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DRAFT REPORT OF SESSIONAL COMMITTEE I OF THE TRADE AND DEVELOPMENT BOARD

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Note for Delegations

This draft report is a provisional text circulated for clearance by delegations.

Requests for amendments - to be submitted in English or French - should be communicated by Friday, 7 October 1994 at the latest to:

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INTRODUCTION

1. At its 846th (opening) plenary meeting, on 19 September 1994, the Trade and Development Board decided to establish a sessional committee of the whole (Sessional Committee I) to consider and report on the following agenda items:

"Sustainable development: trade and environment - the impact of environment-related policies on export competitiveness and market access"
(agenda item 4);

"Analysis and assessment of the outcome of the Uruguay Round, in particular in areas of concern to developing countries and economies in transition concerned, and its impact on the international trading system and problems of implementation"
(agenda item 5).

2. At its 1st and resumed 1st meeting, on 19 September 1994, Sessional Committee I elected Mrs. Anne Stoddart (United Kingdom) as its Chairperson and Mr. Carlos Amorin (Uruguay) as its Vice-Chairman-cum-Rapporteur.

3. At the first part of the Board's forty-first session, Sessional Committee I held ... formal and ... informal meetings.

Chapter I

**ANALYSIS AND ASSESSMENT OF THE OUTCOME OF THE URUGUAY ROUND,
IN PARTICULAR IN AREAS OF CONCERN TO DEVELOPING COUNTRIES
AND ECONOMIES IN TRANSITION CONCERNED, AND ITS IMPACT
ON THE INTERNATIONAL TRADING SYSTEM AND PROBLEMS
OF IMPLEMENTATION**

(Agenda item 5)

4. For its consideration of agenda item 5, Sessional Committee I had before it the following documentation:

Trade and Development Report, 1994 (UNCTAD/TDR/14), Part Three;

The Outcome of the Uruguay Round: an Initial Assessment: Supporting papers to the Trade and Development Report, 1994 (UNCTAD/TDR/14 (Supplement)).

5. The Officer-in-Charge of the International Trade Division, in his introductory statement, emphasized that the Board was confronted with a challenging task: to assess the outcome of the Uruguay Round, which the Board itself had described as a milestone in the evolution of international economic relations.

6. The mandate for the Board's assessment derived from the Cartagena Commitment itself, which required that such an exercise be forward-looking. It should provide the basis for identifying the problems and opportunities facing developing countries and economies in transition in increasing their participation in international trade in goods and services in the 1990s.

7. The key message of the secretariat's assessment was that the outcome of the Uruguay Round significantly strengthened the multilateral trading system in a variety of ways. The main achievement of the Round had been to effectively address those areas and sectors where the absence of international consensus and workable rules had resulted in mounting trade tensions that undermined confidence in the system and to negotiate the Agreements on Safeguards, Subsidies, Anti-dumping, Agriculture, and Textiles and Clothing. Another major result had been the extension of multilateral disciplines to intellectual property and trade in services, the latter covering such aspects as investment and movement of persons and electronic data. Furthermore, the significant tariff cuts, together with

the abolition of voluntary export restraints, should promote substantial trade expansion.

8. At the same time, the outcome of the Round had served to dilute many of the discriminatory aspects of regional trade agreements by reducing tariff preferences for regional partners and by establishing disciplines of equal or greater stringency than those in regional agreements. In addition, the multilateral rights and obligations of all countries had been raised to broadly comparable levels, with the differential and more favourable treatment for developing countries being delineated in a more specific, contractual manner. Finally, the various agreements had been linked together within the formal institutional framework of the WTO through a common and much improved system for the settlement of disputes.

9. This positive assessment, however, was tempered by a number of caveats. First, special safeguard mechanisms and other "exceptional" provisions contained in key agreements (such as those on safeguards, agriculture and textiles) could mitigate the liberalizing impact of these agreements and might lend themselves to abuse if not kept under close surveillance. Second, tariff reductions on key products of export interest to developing countries (such as non-tropical agricultural products, textiles and clothing, leather and footwear) had been considerably less than the general norm. Third, the least developed and other poorer developing countries had suffered from the erosion of preferential margins under the GSP and the Lomé Convention and could face higher prices for imported foodstuffs and an increase in the cost of technology. At the same time, they were required to accept more stringent obligations and a considerable administrative burden. Lastly, a number of important trading countries (such as China and the Russian Federation) had still not become full members of the GATT/WTO system.

10. The Uruguay Round agreements presented developing countries with opportunities and challenges. The opportunities consisted of the market access commitments and concessions on trade in goods, including the opening of the agricultural sector to progressive import competition and the dismantling of long-standing discriminatory quotas on textiles and clothing. In the area of trade in services, although the benefits that developing countries could derive from the access commitments appeared limited, the GATS provided a framework for future liberalization in areas of interest to developing countries.

11. The developing countries' contribution had been of capital importance to the successful outcome of the negotiations. Most of them had made substantial tariff

concessions, consolidating the results of their liberalization programmes undertaken unilaterally, and reducing their tariffs or binding them at ceiling levels. In contrast with the situation prevailing before the Round, they had accepted the entire package of multilateral trade agreements. A large number of developing countries had acceded to GATT during the Uruguay Round and would be original members of the WTO.

12. As regards countries in transition, during the latter stages of the Uruguay Round provisions had been introduced into several of the agreements to take account of their particular situation. Many of these countries were initiating the process of accession to the WTO, but this process was expected to be considerably more complicated than in the case of accession to GATT. The integration of these countries into the international trading system should be seen as a matter of high priority, given their urgent need to expand exports to world markets.

