

## Editorial

PROGRESS TOWARDS THE new round of trade negotiations under the auspices of the General Agreement on Tariffs and Trade seems now to be advancing steadily but slowly.

At the meeting of the GATT Council on 17 and 18 July, an unhappy dispute broke out between the developed and developing countries which resulted in deadlock, the Council meeting being broken off, only to be reconvened later. Consequently, the United States formally requested a special session of the contracting parties—to be decided by majority vote. This meeting would serve to set up a senior officials group to launch the preparatory process for a new round of negotiations. The major industrialized countries and a number of developing countries with significant U.S. trade interests e.g., ASEAN countries, South Korea and some Latin American countries such as Columbia, Chile and Uruguay, supported the U.S. request.

The special session, which was held in Geneva from 30 September to 2 October, agreed to initiate the preparatory process on a new round of multilateral trade negotiations by establishing a group of senior officials open to all contracting parties. This group, which will meet for the first time on 14 October, will report to the annual session of the contracting parties in November. At that session a decision will be taken on the establishment of a preparatory committee to prepare the basis for the launching of a new round.

At the July meeting the European Community proposed on behalf of the developed countries that there should be a meeting of senior officials in September to discuss broadening the consensus in favour of a new trade round, without any previous commitment or preconditions. A small group developing countries, however, led by Brazil and India insisted that, should there be any multilateral action on services, such action must be subject to the conditions that the issue of services be recognised as being outside the competence of the General Agreement and separated from the issue of trade in goods; that the present GATT rules should not apply to services; and that there should be no linkages or trade-offs between services and goods.

The developing countries complain, not without some justification, that the measures agreed upon in the GATT Ministerial Declaration of 1982 have not been fully implemented. As a recent GATT report points out:<sup>1</sup>

<sup>1</sup> General Agreement on Tariffs and Trade, *GATT Activities 1984*, Geneva, June 1985.

Despite the encouraging picture of world trade growth in 1984, there was, nevertheless, continuing evidence of a decline in the ability or resolve of governments to take trade policy decisions consistent with their obligations in the GATT.

The developing countries insist on a strict enforcement of the measures for "stand-still" and "roll-back" to contain protectionism, for the liberalization of trade in textiles, tropical products and other items affecting the exports of developing countries. They emphasise that GATT discipline on subsidies must be maintained, and restraint shown in respect of countervailing and anti-dumping proceedings against imports from developing countries. They desire a comprehensive agreement on safeguards and a strengthening of the dispute settlement procedures. The provisions for differential and more favourable treatment for developing countries must be respected, and a linkage is required between development, trade, money and finance.

Many of these objectives are shared by the developed countries, who also express the wish to halt protectionism and expand access to markets, to settle the safeguards issue, to reduce non-tariff barriers further, to increase trade in agriculture and to strengthen GATT procedures. They agree on parallel discussions on monetary problems and finance. They also want action taken by Japan to liberalize its imports, and in addition propose that there should be added the new topics of counterfeit goods and trade in services. Counterfeit goods may lead to a confrontation with WIPO with regard to competence in the field of patents and trademarks, and services are already being dealt with in other organizations. Nevertheless it is argued that all topics having a significant effect on world trade should find a place under the supervision exercised by GATT.

While sympathy must be extended towards the developing countries, it does not seem helpful at this moment to take a legalistic view of the General Agreement. Flexibility is a feature which has brought both strength and weakness with it, but it has enabled the General Agreement to survive as an effective instrument for over forty years. To limit the negotiations to trade in goods would be likely only to produce further stagnation, whereas a new injection of issues into an effective international organization is generally to be welcomed. It is clear that all parties wish that there should be a new trade round, which in the present state of international tension is imperative, and it is to be hoped that negotiations will soon be allowed to start on the broadest possible basis.