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COALITIONS IN THE URUGUAY ROUND:
THE EXTENT, PROS AND CONS OF DEVELOPING COUNTRY
PARTICIPATION 1, 2

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ABSTRACT

This paper both documents the involvement of developing countries in coalitional activity in the current GATT Uruguay round thus far, and provides a rudimenting evaluation of the pros and cons of the different options for them as far as coalitional strategies are concerned. The main conclusions are that much of the coalitional activity involving developing countries thus far in the round has been agenda-moving and joint proposal-making, rather than negotiating involving exchanges of concession. At the same time, however, coalitional activity by a larger group of mid-sized developed and smaller developing countries who see a major interest in preserving the multilateral system has been central to the process.

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I INTRODUCTION

This paper both documents the involvement of developing countries in coalitional activity in the current GATT Uruguay round thus far, and provides a rudimenting evaluation of the pros and cons of the different options for them as far as coalitional strategies are concerned. Coalitional activity in this trade round, unlike earlier rounds, has been marked and, especially the mid-sized market oriented, developing countries have been centrally involved. There has been considerable discussion as to whether small group coalitions offer developing countries more opportunities for dealing with their access problems in trade negotiations compared to a go-it-alone country-by-country approach, or a bloc-wide (G77) strategy. This paper is an attempt to deal with these issues.

Since there is little or no meaningful economic theory on which to draw in evaluating coalitional options in trade negotiations, the approach taken here is largely inductive.³ A profile of experience thus far is assembled, and generalizations and evaluations offered from this.

Our main conclusions are that much of the coalitional activity involving developing countries thus far in the round has been agenda-moving and joint proposal-making, rather than negotiating involving exchanges of concession. At the same time,

³ See recent theoretical papers by Binmore (1985) and others. Several of these try to develop an axiomatic approach to coalitional activity, but are so far removed from actual trade negotiations as to be of little help.

however, coalitional activity by a larger group of mid-sized developed and smaller developing countries who see a major interest in preserving the multilateral system has been central to the process.

In the paper, we argue that agenda-moving and proposal-making coalitions seem much easier to form and maintain than negotiating coalitions. It is, therefore an open question as to how much further scope there is for coalitional activity by developing countries in the later phases of the round. As it accelerates towards its negotiations phase, we see an important role for the larger coalition of both smaller developed and middle-sized developing countries whose main concern is over the erosion of multilateral disciplines under the GATT system. Issue-specific coalitions either exclusively involving developing countries, or involving both developed and developing countries we see as more problematic and ultimately unstable.

Whether all of this upsurge of coalitional activity in trade negotiations represents an improvement for developing countries we also see as an open question. On the one hand, issue-specific small group coalitions offer individual developing countries the chance to pursue their narrower country interests and perhaps achieve more than if such coalitions did not form. On the other hand, a proliferation of small group coalitions weakens the grand coalition of all developing countries, which takes a more systemic approach.

II TRADE NEGOTIATIONS AND COALITIONS

Although only at its mid-stage, the current (eighth) GATT round of trade negotiations has already made its mark by being different in nearly all ways from its predecessors. It has an agenda which is dramatically broader than previous rounds in covering such items as services, intellectual property, agriculture, textiles, investment and others. Thus in contrast to earlier rounds only small amounts of negotiating effort have thus far been devoted to tariff cutting.

Also, during its critical phases in early 1986, the final launch of the round reflected a major and extremely determined effort initiated by smaller and middle-sized developed countries (EFTA, Canada, Australia, New Zealand) in which a number of mid-size market-oriented developing countries (Columbia, Venezuela, Uruguay, Zaire, Indonesia, Thailand, Malaysia) played a key role. These countries were jointly concerned over the implications for the multilateral system should a round not be launched and they were successful in influencing events in a major way. The direction of the round has also been significantly influenced by two important issue-specific coalitions, one in agriculture (the "Cairns" group of 14 developed and developing countries), and the other in services (involving ten, so-called "hardline", developing countries opposed to the inclusion of services in the trade round).

Thus, while still limited, the participation of developing countries in the round has thus far been both more active and

more pluralateral than in previous rounds which, defacto, were largely EEC-US negotiations. This has led to considerable discussion of both the merits of and possibilities for coalitional activity in trade negotiations, especially as far as smaller developing countries are concerned (see Ostry, 1988).

Why has an upsurge in this type of activity occurred now, and why did it not occur in earlier rounds? Is it for real, or will it begin to break down when the serious negotiating activity gets underway, since what has occurred thus far has largely involved agenda-moving coalitional activity rather than coalitions which actually bargain via an exchange of concessions. And what of the interests of the middle-sized and smaller developing countries who have been especially prominent in this activity. Can they be furthered through this activity, or are these drawbacks to their participation in this way?

Country Objectives in Trade Negotiations

The reasons why countries participate in multilateral trade negotiations are many and varied. Early GATT rounds were based on mercantilist bargaining, with participating countries offering to bind or reduce tariffs protecting the home market in return for improvements in access to foreign markets. But since those days, the objectives that countries seek to achieve through GATT negotiations have proliferated and become many and varied.

For some, the use of an international negotiation as a way of binding domestic policy is a major objective; supposedly one of the major reasons, for instance, for Mexican accession to GATT

in 1986. For others, the successive increase through recent rounds in the importance of rule making as against bargaining on trade barriers has lead them to concentrate most on influencing the way rules are written via the consensual GATT rule-making procedure. There are also countries (such as Brazil and India, and to a lesser extent Canada, Australia, New Zealand) whose participation seems driven largely their search for a rule-based rather than a power-based trading order. Their concern is to prevent the erosion of multilateral disciplines agreed both in the GATT itself, and in earlier rounds. Countries also have more distant motives, such as Japan's desire to keep multilateral negotiations going, since it helps in dealing with bilateral pressures from the US congress for market opening in Japan. Others are driven by concerns over issues which, for them, dominate all others being discussed in the GATT (such as Argentina on agriculture). And finally, there are countries who, while remaining members of GATT, participate little in negotiations.⁴

How and Why Coalitions Form

Whether or not coalitions form during GATT trade negotiations, and what these coalitions try to do is a direct reflection of what the negotiations are about, and how they are

⁴ This is the case for most of the African countries who are GATT-contracting parties. Their perception seems to be that there is little of interest to them in a GATT trade negotiation since commodity issues are not covered. At the same time, they have no incentive to give up contracting party membership of GATT, since this could involve eventual loss of MFN benefits.

conducted. Because the process of negotiation in the GATT is sequential, involving first an agreement on an agenda of issues to be negotiated upon, followed by the tabling of proposals around the agreed agenda issues, with subsequent negotiation based on these proposals, the process inevitably generates several different types of coalitions.