13. Four themes could be identified in order to assist the Board in structuring its deliberations. First, the WTO Agreement dramatically increased the multilateral trade obligations of developing countries. It also deepened these obligations by establishing disciplines in areas previously considered the domain of domestic policy. However, more specific contractual provisions for differential and more favourable treatment provided developing countries with a certain amount of time-bound flexibility. Their development strategies and trade policies would nevertheless have to be adapted to the post-Uruguay Round system. Under these circumstances, it must be asked to what extent developing countries would be able to emulate the success stories of certain countries, particularly those in the Asian region. Second, tighter multilateral disciplines, combined with a streamlined dispute settlement system, provided new scope for action against trade-restrictive practices and shielded countries from bilateral pressures. It was therefore important to determine the institutional and financial capacity of developing countries to assert and defend their rights effectively within what promised to be a more legalistic, litigious system. Third, the LDCs and many less advanced developing countries could find it extremely difficult to compete in a more liberal trading system. They would also face considerable problems in assuming the burden of their new, more stringent multilateral obligations. The transitional adjustment costs (such as erosion of preferences and higher food prices) would pose a particularly onerous challenge for them. The Trade and Development Report suggested that the international community should consider how such countries could benefit from a "safety net", which should assist them in dealing with adjustment problems, in acquiring improved capacities to compete in international trade, and in making

full use of their rights. A Ministerial Decision adopted at Marrakesh on "Measures concerning the possible negative effects of the reform programme on least developed and net food-importing developing countries" constituted a first step in addressing some of these problems. The Board might therefore wish to give priority consideration to the wide range of these countries' special needs in the post-Uruguay Round system. A fourth theme related to the future trade agenda. The Multilateral Agreements themselves contained a built-in agenda for future negotiations. In addition, a variety of other issues, some of which had wider economic, social and political implications, had been suggested at Marrakesh. A preliminary consideration of new and emerging issues would contribute to a better understanding of these issues, including their developmental implications, in view of the Board's forthcoming executive session devoted to this subject.

14. In conclusion, UNCTAD XI would inevitably have to address the full spectrum of trade issues in the post-Uruguay Round era. The Board's deliberations on this item could also provide policy guidance and focus for the work of the Board leading up to UNCTAD IX.

15. The representative of Mexico said that the basic aim of his country's participation in the Uruguay Round had been to obtain stable and reliable access for Mexican exports to international markets, in return for the autonomous trade liberalization measures taken by Mexico in recent years. The free-trade agreements signed by Mexico with other countries were fully compatible with the Uruguay Round, and the two approaches were complementary, as free-trade areas fostered trade relations among the countries involved, while the Uruguay Round results provided clearer rules and increased disciplines at the multilateral level.

16. There were five areas of the Uruguay Round results which were of particular interest to Mexico: first, the strengthening of the multilateral system, which would remedy the lack of universally accepted trade rules and adequate dispute settlement mechanisms, both of which affected small and medium-size economies in particular; second, enhanced disciplines to prevent measures against unfair practices from being used for protectionist reasons, in particular anti-dumping and countervailing measures, which could become instruments of harassment; third, greater transparency in the application of safeguard measures, to be allowed for short periods, non selectively, and triggered at a predetermined level, with a positive result in this regard being the provision concerning the elimination of the so-called voluntary export restraint agreements; fourth, the significant reduction of tariffs and non-tariff barriers; and fifth, lesser distortions in

trade of agricultural products through the reduction of subsidized exports and support measures for the agricultural sector in some industrialized countries, as well as the setting of conditions for fair competition and of clear rules for the application of sanitary and phytosanitary measures which would prevent them from becoming unjustified trade barriers.

17. Considering the particular importance of analyses of the implications of the new world trade framework for developing countries, UNCTAD should consolidate its analytical framework to examine the effects of the Uruguay Round in order to enhance its capacity in terms of providing advisory services to developing countries. To this end, it would be important to strengthen co-operation between UNCTAD and other organizations of the United Nations system. Finally, the creation of the WTO would make it necessary to revise the functions and responsibilities of the various international organizations dealing with matters related to the results of the Round.

18. The representative of Australia welcomed the secretariat's report on Uruguay Round outcomes and their impact on developing countries as a further indication of UNCTAD's role in providing informed analysis of important issues. She supported the major thrust of the report (UNCTAD/TDR/14), which was that implementation of Uruguay Round outcomes should not be delayed or undermined by any groups with a vested interest in derailing the World Trade Organization. The best way to ensure that all countries shared the benefits promised by the Round was to implement as soon as possible the disciplines to which participants in the Round had agreed.

19. Issues of particular concern to developing countries (including least developed countries) included the gradual phase-out of quotas under the multifibre agreement (MFA) and the reduction in tariffs on industrial products. The opportunities presented by these developments, if harnessed quickly and dynamically, should enable developing countries to gain from the improved export opportunities offered, despite the reduction in margins of preference on certain tariffs and the gradual roll-back of subsidised agricultural imports. In this context, there was clearly an important role for UNCTAD and other organizations in helping to ensure that developing countries were able to take advantage of these new opportunities. She noted the report's comment that considerable technical assistance should be provided to developing countries, particularly the land-locked developing countries. In that connection, considering UNCTAD's technical cooperation activities, what was being done in other forums should be borne in mind in order to avoid duplication.

20. Finally, in her opinion, there might be an increase in the number and scope of regional trading agreements after the Uruguay Round.

21. The spokesman for the Asian Group (Malaysia) said that, while an assessment of the Uruguay Round in terms of benefits in market access required individual country evaluations, there were a number of key issues of concern to the ASEAN Group. The immediate problem of the slow process of ratification by the major trading partners could delay the establishment of the WTO and have negative implications for developing countries, as potential benefits might not be duly realized. He hoped that countries, in their domestic implementation, would not deviate from their commitments by way of legislation which could negate potentials for market access, for instance by unilaterally determining rules-of-origin criteria.

