule of which with respect to export subsidies concerning several agricultural items did not comply with the terms of the Final Act. The United States had had discussions, and was going to continue discussion on those issues with the Government of Turkey.

32. In the case of Korea, there was a more serious issue. It was clear that the final schedule which had been submitted by Korea did not correctly reflect the commitment which had been made by Korea to participate in the chemical harmonization initiative in all except certain specified instances. The United States intended to continue to pursue that issue. He pointed out that that was an issue where other countries, too, had significant trade interests because some of the items which had not been excluded in Korea's schedule were ones where other countries had major trade interests. While also in this case, the United States was not trying to obstruct the process of going forward with the schedules, it wanted to make it clear for the record that it intended to continue to pursue that issue as strongly as it could with the Government of Korea.

33. The third participant was the European Communities, for which he would just repeat what he had said on another occasion with respect to the provision in the Community's Schedule which indicated that the agriculture market-access concessions would not begin until 1 July 1995 and apparently that that would be the case even if one was successful, as he thought all present were hoping they would be, in bringing the WTO into effect as of 1 January 1995. That was a very serious matter for the United States and, as had been indicated at a recent informal meeting, a number of other countries shared that concern. It was simply an intolerable result to have a prospect in which the rest of the participants would be commencing their agricultural market-access concessions as of 1 January, while a major participant said that its concessions would not begin until six months later than those of the others. That was an issue, therefore, on which the United States would have to have continuing discussion at the highest levels, and about which it was particularly concerned because it, and others, were making great efforts to try to bring the WTO into effect as of 1 January 1995. If that was really the Community's position, then he thought one had a real problem in trying to do that.

34. He noted, for the record, one other issue where the United States continued to have a discussion bilaterally with the Community, namely the question of the failure of the latter's Schedule to reflect a commitment to bind certain concessions which had been made in connection with the enlargement of the European Communities previously.

35. As to Japan's comment about the withdrawal of concessions by certain major participants, he assumed that the remark was intended for the United States. For the record, there had been absolutely no withdrawal of any concession to which the United States had committed to the Government of Japan as of 15 December. The offer on certain electronics items for which Japan was the principal supplier had explicitly been put on the table conditional upon the outcome of the discussions on certain other items. That condition had been stated explicitly in every Schedule that the United States had put on file in Geneva either before or after 15 December. It had been talked about explicitly and repeatedly in discussions with the Government of Japan, as late as the afternoon of 15 December in discussions that he had had with the Japanese Government's representatives. To suggest, therefore, that there was any breach or violation of any commitment made by the United States to the Government of Japan

as of 15 December when the former had gone forward and reflected in its final Schedule on the outcome of those negotiations, was, he thought, simply wrong. While the argument was over, he did not want to have it on the record a suggestion that the United States had breached a commitment which it had made in that area. The United States regretted, obviously, that ultimately the negotiations had not succeeded in the other area namely, wood tariffs, for which agreement had been reached among the Quad and for which many other participants had been prepared to go forward with a zero-for-zero initiative, but in which the Government of Japan had refused to join. He noted that in the last few days of the previous week the Government of Japan had made certain new unilateral improvements in its offer in several areas. This was an area in which unilateralism was to be supported and he hoped and urged that possibly even in the period remaining between now and the Marrakesh meeting there could be some further unilateral improvements in that offer.

36. In response to India's point on textiles, it was absolutely correct, as the United States had stated repeatedly, that that note was not a condition to the tariff reductions which it had bound. It was a reference to another issue relating to market access as it arose under the Agreement which the United States thought was critical and of which India was aware that the United States intended to continue to pursue. It was not, however, the establishment of a condition on the tariff reduction offer it had made. He was commenting on textiles because that was an area for which the United States had agreed and on which the Chairman had made a statement on 15 December that negotiations would continue. Those negotiations had continued and, in the United States' view, they had been constructive and successful in the case of a significant number of countries, and had resulted in significant improvements in the textiles market-access area from a number of countries. Unfortunately, there were four countries for which the United States continued to believe that it had not achieved effective market access: Indonesia and Colombia, where bindings existed but at a level which was not consistent with what could be regarded as effective market access; and, most significantly, India and Pakistan which, obviously, were two critical countries in this area for which there continued to be a lack of any effective market access. That was an untenable result as one went forward and integrated textiles into the international trading system. This was, therefore, an issue that the United States intended to continue to pursue bilaterally with those countries, certainly in the period between now and the Marrakesh meeting and beyond.