At one level there is permanent and ongoing coalitional activity in the GATT. At present there are 96 GATT contracting parties and 30 or so other countries with de facto GATT membership, and country delegations are continually in touch one with another. This may be over seemingly minor procedural issues (such as who chairs a meeting, or when meetings are held), or more major matters such as the possible joint tabling of a paper, or how to react to a proposal.

Delegations seem to talk to or contact the same delegations repeatedly, and as they jointly discuss various issues closeness of position on a range of issues develops. These may be groups of African countries, discussing similar problems; India and Brazil with their joint systemic concerns; Korea, Hong Kong and Singapore with their concerns over market access for manufacturers; or Australia, New Zealand and Canada with their agricultural interests. There are also more formalized groupings of countries, such as the ASEAN countries who are currently try to coordinate their positions on issues discussed in GATT working groups through regular inter-country meetings at trade officer level. The most tightly disciplined of all these groups is the

12-member European Community, which, while represented through a single delegation, spends much of its time trying to resolve differences among member states on issues being discussed.

Types of Coalitions in Trade Negotiations

Defining coalitions in GATT trade negotiations is therefore difficult. We will, for convenience as much as precision, refer to a coalition as any group of decision makers participating in the negotiation who agree to act in concert to achieve a common end.⁵ This concept of a negotiating coalition differs from coalitional concepts used in other areas of economic analysis.

The most widely used coalitional concept, in economic theory,⁶ is that of the blocking coalition, with an allocation in the core being defined as one which cannot be blocked by any subset of participants from the grand coalition. There is also the use of coalitions in voting theory. They may try to block proposals made by rival groups in legislative processes, or more active coalitions or groups may try to secure voting majorities for their own proposals. There is also work on coalitional activity (collusion) between groups of firms in the industrial organization area. Surprisingly, however, there is little or no economic theory which gives any guide as to how or why coalitions are formed in trade negotiations, how they should behave to achieve their ends, and who gains or loses from them.

⁵ Kahler and Odell (1988) define a coalition as "two or more actors with shared interests that influence their bargaining behaviour toward other actors", p. 115.

⁶ See Debreu and Scarf (1963).

As a result, it is also unclear what form of coalitional activity in trade negotiations is in the interest of developing countries. One can argue that with a small group issue-specific coalitional approach to trade negotiations, developing countries with access difficulties in certain product areas (such as Argentina with agriculture) can form coalitions with countries with similar interests, and have a better chance of improving their position compared to a go-it-alone approach. On the other hand, such activities serve to weaken the grand coalition of all developing countries (effectively, the G77 in UNCTAD) which can defend and hopefully improve the trade rules which apply to them all, such as those which currently apply under the general heading of "special and differential" treatment.⁷ What types of coalitional activity in trade negotiations are good or bad for developing countries are not clear a priori.

Thus far, in the Uruguay Round, coalitions have taken several different forms. Agenda-moving coalitions have involved groups of countries who have shared a common desire that particular issues be either included or excluded from the negotiations. The advantages to developing countries from participating in these coalitions is fairly clear. Issues in

⁷ The GATT provisions comprising the special and differential treatment of developing countries are 18(a) (covering tariff renegotiations, although these are not important because of the liberal nature of Article 28, 18(b) (for Balance-of-Payments exceptions, as amended by a 1979 agreement), 18(c) (for infant industries, also reinterpreted in 1979), and the Enabling Clause (1979) for trade preferences. Special arrangements for developing countries also apply under the GATT codes and regional arrangements (Article 24).

which they are interested can be given a higher profile than if they try to promote them on their own. These coalitions are relatively easy to form since the countries who join do not have to agree how they would make concessions on other issues.

With the agenda framed, coalitions have also formed to make joint proposals. Jointly tabled proposals usually suggest either changes in existing trade barriers being discussed in one of several negotiating groups, approaches to rule making in new areas, or set out joint positions indicating the conditions under which changes should be made. Joint proposals have been a commonly used coalitional tactic in this round in contrast to earlier rounds.⁸ Again, these coalitions are relatively easy to form since no common set of concessions need to be agreed by members of the coalition.

Finally, there are genuine negotiating coalitions. Thus far, the current trade round has not entered its final phases in which concessions are exchanged, and so the workability of these coalitions has yet to be tested. These are the most difficult to form and maintain. This is because, unlike agenda-moving or proposal-making coalitions, they involve two-sided agreements,

⁸ During the Tokyo Round, some developing countries proposed that they be able to negotiate jointly on issues of concern to them where individually they were not principal suppliers of products. The weakness of this approach was that, when requested to make concessions, some countries in the coalition were reluctant to do so or would not go far enough to the taste of other coalition members. This was because of concerns that problems could arise in subsequent renegotiations under Article XXVIII of GATT (re-tariffication). See GATT (1974), p. 92.

since participants in the coalition must agree both on what they want and what they are willing to give up.

Issue-specific negotiating coalitions raise special difficulties. Requests made by the coalition will typically be part of a set of wider demands made by each country as part of the negotiations. And since countries typically wish to balance their positions across all the issues that are of interest to it, they need to reserve some degree of flexibility to allow for changes in position on various issues as part of the negotiating processes. Such changes may well be inconsistent with agreements that countries have entered into in order to join the coalition. These coalitions are, therefore, difficult to maintain. They tend to be more resilient where the issue at stake are of major importance to all the members of the coalition (such as agriculture for most of the Cairns group countries).

Other difficulties also arise with negotiating coalitions, such as the need to use a common negotiator. The single negotiator for the whole coalition needs to have a reasonable degree of flexibility to be able to maneuver and respond to offers made by other parties.⁹ In short, coalitions that jointly demand seem easy to form and can have an effect on the course of the negotiation. Coalitions that are formed to effect the

⁹ The difficulties involved in negotiating as a coalition are reflected by the ways the European Economic Community participates in GATT negotiations. Negotiations among the member states on common positions and responses to requests are both time-consuming and divisive, and take as much if not more of their negotiating effort as dealing with non-EEC countries.

outcome of bargaining are more difficult.