22. With respect to regional arrangements, he expressed concern over the erosion of the competitive position of third countries. Creative approaches such as changes in rules of origin could be employed to preserve the competitive and advantageous position of regional trading blocs. In acknowledging the importance of the environment and sustainable development, he said that environmental measures should under no circumstances be used as a guise for protection. With regard to the social clause, the Asian Group viewed the linking of labour standards with trade as unjustified and possibly a new form of protection. Determination of international labour standards should be the task of ILO, and level of development should be taken into account. Furthermore, adherence to labour standards should not be a condition for market access. Consideration of that issue would certainly overload the agenda in the WTO.

23. Concerning recent intentions to seek further commitments and concessions, especially in the area of services and particularly financial services, he felt that services liberalization should be progressive, taking due cognizance of level of development and providing for special and differential treatment for developing countries.

24. As regards the GSP, the attempt by the donor countries to modify the conditions for granting GSP treatment by using non-trade-related criteria was a matter of concern to the Asian Group. Such an approach could have negative implications for the future of multilaterally agreed trade rules and disciplines. On the question of the erosion of preferential margins, he felt that the GSP review in 1995 should lead to the improvement of the schemes so as to make it easier for developing countries to benefit from them.

25. The special provisions for the least-developed countries should be given practical effect and further elaborated to enable the LDCs both to enjoy the benefits of the Uruguay Round and to give them confidence in the multilateral trading system.

26. The support provided by UNCTAD to developing countries in the negotiating process for the Uruguay Round had been useful, and such support should also be extended during the implementation phase. Furthermore, since a number of developing countries were still not GATT members and would require technical cooperation to integrate into the multilateral trading system, UNCTAD could provide useful assistance to these countries.

27. The representative of Japan said that the conclusion of the Uruguay Round would have many positive impacts on the world economy and would revitalize it. The new comprehensive rules in international trade would prevent protectionism and unilateral measures, and the increased participation of developing countries in the international economy could be expected to contribute to its stabilization. Further improvement of market access for goods and services would be assured not only for developed countries but also for developing countries, and Japan was looking forward to further efforts on the part of the developing countries to participate in international trade. He recognized, however, that the implementation of the agreed measures represented a great challenge for developing countries, in particular the least developed ones, and support from the international community was of utmost importance.

28. In this regard, he referred to the evaluation of the effects of the Uruguay Round taking place in the Board, as well as the work included in the agenda of the newly established Ad Hoc Working Group on Trading Opportunities in the New International Trading Content. His delegation strongly supported that policy orientation of UNCTAD and its related future activities. UNCTAD should seek to develop constructive policy proposals in the area of trade policies and give high priority to technical cooperation activities in such trade-related areas as textiles, clothing, agriculture and services, in which developing countries had a strong interest. In addition, UNCTAD should undertake to identify measures designed to overcome the difficulties which some developing countries might face when they tried to exploit the opportunities provided by the Round. He noted that Japan had contributed to UNCTAD's technical cooperation activities in the area of GSP, and drew attention to the "technical workshop on the new WTO anti-dumping code and national anti-dumping duty laws and practices for the countries members of ASEAN", which was to be held in Singapore as one of a series of GSP workshops. One of the most important element of the future role of UNCTAD, in

cooperation with the WTO, would be to give full support to those developing countries which needed assistance for the implementation of measures resulting from the Uruguay Round.

29. The representative of the United States said that the secretariat documentation on the Uruguay Round represented a considerable analytical effort and provided a wealth of information on the Uruguay Round agreements. He fully supported UNCTAD analysis aimed at assisting developing countries and economies in transition to best take advantage of the Uruguay Round's liberalization.

30. He agreed with the UNCTAD secretariat that the international trading system was not a zero-sum proposition. Rather, there was tremendous potential for growth in all countries. The developing countries and economies in transition appeared to have the greatest potential for growth in the new international trading system. Implementing the results of the Uruguay Round was a collective economic interest which would foster growth and help to create jobs in all countries. The new global trading system included increased opportunities and responsibilities for all.

31. He noted that trade policy reforms in developing countries and economies in transition would require complementary international support. Many of the provisions in the Uruguay Round agreements contemplated this reality. The United States would continue to work both bilaterally and multilaterally to assist developing countries and economies in transition in their efforts to become full participants in the world trading system. UNCTAD had already made significant headway in facilitating understanding of the agreements. Nonetheless, more work could be done, while bearing in mind the fact that the WTO and its bodies would have the sole authority to provide definitive interpretations of rights and obligations under the agreements. UNCTAD, working with other international organizations, could help with the building of infrastructures needed in developing countries and economies in transition to expand trading opportunities in existing and new sectors. UNCTAD's Trade Efficiency Programme was one example of this kind of effort. However, UNCTAD's cooperation with other international organizations, within and outside the United Nations system, should be undertaken in a manner that avoided duplication of efforts.

32. The United States eagerly welcomed the strengthening of the global trading system that would accompany implementation of the Uruguay Round results, and believed that regional arrangements could support this strengthening. Regional agreements could be building blocks for the multilateral trading system. Within

the framework of the multilateral trading system, the United States would continue to pursue trade-expanding liberalization.

33. Finally, he recognized that consideration of environmental and labour standards caused some concern. However, these issues had to be addressed with a view to finding consensus on them.

34. The representative of Ecuador, recalling that his country was the leading world exporter of bananas, said that Ecuador wished to reiterate its disappointment with the inclusion as an annex to the Final Act of the Uruguay Round of an agreement which did not fulfill the basic requirements regarding tropical products and which was incompatible with the General Agreement. It should be borne in mind that ACP countries had not enjoyed the benefits which were supposedly afforded to them by the European Union's common import regime for bananas, since the European Commission had had to adopt a specific regulation to provide financial assistance to these countries to compensate for losses resulting from the implementation of the single market. According to the conclusions of a GATT panel, one of the most serious and harmful irregularities of the common regime for bananas was that which provided for the allocation of 30 per cent of the import licenses to operators who, during a preceding period, had sold Community produce or products imported from traditional ACP sources. This privilege did not benefit ACP countries but worked to the advantage of such operators, to which Latin American exporters had had to pay more than \$200 million during the past year. After one year of operation, this regime had caused prices in the international banana market to drop to their lowest level because of the supply distortions which it generated. At the same time, these distortions had provoked a sharp rise in consumer prices and a decline in per capita consumption of bananas in Germany.