37. On the services issue raised by India, he recalled that in the final days of the negotiations there had been, he thought, some possible misunderstanding between the United States and India over this issue. Referring to a conversation between Ambassador Zutshi and the US Chief Services Negotiator, he said that whatever was or was not said in that discussion, the problem had also arisen because the time allowed then at the end had not permitted a review of the specific language that had been added to the Schedule. He believed that Ambassador Zutshi would agree that the commitment that the United States had made in respect to movement of persons was the most substantial one of any of the developed countries. Moreover, the United States had agreed, as Ambassador Zutshi had noted, to have continuing negotiations in that area over the following six months, through which he hoped it would be possible to resolve the particular issues that were of concern to the Government of India in that area.

38. He said that having gone through that litany of problem areas, it was inevitable that the focus had been on the negative aspects. Without wanting to get too self-congratulatory at this point, he did not want to conclude without saying that, notwithstanding all those problem areas and the continued discussion of the issue that remained open with respect to the Declaration and the Preparatory Committee, he certainly wanted to end his statement with the comment that from the United States' standpoint, the Round remained an extraordinary and historic accomplishment and that, in part, was a personal accomplishment of the people present at the meeting. He expressed the personal appreciation for having been a part of this process and having had the opportunity to work with all of them.

39. The representative of Netherlands, speaking on behalf of the Netherlands Antilles and Aruba, said her government had presented very recently two schedules of tariff concessions for these two territories. This had been mentioned also in the last meeting on market access on Friday, 25 March. However, most regrettably, these two schedules were not exactly in the required format. The Chairman had just stated that the Schedules of three participants had not yet been verified but would be attached to the Marrakesh Protocol. She asked whether a way could be found for these two Schedules, too, to be attached to the Marrakesh Protocol and that some footnote or other solution be added to the document that had just been approved, i.e., MTN.TNC/W/137 on Acceptance of and Accession to the Agreement Establishing the World Trade Organization.

40. The representative of Turkey, responding to the remarks by the US delegation, said that had been issues discussed between the two delegations during the previous week which had been resolved, in Turkey's understanding, in a mutually very constructive manner. The issue just touched upon by the US representative was a matter, it seemed to him, of differences of view on the interpretation of the agriculture text and was not a substantive issue nor, in a sense, a matter of verification. In any case, Turkey's market-access schedule had been verified and set aside as the Chairman of the Market Access Group had already mentioned a few days earlier. He stressed for the record that the points raised by the US delegation as a matter of outstanding issue had been on Turkey's Schedule in 1992 and on 15 December 1993. He would have expected such an efficient country as the United States to have recognized any kind of difference and signalled it as an issue of difference, but not to signal it at the very last moment.

41. He also had difficulty in understanding that it was a procedural point. It was not a procedural point. He had been surprised to hear this remark because he considered, and this had been what Turkey had been told, that the Heads-of-delegation meeting was a kind of preparatory meeting for the TNC and that most, if not all, issues which were to be raised in the TNC were to be taken up by the Heads of Delegation for purposes of transparency and of trying to come to a conclusion at the official session. He had had, therefore, a sincere and constructive talk with Ambassador Schmidt immediately before that meeting. The latter had said that, while the United States had a problem with this issue, it was not going to raise it. And as that was the case, he did not raise the issue in the Heads-of-delegation meeting, though he himself had noted on the latter's paper, because he was sitting next to him, that the list of issues included the European Communities, Korea and Turkey. He had only raised the issue with the EC and not those with Korea and Turkey. Thanks to this neighbourhood situation, Turkey had not been singled out. The US representative had mentioned also that he would be writing to Turkey's Permanent Mission to raise this issue on a bilateral basis. He had responded that if that was such an important issue as the difference of views on figures and calculations, one should rather take it to the capitals. While it was every country's legitimate right to raise any point or issue that was a matter of uneasiness to its delegation, for a major trading country with a very efficient decision-making process, he would not have expected today's kind of approach.