III COALITIONAL ACTIVITY AND THE LAUNCH OF THE URUGUAY ROUND

Coalitional activity in the Uruguay round involving developing countries began as part of the process through which the round was launched, covering the period between the end of the Tokyo Round in 1979 and the Ministerial meeting in Punta del Este in September 1986 which launched the round. Because of the importance of these events to understanding how coalitional activity in the present round has evolved, in this section we document these events in some detail and draw some implications for developing countries and their involvement in coalitions.

November 1979 - October 1982

At the end of the Tokyo Round in November 1979, it was widely felt that there was unfinished business left over from the round, particularly in the areas on safeguards and agriculture. There were also misgivings in some quarters about certain features of the Tokyo Round results particularly the MTN codes which introduced the threat of discrimination through the application of conditional MFN treatment.

Also, although special and differential treatment for developing countries had been given high profile in the negotiations, there was a feeling that these provisions did not meet the needs of the developing countries within the trading system. Among the developing countries (and some smaller developed countries) there were misgivings that they had not been able to participate more fully in the negotiations, and that they

had simply been presented with the results on a take it or leave it basis.

In the years immediately following the Tokyo Round, most of the activity in the GATT concentrated on implementing the tariff and non-tariff barrier agreements from the round. The sense that there was outstanding unfinished business created resistance in some quarters to the idea of considering fresh initiatives for trade liberalization. At this time, these were coming mainly from the US.

A proposal to hold a Contracting Party Session at Ministerial level in November 1982 was somewhat reluctantly agreed to, amid differences in expectations among contracting parties as to what might result. The United States, in particular, wanted to tackle the unfinished business from the Tokyo Round (safeguards and agriculture), and to explore the introduction of new issues into the GATT (including services, counterfeit and high technology). The US approached this meeting as an opportunity to prepare the way for launching a new round. However, the EEC was clearly unwilling to contemplate trade negotiations which included agriculture. This made it difficult to seriously consider the launching of a new round. Developing countries remained concerned about the implementation of special and differential treatment, and how the MTN codes from the Tokyo Round were to operate.

The November 1982 Ministerial

The November 1982 Ministerial meeting was unprecedented for the GATT. This was the first time that such a complex agenda spanning such a wide variety and volume of issues had been agreed to. It was also the first time the Contracting Parties had gone into a meeting at such a high level without first agreeing in advance what the fundamentals were on which discussion in the meeting should be based. As a result, meeting was less than successful, and many stumbling blocks proved too difficult to overcome.

In safeguards, it was only possible to agree on an elaboration of the words used to describe the EEC-US deadlock in the Tokyo Round agreements, because selectivity remained the central issue. Secondly, the EEC remained adamantly opposed to negotiations involving agriculture, although importantly they did agree that a Committee on Trade in Agriculture be established.

The ambiguity of the strength of commitment to the Standstill and Rollback in the Ministerial Declaration resulting from the meeting (the first time it had formally appeared) also created a good deal of acrimony. The EEC later issued its own interpretation of the declaration stating it was only a "best endeavours" commitment. The new issues areas, especially in services, also proved to be a major bone of contention for the developing countries, and specifically for Brazil and India. In the end, all that could be agreed to was to exchange information.

The 1982 Ministerial meeting was considered by all participating countries to have been a total failure. What might have been the start of a process towards the launch of a new trade round ended up being a Work Program for two years that did not commit anyone to anything. The Work Program proceeded during the two years after the 1982 Ministerial Meeting. In some areas little progress was made, while in other areas, such as agriculture, useful preparatory background work was completed.

Concern began to grow, however, over what would follow now that the Work Program was coming to an end. How was the momentum for trade discussions of interest to those countries concerned over a possible future further erosion of the multilateral trading system to be maintained?

November 1982 to January 1986

Early in 1984, the Japanese joined with the Americans in calling for a new trade round, and by the end of 1984, all the industrial countries were on board as far as a new round was concerned. However, large numbers of developing countries were unconvinced of the justification for a new round, arguing that unfinished business of the Tokyo Round remained unresolved and was reflected in the policies being currently pursued by the industrial countries. They also were fearful of pressure being used against them in the new areas (services, intellectual property, and trade-related investment), and were concerned over an erosion of special and differential treatment. Significant

numbers of developing countries thus continued to oppose the launch of a new round up until mid-1985.

Agreement to move further towards a launch of a new round occurred in July 1985 but only after lengthy and bitter discussions. The Preparatory Committee started its work in January of 1986 against a background of uncertainty and suspicion among the Contracting Parties as to where the process should and could lead. There were fundamental differences in opinion among delegations over the introduction of new issues into GATT negotiations, and over the order of negotiating priorities. Because of these differences, the GATT Secretariat was unable to even draft a declaration for discussion. This stalemate over how to reach a draft of a declaration for the launching of the round provided the conditions for subsets of normally minor players to act as catalysts to keep events moving. The drafting of the declaration became an exercise in coalitional activity, and through this the round was launched.

The EFTA Process and the G10 in Early 1986

Around May 1986, two declarations emerged from different groups of contracting parties. One came from a group of ten developing countries (the G10), lead by Brazil and India. This document proposed a narrow set of issues for negotiation and established a number of conditions to be fulfilled before negotiations could be launched. This document was perceived by others outside the group as a way of blocking negotiations, or at least slowing down the process.

At approximately the same time, six EFTA countries, Canada, Australia and New Zealand (G9) put forward their own draft declaration, and subsequently invited some developing countries to a joint meeting in the EFTA Secretariat building in Geneva to explore common ground. The early meetings of this group involved 20 developing countries, but as the process unfolded, this group grew to nearly 50 countries. These meetings were exceptional compared to previous rounds since the activities of this group took place during summer, outside of the GATT, and independent of the work of the Preparatory Committee. The US, EC and Japan were kept outside of the process in the EFTA building, although they were consulted and were broadly supportive of what was going on. The G10 also continued to meet and seek ways of refining their proposed declaration, but were unsuccessful in attracting broader support.