35. The foregoing considerations showed that the single Community market favoured neither consumers in the European Union nor producers in ACP countries. On the other hand, Latin American producers had been seriously injured, in particular his own country, which had had to sacrifice some 12,000 hectares of banana plantations, implying social and economic prejudices.

36. Finally, an objective and realistic analysis of the results of the Uruguay Round for developing countries should emphasize the enormous damage to banana-exporting developing countries implied by the common single market, which had extended a restrictive regime to countries where imports of bananas were not subject to limitations.

37. The representative of the Commission of the European Union, said that the Uruguay Round had been a great and balanced victory for international trade and the multilateral system. The consensus achieved allowed an unprecedented opening of markets, notably through a global reduction of tariffs going well beyond the objective of 33 per cent set in Montreal; the progressive integration of trade in textiles and agriculture into the multilateral trading system; the conclusion of an agreement on services with a set of initial commitments which, though not complete, nevertheless represented an important starting point for the pursuit of negotiations in a certain number of sectors; an enhanced rule-based multilateral trading system encompassing new areas of international economic activity; and above all, the creation of a powerful and representative World Trade Organization (WTO). Thus, the wide-ranging revision of the rules and disciplines of the GATT in the Uruguay Round had made it possible to make international competition fairer and enhance the legal security of trade. According to the UNCTAD secretariat's report, one of the major results was the transformation of the revised Tokyo Round multilateral codes into multilateral trade agreements that were obligatory for all members of the WTO, which meant a considerable reinforcement of multilateral disciplines for all parties. He saw, however, a certain contradiction in the way that the secretariat report seemed to regret this enhancement of multilateral disciplines for developing countries, on the grounds that many members of the WTO would not as a result be able to apply the same development strategies followed successfully by many countries in the past. However, the development strategies in question involved vigorous expansion of exports without fully respecting the international rules concerning anti-dumping, subsidies and intellectual property, and such policies would in the long run turn international trade into a jungle. For its part, the European Union, like all the signatories of the Final Act of the Uruguay Round, was convinced that the revised system offered new possibilities which could be exploited by developing countries as well. The secretariat's report also referred to a disequilibrium between the greater multilateral disciplines accepted by developing countries on the one hand and the persistence of tariff rates higher than 10 per cent against important sectors of developing countries' exports on the other hand. However, that did not seem the right approach, and it would be more suitable to compare the situation that prevailed before the conclusion of the Uruguay Round to the results achieved with respect to these sectors. In accordance with the Marrakesh Declaration, the European Union shared the opinion that the participation and integration of developing countries in the international trading system represented a historical evolution towards a more balanced world providing for new prospects of partnership.

38. The developing and developed countries alike would benefit from a more open multilateral trading system, even if the Uruguay Round agreements limited the pursuit of certain economic policies. He noted, however, that certain developing countries, in particular in Africa, were less able to gain immediate benefits from the Round. The European Union was aware of the fears expressed, especially by the least developed countries but also by countries in transition, concerning institutional capacities, human resources and information. In fact, it had often been the initiator of provisions allowing for differential and more favourable treatment for these countries, especially the least developed ones, which were now embodied in the Final Act and the related decisions. He emphasized the importance of appropriate technical assistance for developing countries, and in particular the least developed ones, in order to enable their further participation in international trade. He invited UNCTAD to contribute to such assistance in a spirit of complementarity alongside GATT and the WTO.

39. The representative of Sweden, speaking on behalf of the Nordic countries, said that the overriding priority must still be to ensure rapid and faithful implementation of the Uruguay Round results, and speedy ratification would be necessary in order to launch the WTO as of 1 January 1995. He reiterated the main achievements of the Uruguay Round, noting that certain parts of the agreements were of special interest to developing countries and economies in transition. Tariff reductions on industrial products in general would improve access to markets, while the Agreement on Agriculture constituted an important step forward in the liberalization of trade in this area and provided for improved competition on world markets. The Agreement on Textiles and Clothing provided a framework for phasing out the MFA, while the improved dispute settlement mechanism would ensure a more efficient settlement of disputes and would safeguard the interests of small and large countries alike. With the establishment of the WTO, a foundation for the full integration of the developing countries into the world economy had been laid. However, in order to benefit from the newly established rights and opportunities, countries had to accept the obligations of the system.

40. Although provisions for differential and more favourable treatment for the developing countries were included in various parts of the agreements, many of these countries, especially the LDCs, would need increased technical assistance to be able to meet the new challenges and make the best use of opportunities offered. In addition, net food-importing least developed countries would need transitional assistance to mitigate any negative effects to which they might be exposed. On a multilateral level, such assistance should be given by WTO, ITC and UNCTAD, in accordance with their respective comparative advantages. It was

therefore important to find a working formula to provide for a fruitful division of labour and cooperation between UNCTAD, WTO and ITC. In the view of the Nordic countries, UNCTAD should, in collaboration with the WTO, provide more analytical follow-up of the Uruguay Round results. With regard to further negotiations already foreseen in several areas and new issues emerging, such as trade and environment, trade and competition and investments, he noted that environmental issues were already safely anchored in UNCTAD as a result of the setting-up of the Ad Hoc Working Group on Trade, Environment and Development. He emphasized UNCTAD's natural and central role in providing the analytical material which was crucial for tackling new and emerging trade issues.

