

John Croome

Reshaping the
World Trading System

A history of the Uruguay Round

1998 updated version

For their part, the supporters of the new Round proposed a preparatory meeting, to be held before the end of the summer, in which issues to be taken up could be discussed without commitment. The discussion ended inconclusively, but was renewed at the Council's July meeting. This time a clash could not be avoided.

All the main developed countries submitted their proposals, as agreed in Stockholm. Each government naturally highlighted its particular concerns, and the statements have continuing interest as a succinct listing of the aims pursued by these countries in the years that followed. In the context of the July Council meeting, however, their differences were less important than their similarities. All were insistent on the need for new negotiations; none posed preconditions; all either advocated negotiations on the "new subjects", including services, or at least did not state opposition; all called for a meeting of senior officials to review the agenda for the new Round.

They found important allies among developing countries. Meeting just before the July Council, foreign ministers of the Association of South-East Asian Nations (ASEAN) – at that time consisting of Indonesia, Malaysia, the Philippines, Singapore and Thailand – welcomed the prospect of a new round of negotiations, and called for preparations to start "expeditiously". Korea and Chile also backed the new Round, and made it clear that they would not oppose the inclusion of negotiations on trade in services. A number of other developing countries stated their readiness, although with some conditions, to support a meeting of senior officials to discuss the possible content and organization of a new round of negotiations. However, many of the 24 co-sponsors of the June statement by developing countries repeated their insistence that no such meeting should take place except on the basis of acceptance of the statement's conditions.

Decisions in GATT were traditionally taken by consensus – in other words, by continuing discussion of an issue until a proposed course of action found general support. Determined opposition by one or more countries could block a decision on this basis. This proved to be the situation in the Council Meeting in spite of successive efforts, spread over three days, to find a basis for agreement on a high-level meeting. A Brazilian proposal that would have allowed study of services issues only on a basis rigidly separated from negotiations on goods was found unacceptable by developed countries. Compromise proposals by Sweden and by the European Community gained quite wide support, but failed to win over the Indian-led group. Clearly, no consensus decision was possible. However, consensus was not in fact a legal requirement for GATT decisions. The rules of the General Agreement on tariffs and Trade provided for decisions to be taken by vote, even though such votes usually were no more than formal confirmation of a decision already reached informally among GATT members. Article XXV of the Agreement, which authorized "joint action" by GATT members and had been the basis on which most earlier negotiations had been launched, permitted decisions that

were supported by a two-thirds majority of votes cast, provided that this majority included more than half the GATT membership. Convinced that more than half the GATT membership in fact wanted to launch a new round of negotiations, the United States announced that since "the Council was incapable of taking a decision" it would request a meeting of GATT's highest body, the Session of Contracting Parties.

In making this apparently procedural request, the United States was in fact ensuring a crucial test of support for the new Round. A special Session called at the request of one member country needed the same support – from at least one half of the GATT membership – as a vote for joint action under Article XXV. By the end of August 1985, the necessary number of countries had agreed that a special Session should be called. From that point onwards, it was virtually certain that the new round of negotiations would take place. If any doubt remained, a Secretariat paper on "The launching and organization of trade negotiations in the GATT" spelled out the hard facts of the voting rules. The GATT contracting parties could by simple majority "decide to conduct, sponsor or support multilateral negotiations", although they could not oblige individual countries to accept new substantive obligations as a result of such negotiations. The decision to call for the special Session showed that the necessary majority support for negotiations could be mustered if necessary. In consequence, those countries which remained opposed to the Uruguay Round to the last never pushed their opposition to the point of demanding a vote, and decisions throughout the Round were always taken on the basis of consensus.

The special Session was called at the end of September and, after three days, reached agreement on 2 October that "a preparatory process on the proposed new round of multilateral trade negotiations has now been initiated". A group of senior officials, open to all GATT members, was set up to further the process and to report to the regular November GATT Session, at which "a decision will be taken on the establishment of a Preparatory Committee to prepare the basis for the launching of a new round".

Although the key trial of strength had taken place, and had yielded a clear answer, the group of developing countries that had consistently fought against negotiations on the basis sought by developed countries continued to put up a dogged resistance. The Senior Officials Group met intensively throughout most of October and November, working its way through a systematic discussion of all the issues that had been proposed for negotiation. Brazil and India, in particular, did their best to minimize the significance of the Group's work, preventing any agreed conclusions or even summary of the discussions, so that the Group could finally only transmit a full record of its meetings to the Session. The lack of recommendations from the Group meant that many questions about the aims and content of the new Round had to remain unanswered for the time being. However, the Session had no need of such recommendations to move the process forward. After another round of tough discussions, the contracting parties reached agreement on 28 November to

establish a Preparatory Committee, open to all GATT members, “to determine the objectives, subject-matter, modalities for and participation in the multilateral trade negotiations”, and to make recommendations by mid-July 1986 for adoption at a ministerial meeting to be held in September 1986. A separate decision on services endorsed the continued exchange of information agreed upon a year earlier, and the preparation of recommendations for the 1986 Session. Summing up the outcome of the Session, its chairman, Felipe Jaramillo of Colombia, claimed buoyantly: “We have demonstrated to that very large community whose future is bound up with the health of international trade that GATT can and will meet the challenges that face the international trading system.”