As the date for the Ministerial Meeting approached, it became increasingly clear that agreement on a single text for Ministerial approval was not going to be possible. Argentina, fearing implications for its agricultural interests in the round proposed a third draft which it hoped would bridge the gap between what had now become a solidly supported Swiss-Colombia proposal from the EFTA process and the G10 text. The Chairman of the Preparatory Committee forwarded these three texts of a possible declaration to the Ministers at Punta del Este. However, the effort on the third text came too late and was not given serious consideration.

Events at Punta del Este

Early on in the week of meetings at Punta del Este, separate groups were established to address agriculture (on which there had been no agreement in the Swiss-Colombia text) and services. Meanwhile, the Chairman of the Ministerial Meeting formed a heads-of-delegations group, which went through the various issues for negotiation. Mid-way through the week the Chairman convened a small group of approximately 20 ministers to hopefully break the deadlock over the three draft declarations. After acrimonious exchanges of views within this group, it was finally agreed that the Swiss-Colombia text was to form the basis for negotiation of the final declaration. During the next two days, Brazil, India and other members of the G10 issued a range of proposed amendments to the Swiss-Colombia text, but were again unsuccessful.

The groups in services and agriculture continued to meet, as did the Chairman's heads-of-delegations group. Services was the first issue settled when they managed to agree on a text which emphasized institutional separation, growth and development to be given priority, and national sovereignty to be respected in any negotiations. The text on agriculture was agreed next, followed by trade related intellectual property and trade-related investment. Despite some last minute manoeuvring by the EC over the issue of how any balance-of-benefits in the subsequent negotiation was to be evaluated, the declaration was adopted in the Plenary meeting of the following day.

Coalitional activity was thus central to the launch of the round, and a successful launch would likely not have occurred without it. Issue-specific coalitions on agriculture and services (discussed below) were equally important in shaping the agenda for the round, and in framing the resulting declaration. Thus far, the round that has followed has been more pluralistic with wider participation from developing countries than in any previous round and with a larger focus on coalitional activity as a way of achieving country objectives. All of this is, in part, a reflection of the way the round was launched.

IV THE CURRENT STATUS OF THE URUGUAY ROUND, AND HOW DEVELOPING COUNTRIES SEE THEIR INTERESTS

Relative to the four-year timetable suggested in the Punta del Este declaration, the Uruguay Round is now approaching its intermediate stage. The structure of the round involves fourteen negotiating groups on goods trade issues and a group on services. A mid-course ministerial meeting is due to be held in Montreal in December, 1988.

Table 1 lists the various negotiating groups in the round, and indicates the central issues of interest to developing countries. Among the first four groups, commonly referred to as the access groups, tariff negotiations may eventually take place on a request and offer basis, not on a general formula cut basis as was the case for many tariff cuts in the Kennedy and Tokyo Rounds. While tariffs are low in developed countries, tariff escalation facing developing country exports remains an issue. The possible use of tariff bindings as a way of extracting concessions in other groups may be an option for some developing countries to consider.

In the non-tariff measures group, the main issue for developing countries is how to bring unjustified quantitative restrictions more fully under the system. Their concern will be to do this in ways which do not limit their own use of quantitative restrictions. The natural resources group also raises tariff escalation issues, and offers interesting possibilities for coalitions between developed and developing

TABLE 1
Groups, Issues and Developing Country Interests in the Uruguay Round

Negotiating Group & Chairman	Main Issues	Significance for Developing Countries
1. TARIFFS Mr. Lindsay Duthie (Australia) Ambassador & Australian Special Trade Representative.	<ol style="list-style-type: none"> 1) reduction, elimination of existing tariffs 2) tariff escalation 3) methodology: formula approach versus product by product 4) erosion of preference margin for some LDCs due to MFN tariff cuts 	<ul style="list-style-type: none"> - many products of interest to developing countries face little or no tariff barriers in the primary stage, but face escalating tariffs as they are processed. Reductions in tariffs on processed goods to encourage processing at home is a high priority for many developing countries. - many developing countries maintain high, unbound tariff barriers. They may need to make concessions to developed countries who want improved access to developing country markets.
2. NON-TARIFF MEASURES Mr. Lindsay Duthie (Australia)	<ol style="list-style-type: none"> 1) elimination or reduction of any non-tariff measures, including quantitative restrictions (QRs) 2) methodology: how to establish "equivalence" for bilateral negotiations, development of a formula 3) whether to treat unjustified QRs as negotiable, or whether to insist on rolling back these QRs 	<ul style="list-style-type: none"> - elimination of non-tariff measures facing developing country trade has major implications for improved market access of developing country exports. However, it could also mean developing countries could be faced with increased discipline over their own use of QRs and import restrictions.
3. NATURAL RESOURCE-BASED PRODUCTS Mr. Lindsay Duthie (Australia)	<ol style="list-style-type: none"> 1) tariff escalation 2) use of quantitative restrictions 3) access to supplies 	<ul style="list-style-type: none"> - major issue is tariff escalation and how it will be dealt with in tariff-negotiating group. - how to deal with the general issue of access to supplies and demands for disciplines over export restraints. - possibility for coalition formation among developed-developing country producers to advance negotiations.
4. TEXTILES & CLOTHING Mr. Lindsay Duthie (Australia)	<ol style="list-style-type: none"> 1) what procedures could be used to integrate trade in textiles and clothing into the workings of the GATT - In effect, how to dismantle the MFA 	<ul style="list-style-type: none"> - MFA has been the major derogation from principles of the GATT and its dismantlement has importance to the developing countries, especially to the newcomers to the textile and clothing industry. - the MFA has set a dangerous precedent for protection and managed trade in other troubled industries, such as steel. - Integrating trade in textiles and clothing into regular GATT rules has important implications for the development of an efficient and effective safeguards system. - past success of MICs reflects their ability to diversify into new fibres and products. Each MFA renewal has sought to plug the holes. Soon it will be too difficult to diversify into non-MFA products and maintain export growth. All developing country exporters will feel the effects of new restrictions. - improved access to developed-country markets crucial for many competitive developing country suppliers of agricultural products. Especially, for example, Argentina in wheat and grains, Brazil in soybeans. - for those countries that depend on subsidized low-cost agricultural imports, the increased costs of non-subsidized imports could be damaging. Developing countries may want to ensure measures are provided to help these countries. - overall, it is believed that reduced barriers to trade in agriculture would also benefit manufacturing industries in developing countries.
5. AGRICULTURE Mr. Aart de Zeeuw (EC/Netherlands), Director-General of Agriculture, The Netherlands	<ol style="list-style-type: none"> 1) improved market access through reduction of import barriers 2) increased discipline over measures not conforming with the GATT, including direct and indirect subsidies, quotas, also reduction of subsidies which do not conform with GATT 	