41. The representative of Poland emphasized that signing the Final Act of the Uruguay Round had been a moment of special significance for Poland. Twenty-seven years after joining GATT in 1967 and after four years of transition to a market economy, Poland had contributed to the Round on an equal footing with other participants by undertaking the same type of tariff and non-tariff commitments and obtaining the same rights and benefits. In particular, he noted the importance of the Round for the Polish economic reform process and provided examples of tariff and non-tariff liberalization by developed countries involving products of export interest to Poland. Finally, he stressed that Poland would become a founding member of the WTO, which implied that it would be a more active member of the international trading community.

42. The representative of Canada emphasized the importance of full and effective implementation of the agreements reached at the conclusion of the Uruguay Round and informed the Board that Canada was in the process of finalizing the necessary domestic legislative instruments. It was essential to remain focused on moving forward with what had been agreed to.

43. The secretariat documentation reinforced his country's conviction that developing countries would benefit substantially from the Uruguay Round. One of the great intangibles was the benefit resulting from the confidence and security that went along with a strengthened rules-based system and with agreed and improved dispute resolution mechanisms in the context of an overarching institution - the WTO. Developing countries had a strong interest in clear and well defined rules and disciplines which offered security of market access and protection against bilateral pressure and unilateral action from major trading partners. He referred in particular to the special provision for developing countries contained in the Safeguards and Anti-dumping agreements.

44. With regard to the question of an erosion of preferences and the possible impact of the Uruguay Round on some food-importing countries, the impact across sectors and countries was variable, but an assessment would require a longer-term perspective. Thus, for example, although the Agreement on Agriculture did not go as far as some developing countries would like, its significance lay in the fact that the process of bringing that important sector fully into line with the rules-based trade system and of opening markets had begun, with greater progress initially in the area of tropical products. The long-term significance of the MFA phase-out was also profound for many developing countries.

45. With respect to how the international economy and the economic position of developing countries would be affected by the Uruguay Round, it was important to monitor and assess the results over time, with a particular eye to the situation of the most vulnerable that might be affected by reductions in margins of preference or increases in the price of imported foods.

46. The best way to guarantee that the Uruguay Round had positive effects for all countries was to ensure ratification and full and effective implementation, and for all countries to make full use of the dispute settlement system and to participate fully in the new WTO.

47. The representative of Jamaica said that the developing countries could be justifiably proud of their participation in the Uruguay Round negotiations and of having made a significant contribution to the success of the Round. The fact that there had been much wider participation by developing countries in the Uruguay Round than in any other previous multilateral trade negotiations and their acceptance of the Final Act and World Trade Organization agreements (with their much greater obligations) attested to their respective Governments' faith in a reformed multilateral trading system with more predictable international rules which would enhance economic recovery and create opportunities for the sustainable development of developing countries.

48. One of the main objectives of developing countries participating in the Uruguay Round was to obtain improved market access for their exports, in particular to developed countries. In fact, many developing countries, including her own, had undertaken far-reaching trade liberalization measures, with the aim of revitalizing their economies and integrating them into the world economy.

49. She expressed concern that whereas there had been a considerable overall reduction in the tariff rates by the developed countries, the rates on products of particular interest to developing countries still exceeded the average, as

pointed out in the Trade and Development Report 1994. Her Government supported the proposal for remedial action in the form of improvements within the GSP schemes and was concerned as to the prospective consequences of the Uruguay Round agreements for developing countries like her own which currently enjoyed trade preferences and were also net-food-importing countries, besides being handicapped by a severe debt burden. In respect of ACP trade preferences under the Lomé Convention, preliminary studies by UNCTAD indicated that there was likely to be an overall loss of approximately 30% in preferential margins, with the highest percentage loss occurring in tropical products. ACP countries were therefore likely to face losses on both the export and the import sides.

50. Her delegation therefore supported the suggestion made in the Trade and Development Report 1994 that consideration be given by the Trade and Development Board to the provision of a broader "safety net" for these countries. Measures could include balance-of-payments assistance, which could be given by multilateral financial and technical institutions, and financial and technical assistance through international organizations such as UNCTAD, UNIDO and FAO. In this regard, during the period leading up to and during the implementation of the Uruguay Round Agreements, UNCTAD would be required to play an even more dynamic role, within its own mandate for policy analysis, intergovernmental deliberations, consensus-building and negotiations, and in view of the clearly delineated complementarity between UNCTAD and the WTO, UNCTAD should continue its assistance to developing countries to allow them to avail themselves of the new opportunities but also to overcome obstacles and problems they would face as members of the WTO.

51. The representative of Slovakia said that her country's economy was showing signs of recovery, and the conditions necessary for the development of the private sector were being established through the liberalization of the economic environment, both internally and externally. The economic development of Slovakia was substantially influenced by the external economic relations of the new State, which included the establishment of a Customs Union with the Czech Republic. She noted that Slovakia had been granted associate membership in the European Union, and it was also a contracting party to the GATT. Slovakia's mainly bilateral trade framework strictly followed multilateral GATT rules, the average import tariff rate being only 5 per cent and 97 per cent of the tariff rates being bound. Slovakia also had a GSP scheme for developing countries.

52. The results of the Uruguay Round, in which Slovakia had participated, would have a positive impact on the world trading system and would promote the integration of the Slovak economy into the world economy and world trade. The

liberalization of the international economic system enabled Slovakia not only to develop trade and cooperation with its traditional partners, mainly with European Union and EFTA, but also to take better advantage of relations with developing countries, which accounted for a growing share of Slovakia's foreign trade. She emphasized that the establishment of the WTO signified that foreign trade would be realized in accordance with accepted rules and within a non-discriminatory and open trade framework controlled by the participating members, including Slovakia.