42. The representative of Indonesia, speaking on behalf of the ASEAN countries, lent support to the statement by Brazil on behalf of the developing countries. They hoped that the issue could be resolved before Marrakesh. As to the US representative's reference to various writings, it should be pointed out that the Financial Times article did not say that the agreement to discuss issues had to be reached at Marrakesh. He also echoed India's statement concerning textiles and the interpretative note; he did not share the United States' view.

43. The representative of Pakistan said that firstly, his delegation had taken note of the market-access schedules finalized during the process of verification so ably undertaken under the guidance of Mr. Hoda. Generally, the process had resulted in the confirmation of the scheduled commitments presented as of 15 December 1993. However, he referred to a lingering doubt that Pakistan continued to have in relation to the US market-access Schedule which contained a certain stipulation inserted in respect of

the textiles and clothing sector. In fact, there was no such understanding or condition. He recalled that the Chairman had been privy to the discussions that had led up to the final language. Negotiations, obviously, were not a matter of unilateral interpretations. While Pakistan was always prepared to continue the dialogue, it was its clear understanding that the verifications provided by both the US delegation and the Chairman during the verification process were that this stipulation was not meant to be a condition for these commitments to be implemented.

44. As to the Decision on the creation of a preparatory committee, the bracketed sub-paragraph 8(c)(iii) had been the subject of prolonged discussions and Brazil, on behalf of the Informal Group of Developing Countries, had made a statement thereon to which Pakistan subscribed fully. It was obvious, therefore, that there was no consensus on maintaining this language in the draft Decision unless the proponents could produce consensus in favour of the proposed language and in the interest of what the Chairman had so elegantly called "harmony at Marrakesh". Pakistan, therefore, suggested that the draft Decision to be presented to the Ministers at Marrakesh should exclude this sub-paragraph. In saying so, it was of course referring to the clear understanding reached in Geneva, as early as December 1993 as well as in January 1994, that no new issue would be presented for inclusion in the work programme other than the one relating to trade and the environment.

45. The representative of Korea expressed deep appreciation for Mr. Hoda and all the members of the GATT Secretariat in completing very successfully the verification process in such a short period of time. He also put on record his satisfaction on several points made by the United States officially at the present meeting: first, that the US delegation had removed its reservation as expressed in the previous week's verification meeting regarding Korea's Schedule; second, that the US representative had mentioned a bilateral consultation regarding chemical products. Korea's view was that this issue had arisen as a series of consultations starting from Quad approaches to invite non-Quad members to participate in the harmonization of chemical products. Korea had been undertaking a very painful and difficult process of bilateral consultations with the US delegation for the past several weeks. He was of the opinion that this was not a problem of commitment made by Korea during the consultation process or submitting initial or provisional schedules, but rather a matter of understanding these commitments. In this sense, therefore, he was pleased that the United States was willing to continue consultations with Korea because his Government would not want to leave this understanding unsolved with a very important trading partner like the United States.

46. The representative of Colombia wished to clarify two points, one on textiles and the other on bananas. On textiles, referring to the US representative's statement, he said that in a note which had been sent by Colombia's Permanent Mission to Mr. Hoda the day before and which had received a favourable response from the European Communities, Colombia had accepted a formula in textiles which represented an improvement in its offer and which, for its part, concluded the problem that it had on textiles. The United States should also have received this note. In this respect, therefore, Colombia considered it had concluded on this point.

47. On bananas, he said that the Committee should note that Colombia, just as Costa Rica, Venezuela and Nicaragua, had accepted the Community's offer on bananas and, in a note which his Mission had sent the day before to the Chairman of the Council, it had stated that it would not insist in any way on the adoption of the results of the so-called Banana 2 Panel. He wanted it to be clearly stated as well at the present meeting that the banana dispute was therefore settled insofar as these four countries were concerned.

48. The representative of Argentina said that he wished to place on the record that Argentina maintained its reservation regarding Canada's Schedule, which continued to not reflect, on dairy products, the agricultural agreements and its annexes. This had been recognized by the Canadian delegation itself in the review process of the Schedules and Argentina considered that it modified the balance of

rights and obligations amongst the participants in this negotiation. He indicated Argentina's concern at what it still considered to be an unresolved problem regarding the entry into force of the Community's concessions on agriculture.