6. TROPICAL PRODUCTS

Mr. Paul Leong Khee Seong
(Malaysia), M.P., former
Minister of Primary Products,
Malaysia

Mr. Siaka Coulibaly (Cote
d'Ivoire), Ambassador to
the Minister of Foreign
Affairs, Cote d'Ivoire

- 1) increased liberalization of processed and semi-processed tropical products
- 2) tariff and non-tariff liberalization
- 3) negotiations on fast-track
- 4) whether liberalization should be under GSP, or on MFN basis
- 5) how much reciprocity should be required
- 6) coverage by product

- developing countries seeking improved access for tropical products, fewer non-tariff measures such as seasonal restrictions, health regulations that act as barriers
- also want progress on issue of tariff escalation on processed goods, but may have to be prepared to negotiate reciprocally to gain concessions here. Developed countries seem to believe that they have gone as far as they can unilaterally.
- will be difficult to achieve a consensus among developing countries on liberalization of tropical products. ACP countries are against liberalization - do not want to lose preferential access to EC.

- also discord over likely effects of trade liberalization in favour of tropical products on substitution with temperate zone products (also produced by some developing countries).

7. GATT ARTICLES

Mr. John M. Weekes
(Canada), Ambassador

The following Articles have been mentioned to be reviewed and possibly subject to negotiation:

- 1) Article II (b) - tariff bindings
- 2) Article XIV - customs unions and free trade areas
- 3) Articles XII, XIV, XV, XVIII - balance of payments
- 4) Article XVIII - modification of tariff schedule
- 5) Article XVII - state trading
- 6) Article XXI - security exceptions
- 7) Article XXV:5 - waivers
- 8) Protocol of Provisional Application
- 9) Article XXV - non-application

- implications for negotiations in other groups.

- changes to use of balance-of-payments restrictions as justification for trade restrictions under XVIIb sought by some developed countries.

- discussion of strengthening GATT secretariat and encouraging more Fund/GATT consultation.

- implications of other article negotiations for developing countries unclear.

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8. MFN AGREEMENTS & ARRANGEMENTS

Dr. Chulsi Kim (Korea),
Assistant Minister of Trade,
Ministry of Trade & Industry,
Republic of Korea

- especially relevant are codes on anti-dumping, customs valuation, procurement, standards, import licensing.

- problem of restricted application of MFN treatment. Developed countries would like more developing countries to sign more of the codes and to take on a higher level of commitment to disciplines with respect to import measures and export subsidies.

- code signing by developing countries inhibited both by what are considered inadequacies in the code provisions, and an unwillingness to accept some of the disciplines implied.

- issue whether non-signatories can participate in negotiations on improvements to codes.

9. SAFEGUARDS

Mr. Georges A. Huelin
(Brazil), Ambassador,
Permanent Representative
of Brazil to the UN,
New York

- 1) selectivity
- 2) transparency
- 3) objective criteria for action, including concept of serious injury or threat thereof
- 4) temporary nature of measures
- 5) depressivity

- perhaps the most important area of negotiations for developing countries in this Round.

- improved safeguards code could help in development process in developing countries by providing greater security of access to markets and by re-establishing the rule of non-discrimination.

- 6) structural adjustment
7) compensation/retaliation
8) notification/consultation/surveillance
- negotiations could lead to a halting of the trend toward managed trade and result in bringing areas such as agriculture, textiles, steel under greater GATT discipline.
 - believed that if movement toward managed trade and grey area measures that discriminate against developing countries cannot be stopped and reversed, there is little point in developing countries seeking or even less in offering new concessions.
 - if developing countries neglect the opportunity to aggressively pursue MFN principles in their interests during this Round, they may face even worse discriminatory trade arrangements in future.
 - possibility for coalition formation with small, medium-sized developed countries who would also be hurt by selective safeguards.
 - five Pacific Rim countries (Hong Kong, Australia, New Zealand, South Korea and Singapore) working together.
 - given the pronounced increase in the use of CVD actions against imports from developing countries since the completion of the Tokyo Round, this is an area where developing countries should endeavour to influence the codes, and particularly seek improvements in the provisions and greater adherence to disciplines imposed by the codes.
 - LDCs would like to see better discipline in the developed countries with respect to trade distorting exports and domestic subsidies currently permitted under GATT rules.
 - also of interest is relationship of national legislation to GATT rules. Especially US countervail legislation, which does not apply injury test to non-signatories to GATT codes or to countries not party to bilateral agreements on the elimination of export subsidies on manufactures.
 - developing countries should be actively involved in order to ensure resulting codes do not allow discretion to restrict legitimate trade in a discriminatory manner.
 - developing countries do not think that GATT should define intellectual property norms, but rather provide for actions against trade distortions arising from a basis of intellectual property rules.
 - an important area for developing countries to actively participate in order to safeguard their interests.
 - serious implications as many developing countries have strict investment barriers, including restrictions on contract, development and investment and sovereignty reasons. These may not be in their long-term development interests.
 - multilateral obligations requiring liberalization (and resulting in increased investment) could be to their advantage.
10. SUBSIDIES & COUNTER-VAILING MEASURES
- Mr. Michael Certland
(Hong Kong) Permanent Representative of Hong Kong to GATT
- 1) review of Articles VI, XVI, and the MFN Agreement on Subsidies and countervailing measures
 - 2) definition of a subsidy
 - 3) questions regarding discipline on export subsidies in certain sectors and production subsidies generally
11. TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS, INCLUDING TRADE IN COUNTERFEIT GOODS
- Mr. Lars E. R. Anell (Sweden)
Ambassador, Permanent Representative of Sweden to the UN, Geneva
- INTELLECTUAL PROPERTY
- 1) clarify GATT provisions and elaborate new rules and disciplines where appropriate
 - 2) ensure measures and procedures to enforce intellectual property rights do not themselves become barriers to trade
 - 3) relationship to agreements conducted in WIPO - is GATT the appropriate body?
- COUNTERFEIT GOODS
- 1) objective is to develop a multilateral framework of principles, rules and disciplines dealing with international trade in counterfeit goods
 - 2) is GATT the appropriate body?
12. TRADE-RELATED INVESTMENT MEASURES
- Mr. Tomohiko Kobayashi
(Japan), Special Economic Advisor to the Minister of Foreign Affairs, Japan
- 1) objective is to elaborate on further provisions if necessary to avoid adverse effects on trade on trade-related investment measures
 - 2) relationship of these measures to national development objectives