53. The representative of the Russian Federation commended the UNCTAD secretariat's analysis of the Uruguay Round outcome and said that his country supported the further expansion and strengthening of UNCTAD's analytical functions aimed at facilitating international consensus-building and developing a better understanding of existing problems at the national level. His country's negotiations on accession to the GATT/WTO was one of the important elements in his country's foreign economic policy, and he hoped that the first meeting on the Russian Federation's accession would take place in 1994. Russian economic reforms, which had already been producing positive results, would play a decisive role in this accession process. On the other hand, Russia would be negotiating under difficult economic circumstances and hoped to meet appropriate understanding on the part of its negotiating partners.

54. The Russian Federation was trying to maintain its liberal import regime, despite its economic difficulties and strong protectionist pressures. In turn, he hoped that new trade legislation being prepared by GATT contracting parties to ensure the implementation of the Uruguay Round agreements would provide an occasion for eliminating archaic protectionist provisions from the "Cold War" era, in particular those relating to anti-dumping and safeguard measures.

55. The establishment of the WTO meant that a new look had to be taken at UNCTAD's role. In that connection, while ensuring complementarity with the WTO and avoiding duplication, UNCTAD should pursue its efforts aimed at formulating approaches to solving trade and development problems which were not covered by existing agreements. Furthermore, UNCTAD should remain the forum for elaborating proposals and consensus-building on trade and economic policy issues before they became the subject of negotiations in the WTO. UNCTAD should also play a more important role in providing assistance to interested countries to help ensure their effective participation in the international trading system and facilitate their adaptation to the new situation after the Uruguay Round. Such assistance had already been needed by both GATT contracting parties and countries acceding to the GATT.

56. Finally, he expressed his country's gratitude for technical cooperation provided under the UNDP/UNCTAD project in support of Russia's accession to GATT, in particular for project activities relating to training of Russian specialists and preparation of studies on various aspects of the forthcoming negotiating process. He expected that this project would be extended.

57. The representative of Peru said that the main achievements of the Uruguay Round included the adoption of multilateral disciplines in areas previously excluded from internationally agreed rules and the creation of the World Trade Organization. These results had been achieved thanks to the attitude displayed by all the participants, in particular those with the largest trading interests, who had demonstrated their political will to opt for interdependence and multilateralism. These efforts had been matched by the developing countries, which had made a significant contribution to global liberalization.

58. The challenge now was to translate the results of the negotiations into real trade benefits for developing countries, as well as to identify the options for cooperation that would ensure the appropriate participation of these countries in the new multilateral trading system. In the area of tariff reductions, greater efforts and cooperation would be necessary to identify trading opportunities for developing countries deriving from the negotiations on these areas. With regard to the erosion of GSP benefits, the suggestion made for the extension of preferences to areas such as agriculture and services took on increased relevance. It would not be acceptable for conditions relating to labour standards and environmental protection to be unilaterally introduced into the post-Uruguay Round GSP.

59. The agreements that had emerged from the Uruguay Round contained a number of inequities, particularly the agreements on safeguards, agriculture and anti-dumping. These must be carefully considered so as to avoid possible abuses, which would be detrimental to the world trading system as a whole. The set of rules establishing uniform protection for intellectual property rights seemed not fully satisfactory to some developed countries, which were seeking bilaterally to incorporate in the TRIPs agreement a kind of a minimum standard to which additional protection must be attached. Such attempts would make the final agreement unbalanced, reduce predictability and lessen the essential multilateralism of the Round.

60. Concerning the linkages of the future work of the WTO with political, economic and social matters, he stressed that the development issue had not been adequately considered in the Round. While increased trade levels generated

welfare and growth, there was an urgent need to include social elements which could compensate for the possible negative impact of a broad liberalization programme and foster a process of comprehensive development. UNCTAD's role was predominant in this respect.

61. In conclusion, an authentic multilateralization of the agreements of the Round presupposed the rapid accession to membership of the WTO of all countries, in particular those which constituted important markets. It would be a great mistake to exclude China from the WTO, and political considerations should not restrict trade.

62. The representative of China, referring to concern over the fact that the interests of many developing countries were not adequately reflected in the outcome of the Uruguay Round, said that the full participation of developing countries in the new world trading system was in the interests of all. To neglect the special difficulties and interests of developing countries would actually obstruct their participation in world economic progress. The international community, especially the developed countries, should therefore take full account of the interests and special circumstances of the developing countries in the context of the implementation of the outcome of the Uruguay Round and take timely measures to improve their situation so as to reduce the adverse impact of the new system on them.

63. Although the implementation of the outcome of the Uruguay Round had not yet started, some analyses and projections indicated that certain agreements might adversely affect the interests of the developing countries in some fields, and many of the concerns of the developing countries in that respect were justified. In order to adapt themselves to the new trading system, many developing countries had long ago started to readjust their domestic policy, but the developed countries would also have to provide support in that connection.

64. The WTO would soon be established, and the developing countries were watching to see what concrete steps would be taken by the developed countries in certain key areas. For textiles and clothing, though all parties agreed that the MFA should be phased out over a ten-year period, it was anticipated that almost half of the textile and clothing products would not be brought under the GATT system until the last moment. Thus, he urged the developed countries to accelerate the process of liberalization of product categories and to reduce the damage to the interests of the developing countries during the course of implementation.

65. As for GSP erosion, the preference-giving countries should improve the GSP system by expanding their schemes to more products and improving the rules of origin. The idea of introducing environmental conditions and a social clause into the GSP system ran contrary to the principles of the system and could seriously damage its positive role.

66. Referring to the last Board decision to establish the Ad Hoc Working Group on Trading Opportunities in the New International Trading Context, he hoped that the Working Group would help the developing countries to understand the new multilateral trading system and implement the relevant agreements reasonably so as to ensure that these countries could both contribute to and benefit from the global economy.