49. The representative of Canada said that while he did not know what the Canadian delegate might have said in the verification process in response to Argentina's comments and concerns, he knew that Canada's Schedule had been verified and that, with respect to minimum-import requirements on dairy products, it was at least comparable to, if not more comparable than, that of other countries that had gone through tariffication. His understanding was that the WTO would come into effect at the same time as these provisions came into effect as well. In other words, one could not lay reservations against them, and whether one could or not, he could assure Argentina that Canada would not change its Schedule.

50. The Chairman confirmed that with respect to the Netherlands Antilles and Aruba issue, the said submissions were not in the correct format and were also in Dutch. The Secretariat was taking the position, therefore, that they had not been submitted, but it would try to find a pragmatic solution. What that could or might be, he could not comment on at the moment.

51. The representative of Egypt said that Egypt was comforted by the Chairman's statement at the outset of the meeting, and by the tireless efforts of various delegations, the Chairman and the GATT Secretariat, in having pursued the consultations and negotiations which had led to the preparation of all the documents for submission to the Ministerial meeting in Marrakesh. His delegation supported fully Brazil's statement on behalf of the Informal Group of Developing Countries regarding the proposal made by one delegation on labour standards. He was sure that the draft Marrakesh Declaration was so carefully drafted in such a fashion that adding any issue to it would disturb its balance and would not reflect the position of the great majority of the participants in the Uruguay Round.

52. As GATT Council Chairman, he wanted to state for the record the following concerning the Trade Policy Review Mechanism (TPRM). As required by the 1989 Decision of the GATT CONTRACTING PARTIES establishing the TPRM, consultations were being conducted with the Council members to review with the view to adjust the review arrangements in light of experience gained with their operation. Although this was a matter that formally belonged in the GATT's Council of Representatives, the TPRM had been created in the framework of the Uruguay Round negotiations, and so it seemed appropriate to present a brief progress report to UR participants at the present meeting. Following from these consultations, a draft Decision would be prepared for submission to the GATT Council meeting to be convened in May 1994, containing proposals for the continuing operation of the existing TPRM until the entry into force of the WTO Agreement — when it would be superseded by the TPRM provided for in the Final Act — and for proposals for the operation of the mechanism that could be forwarded to the Preparatory Committee. He gave the TNC an outline of the subjects raised in the consultations and the gist of the consensus that might emerge. The discussions had focused on five issues:

1. Government reports:

It was generally felt that a report by the Government of the contracting party under review remained a central element in the review process. However, to alleviate the burden from delegations and central national authorities, and to avoid duplication with the Secretariat reports, it was proposed that Government reports should be framed as policy statements, the length and content of which might be determined essentially by the national authorities concerned, perhaps along new guidelines to be established in due course by the new TPRB;

2. Secretariat reports:

It was agreed that principal focus should be on trade policies and practices of contracting parties and their impact on the multilateral trading system. It was also recognized that trade policies had, to the extent necessary, to be seen in light of overall macroeconomic and structural policies. The Secretariat was currently looking at ways of streamlining and refocusing its reports in light of suggestions made by delegations;

3. Frequency of reviews:

It was agreed that the frequency of 2, 4 and 6 years laid down in the 1989 Decision and carried forward into the Final Act should be maintained. A general degree of flexibility of up to six months, if and as might be necessary, was generally agreed reflecting the practice so far. Subsequent reviews should be scheduled for the appropriate interval after the previous review meeting;

4. Procedural questions relating to the conduct of meetings:

It was recognized that timing of the availability of documents was crucial to enable delegations to make adequate preparations for review meetings. It was agreed that all documents should be provided to contracting parties at the latest four weeks prior to the Trade Policy Review date. It was also recognized that the changes in procedures for meetings introduced in 1993 (L/7208) had facilitated a more lively debate; all contracting parties subject to review should cooperate in enabling these procedures to function effectively. The rôle of discussants would remain crucial, particularly in triggering the debate on the second day of a review meeting. Where possible, participants should submit at least a week in advance written questions for transmission to the country under review;

5. Press arrangements:

It was generally agreed that consideration had to be given to ensuring that press comments on TPRM reviews gave sufficiently complete coverage of the proceedings in the Council. Various suggestions for improving this situation had been made by delegations, including proposals on the timing and delivery of materials on the TPR to the Press; participation in press briefings; and other related questions.

Further consultations, particularly on this aspect, would be held.

53. The Committee took note of this information and of all other statements.