13. DISPUTE SETTLEMENT

Mr. Julio Lacart-Muro
(Uruguay) Ambassador,
Permanent Representative of
Uruguay to the GATT

- 1) enforcement of panel's conclusions, including possibility of binding arbitration process
- 2) improvement of GATT rules as a way of improving the performance of panels

- developing countries should actively participate in revising dispute settlement procedures if they do not want to be subject to bilaterally-negotiated disputes
- it is to their advantage to ensure disputes settled in a non-discriminatory manner.
- developing countries are looking for greater security and equity from the dispute settlement mechanism and a mechanism for enforcing recommendation of panels.
- possibility of coalition with other small countries.

14. FUNCTIONING OF THE GATT SYSTEM

Mr. Julius L. Katz (U.S.)
Former Assistant
Secretary of State (U.S.)

- 1) enhanced surveillance in GATT to enable monitoring of trade policies and practices of Contracting Parties
- 2) improved functioning of GATT as decision-making institution through increased-ministerial involvement
- 3) stronger links to other international organizations in areas on monetary and financial matters

- developing country concern that there are "imbalances" in surveillance obligations, giving rise to a situation where developed countries are less accountable.
- this is an opportunity for the developing countries to influence institutional change to more adequately address developing country needs and interests.
- should they neglect this opportunity, the result could be rules and procedures even more discriminatory, even further alienating developing countries.
- developing countries concerned over rights of establishment and sovereignty.

15. SERVICES

Mr. Felipe Jaramillo,
Permanent Representative
of Colombia

- 1) definition and statistical issues
- 2) broad concepts on which principles and rules for trade in services, including possible disciplines for individual sectors, might be based
- 3) coverage of the multilateral disciplines and arrangements
- 4) existing disciplines and arrangements relating to services
- 5) measures and practices contributing to, or limiting, the expansion of trade in services
- 6) foreign investment and work permits
- 7) national treatment
- 8) receiver mobility
- 9) right of establishment

- developing countries are concerned over possible trade-offs between access to markets for goods and trade and investment in services.
- developing countries concerned over protecting infant industries in services.
- increased developing country participation in service trade would be jeopardized if agreements reached on a bilateral or regional basis to the exclusion and disadvantage of developing countries.
- developing country exporters of goods would benefit from access to less expensive, high quality services.

SOURCES:

- GATT (1985d) Unpublished document, Geneva.
(1986a) Ministerial Declaration of the Uruguay Round, Sept. 20, 1986, Geneva.
(1987b) Unpublished document, Geneva.
(1987c) Press Release GATT/1406, February 10, 1987, Geneva.
(1987d) News of the Uruguay Round, March 16, 1987, Mur 001, Geneva.
(1987e) News of the Uruguay Round, July 3, 1987, Mur 005, Geneva.
Sampson, G. (1987). "Developing Countries and the Liberalization of the Trade in Services". UNCTAD (1987b) Unpublished document.
World Bank (1987a). World Bank World Development Report, Washington.

countries who are both exporters of resource products (Canada and Chile on copper, for instance).

The fifth group, agriculture, is probably the key to the round, and the European position is probably central to what happens in agriculture. The two issues likely to be dealt with here are domestic subsidies and export subsidies. Both the US and the Cairns group (covering 14 developed and developing countries) have concrete liberalization proposals. However, the impression conveyed by the current European proposal is that, in the long run, a market-sharing arrangement limiting the budget costs of agriculture is what is sought.

This need not significantly liberalize agricultural trade, and could be disadvantageous for developing country agricultural exporters (and particularly potential new exporters in the future) who could be effectively excluded from shared trade. And for the developing countries who are agricultural importers, there could be higher prices rather than benefits from agricultural subsidies. And if little happens between the US, the EEC, the other agricultural exporters, and Japan on agriculture, the sense seems to be that it makes it more difficult for anything of substance to happen in other negotiating groups.

In tropical products, the central issues are again tariff escalation, coverage, and the linkage to agricultural negotiations, although there are also health, sanitary and seasonal restrictions faced by developing countries. Tropical

products is one of the main areas in which the Punta del Este declaration indicated hopes for quick progress.¹⁰

In the GATT articles group, a large number of articles have already been discussed and may become subject to negotiation. Perhaps the most important from a developing country point of view is Article 18(b) dealing with balance-of-payments exceptions for the use of quantitative restrictions. Developing countries have, however, taken a substantial interest in a number of other areas including Articles 24, and 28.

The MTN agreements and arrangements group is specifically focussed on the question of codes, and the anti-dumping, import licensing and technical barriers to trade codes are among those that have received the most attention. Particularly important here for developing countries, is the issue of restricted application of MTN codes through the conditionality introduced in the Tokyo Round.

The safeguards group may well prove the most important area of negotiation for developing countries in the round. Safeguards, as is well known, was deadlocked during the Tokyo Round on the issue selectivity, and developing countries are under pressure once again to allow selectivity. They now,

¹⁰ Tropical products is also an area where reciprocity could be an important issue. The developed countries stressed prior to the round they had gone as far as they could unilaterally, and the time had come for developing countries to reciprocate if further liberalization was to be achieved. The EEC has included a provision requesting reciprocity in their proposal. The US has tied progress on tropical products to progress in agriculture. The prospects for early results here appear less optimistic than a year or six months ago.

however, have stronger offensive rather than defensive objectives in the safeguards area, in the sense of achieving firmer disciplines over safeguards measures by developed countries. This, in turn, would hopefully make it more difficult for developed countries wishing to use voluntary export restraints against developing countries. Some commentators have gone so far as to argue that a possible deal between developed and developing countries on Articles 19 and 18(b) might be feasible, given the importance of each of these articles (in opposite directions) to the two groups of countries.