67. China had first applied for resumption of its GATT contracting party status eight years previously. During those eight years, it had radically reformed its foreign economic and trade systems to bring them into line with international practice under the GATT. At the end of August, China had provided a package of concessions in which all tariff lines would be bound and 90 per cent of them would be less than 35 per cent and would be reduced to 30 per cent within five years after China's resumed membership of GATT. China had also submitted a timetable for the progressive elimination of more than 90 per cent of its non-tariff measures, and it would be making a significant concession on services. Those commitments would come into effect only after China's resumption of contracting party status in GATT, which would thus be in the interests of all countries. It would be unfair and unreasonable to ask China to bind all its tariffs at a very low level and to eliminate all non-tariff measures at once, while many tariff and non-tariff barriers against Chinese exports remained in the industrialized countries. China was a developing country and was ready to shoulder only the responsibilities compatible with its level of development. It would not seek GATT membership at any cost, and would not jeopardize its fundamental interests.

68. He hoped that UNCTAD, as mandated by UNCTAD VIII, would make a timely evaluation and analysis of the implementation of the results of the Uruguay Round, and in particular its impact on the developing countries, so as to help improve the equity and fairness of the new trading system.

69. The representative of Cuba said that the conclusion of the Uruguay Round represented a victory for multilateralism, a brake on protectionism and a major contribution to trade liberalization. It was, however, necessary for developing countries to secure adequate financial and technological support to allow them

to compete with industrialized countries in the liberalized markets. It was also necessary for them to achieve economic recovery so that reduction of tariffs and of other protectionist measures could be translated into real benefits for the majority of countries in the South.

70. It was well known that the gap between rich countries in the North and poor countries in the South was widening. Most countries in the South still depended on their commodity exports, for which prices and demand were declining. He stressed the need for developing countries to become fully competitive so that they could benefit from the liberalization process and from the new trading opportunities deriving from the Uruguay Round agreements. It would not be possible to enjoy prosperous international trade without relieving the economies of the South of the tremendous problems affecting them.

71. Under the new circumstances, the international trading system should expand in accordance with expectations, but this alone would not be sufficient. The international financial and economic system and the developed countries must commit themselves to promoting recovery in the economies of the South. He also stressed the need for UNCTAD to strengthen its technical assistance for developing countries and hoped that the WTO would help prevent the application of discriminatory, selective and unilateral measures, which caused so much damage to international trade and to the credibility of the international trading system as a whole. The challenge for this new institution was to foster genuine international cooperation and to translate it into actual benefits for all, in particular for developing countries.

72. The representative of Chile, referring to the documentation prepared by the secretariat, expressed the wish that the analysis be resumed and complemented with information on tariff reductions so that advantage could be taken of the secretariat's expertise to identify increased market opportunities, particularly for developing countries.

73. Although not perfect, the Uruguay Round agreements represented significant progress. The task now was to ratify the agreements as soon as possible, so that the WTO and the agreements could enter into force on 1 January 1995. He emphasized that the agreements should be ratified faithfully and that any alteration of obligations already undertaken and any attempt to introduce new provisions and conditionalities should be avoided.

74. For developing countries, the main task would be to seek to take advantage of the trading opportunities resulting from the negotiations. UNCTAD's

cooperation in this regard was irreplaceable, and its operational capacity should be reinforced and modernized in order to support the development and export capabilities of developing countries, as well as their of negotiation and surveillance capacity. This would help to ensure the strict observance of all agreements. In this regard, he welcome initiatives such as the Ad Hoc Working Group on Trade Efficiency, whose terms of reference included precisely enhancing the trading capacities of developing countries and facilitating trading operations.

75. Finally, the common task for the future would above all be to continue strengthening the multilateral trading system and fostering world-wide trade liberalization. All countries participating in the international trading system must benefit, and all parties must show the necessary flexibility in implementing the commitments subscribed to in the Uruguay Round.

76. The representative of Austria said he was convinced that, in spite of certain concerns, the successful conclusion of the Uruguay Round would prove beneficial for developing economies. The most important achievement was the creation of the WTO itself, which would facilitate better enforcement of the newly improved trade rules to the benefit of the developing countries especially. The expansion of the coverage of multilateral disciplines opened up additional trade opportunities, for instance in services, even if the results in this respect might not, for the time being, satisfy everybody. Differential and more favourable treatment was stipulated in several agreements and ministerial decisions for the developing countries, and especially for the least developed among them. Furthermore, developed countries had committed themselves to giving technical support and to assisting them in taking maximum advantage of their new opportunities. However, the WTO provided only for the regulatory framework, whereas the main role in creating the necessary conditions for economic growth must be played by the countries themselves, as had been shown by some very encouraging examples in East Asia and Latin America. Although the transfer of these experiences to other developing regions called for appropriate modifications to be made, a sound economic environment was indispensable for sustained results. Such a sound economic environment and liberalization of trade was possible only on the basis of political stability and democracy, the absence of war and violence, respect for human rights and the environment, and a climate conducive to free competition. Developing countries with open domestic markets already had a greater capacity to adjust to new and emerging market opportunities. However, many of the least developed countries, especially in Africa, would need support to achieve such progress, and Austria's development cooperation focused on these regions, as well as regions trying to encourage

economic reforms. Regional integration could help these countries to be more competitive, although considerable capital inflows and transfer of adequate technology would still be needed.

77. Finally, he noted that, in the Uruguay Round, developing countries had participated as equal negotiating partners for the first time, and the trust of those nearly 30 developing countries which had joined during the negotiations that the rules of trade embodied in the WTO system would substantially contribute to their further development should not be disappointed.

78. The representative of Bangladesh said that the least developed countries, by accepting the Uruguay Round package, had assumed important commitments relative to their level of development. This was mainly because the Uruguay Round was a single undertaking and there was hardly any choice for them but to accept the onerous commitments in order to be a part of the new multilateral trading system. However, despite efforts made by them during the negotiations to introduce flexibility in various agreements, only limited results had been achieved.

