

## CURRENT STATUS OF THE URUGUAY ROUND

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This morning I will talk about the current status of the multilateral trade negotiations, particularly with reference to the negotiations in services and on trade related intellectual property. The Uruguay Round is half way towards the deadline agreed by ministers to conclude the Round in 1990. What has happened up until now, I think it is fair to say, is that national positions have been defined. These positions quite understandably vary in focus, emphasis, and sometimes even in objectives. Reconciling these differences between country positions, which represents the start of the negotiating phase, proper, will only get underway when the Midterm Review is concluded. As you know, the Midterm Review was convened last December at the ministerial level to review progress at the half-way mark of the Uruguay Round.

There were four un-completed aspects of the negotiations. These concern agriculture, textile safeguards, and of course services and the protection of intellectual property. Since that meeting the Director General of the GATT, Mr. Arthur Dunkel, in his capacity as chairman at the official level of the Trade Negotiations Committee (the "TNC"), which is the body established to carry out the negotiations, has been conducting high-level consultations on these four outstanding negotiating issues. As you also know, the results achieved in the other negotiating areas, there were eleven in total, including services, have been put on hold until the TNC meeting scheduled for the first week of April 1989. At this meeting the TNC will review the entire package of subjects, results achieved in Montreal, and the four areas still open. In the case of agreement on these four areas, all of the conclusions of the Midterm Review will be approved.

What are the chances of this TNC meeting ending in positive conclusion? I am guidedly optimistic about the chances of concluding the Midterm Review at the April meeting. It is too early to expect a breakthrough on some of the most difficult questions being tackled in the Uruguay Round. It has been noted that the necessary political will exists to ensure agreement in April. Negotiators have recognized the urgency of the task facing them and seem prepared to begin to move their national positions with a view to consolidating the progress

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made in December. That is how I summarize the current situation.

Let me give you a little broader perspective on intellectual property rights and services. The Uruguay Round is very important for the GATT in relation to two of its main functions: the GATT as an institution and the GATT as a negotiating forum.

The strengthening of the GATT as an institution is unquestionably one of the most novel elements of the Uruguay Round. Participants have set themselves several objectives including to ensure the systematic participation by ministers responsible for trade policy in the functioning of the institution and to strengthen the role of GATT in the monitoring of its members' trade policies.

More relevant for the conference today, I think, is the aspect of the GATT as a negotiating forum. Of course, I won't go into details of the other negotiating areas, but it suffices to say that tariff cuts will naturally be sought and negotiations will also focus on further reducing the network of non-tariff barriers to trade. The talks also cover sectors of international trade in which rules have either suffered many exceptions, as in the area of agriculture, have been set aside as in the case of textiles, or are simply being ignored, as in the areas of steel, motor cars, semi-conductors and electronics. But most relevant for today's purposes, the negotiations also cover conditions of competition in the important area of protection of intellectual property and prevention of counterfeiting.

Let me highlight two points in regard to the activity in this area. One concerns the work accomplished thus far. The group which has been negotiating these issues has done a lot of work on assembling and analyzing information on the existing international law in GATT, the World Intellectual Property Organization ("WIPO"), and elsewhere, and also on trade problems encountered by participants in connection with intellectual property rights. Also, of course, the group has been considering specific proposals tabled by participants, including ideas for comprehensive agreements covering the enforcement of minimum standards for intellectual property rights under basic GATT principles, and dispute settlement.

Second, I will summarize the three major substantive issues. The first issue concerns the enforcement of intellectual property rights, and has two parts. One is the question of what obligations there should be under GATT for governments to make effective procedures and remedies available to owners of intellectual property rights so that these owners can enforce their rights. The second part concerns ensuring that the enforcement of intellectual property rights does not create barriers to legitimate trade.

The second issue concerns standards for intellectual property rights, which means what level of protection should be accorded. Some participants have indicated that they believe that inadequate or excessive or discriminatory standards of protection are causing major trade distortions. Others insist that the question of standards is really outside the group's mandate because, in their view, such matters are outside the competence of GATT. These latter participants argue that any trade effects are secondary to the main purposes of national legislation in these areas, which purposes are national economic, technological and cultural development.

The third issue concerns dispute settlement. Some participants are concerned about what they see as inadequacies in the existing multilateral mechanisms in WIPO for the settlement of disputes between countries over intellectual property rights.

Looking at several newspaper reports of the Montreal meeting, I think one would have justifiably got the feeling that the meeting was something of a failure because of the breakdown of talks between the European Community and the United States on agriculture. But one area that was a surprise and a success was services, although it was not deeply covered by the press.

Why do I think it was a surprise and a success? Having been involved in some of the very late night sittings in Geneva in November, prior to Montreal, in which national positions were really thrashed out up until 4 or 5 o'clock in the morning, I can say that the document that went to Montreal was a very complex document indeed. It was twelve pages long and it had 130 separate points of disagreement. It was described in one well-known remark by Mr. Yuetter in his capacity then as U.S.T.R. as the worst document he had ever seen to come out of a ministerial meeting. What came out of that meeting, however, can be regarded as a break-through—and I say that guardedly—for the service negotiations.

What was the result of the trade negotiations on services? As I see it, the main result was that participants decided that the group on negotiations of services should endeavor first to assemble all of the agreed views on principles and rules into a draft framework before the end of the current year 1989. As you know, the main objective of the Punte del Este Mandate is to come up with a framework of principles and rules for trade in services. A very important task, as well, is to provide a list of service sectors that would be covered by international rules, and the ministers set out a timetable to accomplish this.

Although the impasse over agriculture, intellectual property, and other issues in the Uruguay Round means that the service negotiations since December are on hold at the formal negotiating level, the text accepted on a preliminary basis by ministers does represent a step forward, considering the initial reservations of some of the countries regarding negotiations and the fact that talks have been underway for only two years.

I will be making more detailed comments about this tomorrow, but let me say here that one of the primary functions of a multilateral framework for services will be the progressive liberalization of existing barriers and the monitoring of proposed new barriers. In developing such a multilateral framework agreement, it is necessary to seek the maximum participation of countries based on recognition of the benefits to be realized by both developed and developing countries, and the importance and interests of individual services sectors.

In order to achieve this, ministers at Montreal proposed a demanding timetable. How much substance will be agreed by the end of the round will depend essentially on two things: first, the extent to which countries agree on how much obligation will be contained in the principles and concepts that will form the basis of the future multilateral framework; and second, the degree of agreement between countries on how many sectors and transactions will be covered by the framework.