The group on subsidies and countervailing measures is important to developing countries because they have been one of the major targets for countervailing duty actions since the completion of the Tokyo Round.¹¹ There are also questions of export subsidies, particularly in the context of agriculture and the wider definition of subsidization under the subsidies code.

The groups on intellectual property and investment are part of the "new areas" covered in the round; the objectives being to bring intellectual property issues into the framework of the GATT, and to also deal with trade-related investment measures within the GATT framework. Developing countries are generally cautious about these two areas. They see them as threatening national sovereignty in the case of investment restrictions, and

¹¹ Abreu and Fritsch (1988) note the high percentage of affirmative CVD actions against developing country exporters in the industrialized countries of the US, EEC, Canada and Australia (see table 4, p.32).

as forcing firmer national intellectual property rights in cases where they are users of intellectual property. There is a strong feeling that these issues are outside of the mandate of the GATT, and that by bringing them in, issues of longstanding concern to developing countries will be neglected. There are also concerns that a broadening of the GATT in this way will ultimately be used to put pressure on developing countries.

In the dispute settlement area, the main issues concern the enforcement of panel rulings and dispute settlement procedures covering grey areas. Developing countries certainly have interests in this area, especially as they would not wish to be subjected to bilaterally negotiated disputes.

The functioning of the GATT system group also involves developing country interests. Here the issues involve organizational links with the IMF, ministerial involvement in the decision-making in the GATT, and a surveillance body in the GATT to enable monitoring of trade policies and practices of contracting parties. The developing country concern is that an imbalance in obligations towards surveillance will result and developed countries will be relatively less accountable.

Finally, in the services area, there are many wide-ranging issues, since this is the most ambitious of the various attempts to extend the GATT to cover new areas. First, there are conceptual difficulties as to how to define services. Then, there are major data problems. There are also differences of coverage; developing countries want to discuss including labour

mobility, which the developed countries insist is an immigration issue. Developing country concerns, however, focus on national security and sovereignty, along with their economic concerns over protecting infant service industries.

V ISSUE-SPECIFIC COALITIONS IN THE TRADE ROUND

There have been several examples thus far of issue-specific coalitional activity in the round. These involve both coalitions formed prior to the launch at Punta del Este, and coalitions of a proposal-making type which have emerged subsequently. Genuine negotiating coalitions have yet to form.

Services

In the services area, 10 developing countries¹² led by India and Brazil consistently argued against inclusion of services in the run up to the launch of the round. For a variety of reasons, they did not want to see services in the round. At a minimum, they wished to separate the discussion on services from discussion of goods, so as to weaken the linkage between the two. They also wished to promote an all encompassing concept of special and differential treatment including services, and argued that the standstill and rollback provision from the 1982 Ministerial should be more firmly implemented before any further discussion of services occurred.

The coalition initially consisted of Argentina, Brazil, India, Egypt and Yugoslavia - the so-called "Gang of Five". It formed in 1984 as the Work Program was coming to an end, when it was clear new issues were being given consideration without any progress having been achieved on unfinished business from the Tokyo Round. At the time, the group's main objective was to see

¹² The G10 consisted of Brazil, India, Egypt, Yugoslavia, Peru, Nicaragua, Cuba, Nigeria, Tanzania and Argentina (who subsequently tabled their own proposal).

that commitments made by developed countries in the 1982 Ministerial were fulfilled before new commitments were undertaken. The backlog issues, such as agriculture, safeguards, the MFA and other derogations from the GATT represented by grey area measures, had, in their opinion, to be addressed first.

There was also a strongly held belief, especially by India that, in and of itself, liberalization in services was not desirable, since developing countries needed strong infant industry protection for their service industries if they were to survive.

Because of the desire by the major developed countries for a genuine multilateral negotiation on services which would include all contracting parties to the GATT, and its further desire to maintain consensus in the GATT Council, these developing countries were able to exercise sufficient leverage to have a two-stage negotiating process established in the Round while reporting to a common trade negotiations committee. The agenda-moving effort was thus partly successful. Since Punta del Este, the coalition has to a large degree disbanded and each country has pursued its own interests.

Agriculture

In the agricultural area, the concerns of agricultural exporters in the period immediately before Punta del Este led to further issue-specific coalitional activity. It began with Uruguay initiating a meeting in Montevideo to discuss agricultural liberalization in early 1986 among Southern non-

subsidizing countries, with Argentina, Brazil, Australia, New Zealand and Uruguay in attendance. Their objective was to consolidate the views of countries and coordinate their efforts to defuse the subsidy war between the US and the EC. A second meeting was held in Pattaya, Thailand in July, at which time the group expanded to include Chile, Hungary, Thailand and Canada.

Australia took the lead role when it hosted the third meeting of agricultural exporters in Cairns, Queensland, one month before the Punta del Este meeting. Fourteen agricultural exporters were invited,¹³ including a number of smaller ASEAN countries, Canada, Brazil, Argentina and Chile. The United States, Japan and the EC were invited with observer status. The Cairns Group, as it has become known, has become the first example of a concrete developed-developing country coalition.

The Cairns and Pattaya meetings served to dramatize the level of concerns among agricultural exporters over the issue of agricultural access. Participants in the coalition were able to heighten awareness over the effects of the crisis in world agricultural trade, which in their view had sharply reduced farm incomes, depressed export earnings, reduced their capacity to import, worsened their external debt servicing problems, reduced their development and growth possibilities and created social

¹³ The Cairns Group includes Australia, Argentina, Brazil, Canada, Chile, Colombia, Fiji, Hungary, Indonesia, Malaysia, New Zealand, the Philippines, Thailand and Uruguay.

and, in some cases, political tensions.¹⁴ Their main objective was to see that a clear and unequivocal commitment to liberalization in agriculture be included in any Ministerial Declaration which might emerge from Punta del Este. The pressure exerted by the Cairns group was one of the factors which led the European Community to agree in Punta del Este to an inclusion of discussions on agriculture in the trade round, over initial strong objections by France and Italy.

Unlike in the services area since the launch in Punta del Este, the Cairns group has continued to operate as a coalitional group. It has, for instance, made a group-wide negotiating proposal. There have, however, been differences within the group, and it is widely acknowledged that the next stage of agricultural negotiations within the GATT will be a test for the group.