79. In his view, the least developed countries, in the short run, would face a number of difficulties due to erosion of preferential margins, expected increases in the cost of imported technology and in the price of imported food-stuffs, and the much higher level of both legal and procedural obligations. Moreover, these countries would face stiff competition for market access. In particular, his country would face global competition in the export of ready-made garments, constrained by the absence of backward linkages in the country and dependence on imports for fabrics and other accessories. He also pointed out that some of the agreements in the Uruguay Round were development-neutral and took little account of different levels of development.

80. In recognition of the difficulties of the least developed countries, special provisions were incorporated in some agreements and a decision on measures in favour of the least developed countries had also been adopted by the Ministers at Marrakesh. He emphasized the need to translate these provisions and the Ministerial decision into concrete action. In this regard, UNCTAD could play a vital role in suggesting ways and means for concretising the special provisions and in assisting LDCs in taking maximum advantage of the differential treatment accorded to them. In addition to enhanced trading opportunities, LDCs would need external finance for product diversification, infrastructure, institution-building and human resources development. Foreign investment could also play an important role in capacity-building. He hoped that the international

community would implement seriously the provisions for differential treatment in the Uruguay Round agreements in respect of the least developed countries.

81. Finally, he expressed concern over the consideration of new issues, which might result in new conditionalities, thereby reducing market access for LDC exports. Any discussion on new issues must therefore take into account the special needs of the least developed countries and create opportunities for greater market access for these countries.

82. The representative of Switzerland, while commending the Trade and Development Report as it related to the Uruguay Round results, noted that more attention should have been paid in it to the Round's impact on developing countries. She also did not share UNCTAD secretariat's negative views concerning the possible erosion of trade preferences enjoyed by developing countries, particularly by the least developed among them, and concerning constraints resulting from the Round's results on development policy options of developing countries. On the other hand, she supported the secretariat's conclusions regarding the increased administrative burden that would be faced by developing countries in implementing the Uruguay Round agreements. UNCTAD and other international organizations should assist each developing country to increase its capacity for adaptation. In this context, technical cooperation projects in favour of African countries should become a priority for UNCTAD. However, greater efforts would be required from the developing countries themselves to mobilize adequate human resources in their relevant administrations. The least developed countries also needed practical advice in order to make best use of the Round's results, to facilitate their adjustment to the new multilateral trading environment and to enable them to participate fully in the WTO.

83. The spokesman for the African Group (Nigeria), said that the scope of the agreements embodied in the Final Act posed challenges and opportunities: challenges coming from having to adopt policies that went beyond trade per se and to subject various policy instruments to multilateral disciplines; opportunities deriving from trade liberalization in sectors that had escaped multilateral rules and disciplines, such as agriculture, in addition to strengthened and clearer rules which provided overall security and predictability in an environment of improved market access.

84. He recognized that, for African countries, the immediate gains from trade liberalization would be limited, and the effects in the principal export markets could be negative, due to erosion of margins of preference. These losses were

unlikely to be offset by reduced MFN tariff rates in other major markets where African countries also enjoyed preferential access.

85. One area that had raised concern was the likely negative impact of agricultural trade liberalization on net-food-importing countries. As in the case of market access, the problem here was not on the virtues of liberalization and the freeing of agricultural trade from protectionism and subsidies, but the lack of capacity and resources in African countries to take advantage of the opportunities that the agricultural reform programme gave rise to. A combination of financial and technical assistance to boost agricultural production and productivity would be indispensable in both the short and the medium term to offset the negative impact. The best endeavour provisions in the Final Act would need to be translated into stronger political will to take concrete action. Otherwise, any gains from agricultural trade liberalization would again bypass African countries.

86. In the long run, reduced and complete elimination of MFN tariffs offered far more secure market access than preferences. This was why African countries fully subscribed to trade liberalization in the Uruguay Round and strengthened rules to underpin it. The fact remained that competitive advantage could not be assured for long through margins of preferences, and this had been confirmed in their evaluation of the market access results of the Round. They therefore needed more imaginative long-term solutions to overcome their competitive disadvantage deriving from dependence on primary exports, a weak industrial and export base and technological backwardness. African countries risked further marginalization in the new international trading system if decisive action was not taken to meet these urgent needs. Action in the form of debt relief, targeted improved access conditions and increased foreign direct investment flows was also needed to meet these challenges. He supported the proposal in the Trade and Development Report to expand the measures taken by the Group of 77 on the bilateral level with regard to loans by the World Bank and IDA. African countries welcomed the assistance that UNCTAD and GATT were providing to ECA and OAU in organizing a ministerial meeting in Tunis on how African countries could take better advantage of the Uruguay Round results and better fit into the new international trade order.

87. The expanded scope of the agreements under the WTO meant that UNCTAD would have an important role to play in extending technical assistance in the field of institutional and human resources capacity-building in order to assist countries in the implementation of the results. UNDP/UNCTAD's technical assistance to developing countries was outstanding and should be seen as having

made a significant contribution to the success of the Uruguay Round. UNCTAD's continued technical support in the implementation phase would be able to draw on the considerable experience accumulated from the MTN projects within the framework of which the programme of assistance for the Uruguay Round had been extended to developing countries. African countries again requested that UNCTAD, with the financial support of UNDP and other donors, put in place a programme of assistance for Africa. Given that the transitional period for the implementation of the Round was limited, the earliest availability of such assistance was of crucial importance. Such assistance should include adaptation of trade policies and legislation to implement the various agreements; assistance to help African countries identify trading opportunities from the Uruguay Round; measures to build competitiveness and export delivery structures; human and institutional capacity-building to strengthen trade policy formulation; technical assistance to build up trade services infrastructure (information networks, telecommunication transport, etc.); and organization of workshops for African countries.

88. The representative of Mexico said that his delegation fully supported the views of the representative of Ecuador with regard to the bananas issue. For his country, the European Union's common import regime for bananas and the framework agreement attached thereto were inconsistent with the GATT/WTO rules and they should therefore be amended so that the rights and trade interests of all parties were respected.