Meetings in Bariloche, Argentina in February 1988 and Budapest, November 1988, have been called to keep the group focussed on their common interest. However, differences of view over the specifics of negotiations have threatened to fracture the coalition. Their position has been made especially difficult by the fact that the US has tied progress on tropical products to progress on their proposal for agricultural liberalization. As there are a number of tropical product producers in the Cairns Group, this has produced problems over differences between the

¹⁴ See "Chairman's Summary of the Senior Officials Meeting of the non-subsidising Agricultural Producing Countries" 2217/86. Also see Toronto Globe and Mail, 86/07/26.

Cairns and US approaches to liberalization.¹⁵ It also appears that there has been outside pressure on some countries to weaken their views and thus undermine the cohesion of the group.

A particularly divisive issue has been that of calculating PSEs (production subsidy equivalents). Because Canada is a subsidizing country, it tends to weaken the credibility of the coalition as a whole. Thus, while endorsing the Cairns agricultural proposal in the GATT, Canada has also tabled its own proposal for liberalization.

Brazil also has voiced differing views on PSEs. Some developing countries, led by Brazil, have argued strongly that the principle of special and differential treatment is of overriding importance to developing countries, and dominates their interests in agriculture, per se. Brazil has therefore argued that any negotiated agreements which have the effect of bringing agriculture more fully into the GATT framework must be achieved in ways which respect special and differential treatment for agriculture. This position caused difficulties in developing a common proposal within the Cairns group with some of the developed countries, and especially Canada, initially taking an opposite line.

The Cairns group, like the services group, has undoubtedly been successful in meeting its original agenda-moving objectives. It has, however, also persisted as a proposal-making coalition.

¹⁵ See Haas (1980) for a discussion of how collaborative efforts in other areas often fall apart over disagreements over the distribution of benefits.

Nonetheless, the signs of fragmentation are there, and its sustainability as a negotiating coalition is in doubt.

Safeguards

Safeguards deal with the conditions under which countries can use trade restrictions to limit import surges which cause or threaten material injury to domestic industries. Article 19 of the GATT insists upon these measures being used in ways which are non-discriminatory, but makes no mention of degressivity or financial compensation.

There has also been coalitional activity in the safeguards area, resulting in several joint proposals. Pacific countries who, in general, have been the target for safeguards actions, want firmer discipline over the use of these measures. As a result, a number of these countries, including South Korea, Hong Kong and the ASEAN countries, have made proposals to more fully enshrine MFN arrangements for safeguards and move towards degressivity. As the commonality of the demand and the circumstances of these countries is so strong, this may be an area where there is more hope for the eventual emergence of an active negotiating coalition.

Natural Resources¹⁶

In the natural resources area, several joint proposal-type coalitions have also resulted. A group of four African countries (Senegal, Cameroon, Cote d'Ivoire, Zaire) have submitted a

¹⁶ Natural resources includes fishery and forestry products and non-ferrous metals.

proposal which emphasizes the need to liberalize trade in these products, especially the elimination of barriers to processed and semi-processed products.

Another group of resource exporters has been meeting informally for the past few years. These include Canada, Australia, New Zealand, Brazil, Chile, Peru, Colombia, Argentina, Thailand, Philippines, Indonesia, Malaysia and Zaire. Its purpose is to discuss common interests and maintain coordinated tactics, although has yet, it does not meet at Ministerial level. Demands by trading partners for access to supplies is a major concern, and the group hopes that by raising such issues as tariff escalation and market access in the appropriate negotiating groups, problems will be dealt with on a broad basis, and not sectorally. As the group's choice of tactics are central to their eventual impact, they view it as too early in the round to submit joint proposals.

VI DEVELOPING COUNTRY INTERESTS AND COALITIONAL ACTIVITY IN THE
REMAINDER OF THE ROUND

The Uruguay Round was launched, in part, due to the efforts of a coalition of developed and developing countries who acted in concert immediately before and during the Ministerial meeting in Punta del Este in September 1986. In the afterglow, the round was hailed as the round of coalitions. As the mid-term review approaches in December, it may be helpful to reflect on how coalitional activity has progressed, what the prospects are for the next two years of negotiations, and whether this activity is in the interests of developing countries.

Thus far, there have clearly been some successful agenda-moving issue-specific coalitions. Developing countries have played central roles in these, such as Cairns in agriculture, and to a lesser extent the G10 in services. Some have been exclusively developing country coalitions, other have involved both developed and developing countries.

As the round enters its negotiating stage, our sense is there seems to be less prospect of blocking coalitions emerging especially as some of the more active developing countries have abandoned their previous systemic approach, and are submitting joint proposals with developed countries, or proposals on their own, which they see as advancing both their national interests and the process. Nowhere is this more evident than in the case of Argentina, once a member of the G10 services coalition, who have recently tabled a paper in the group on services recognizing

the need for liberalized trade in services in order to achieve growth and development.

There has also been unprecedented activity in this round in the form of joint proposals by countries united by a common interest rather than a north-south ideology. Despite this, the prospects for true negotiating coalitions still seem to be limited. Even members of the Cairns group emphasize that their group was never meant to be a negotiating coalition, but a coalition whose objective was to advance a common position with the goal of influencing rule-making.

The major potential for coalitional activity involving developing countries to influence the outcome of the round could rest with the "de la Paix" Group.¹⁷ This group meets regularly to explore for common ground among its members. It seeks to find ways to make this a productive, successful round. Their concerns are not issue-specific, but systemic. These are the small and medium-sized countries that have the most to lose if the multilateral system is weakened and the trading system operates more and more on a power basis rather than a rules basis. Their common interest lies in the preservation of the multilateral system, and their objective to have a successful conclusion to the current round.

¹⁷ So called because of where they meet for lunch each month at the Hotel de la Paix in Geneva. The group consists mainly of Canada, Switzerland, Sweden, Australia, New Zealand, Colombia, South Korea, Uruguay, Hungary, Zaire, Thailand, Philippines, Malaysia and Singapore.

Many of the participating countries were central to the group who laid the groundwork launching the Ministerial Declaration for the round. They were dissatisfied with the outcome of the Tokyo Round, and recognized that individually they have little power to influence negotiations between larger powers. Their unity comes, in part, from their belief that joining together in a coalition provides more leverage.¹⁸

Because much of this round is about rule-making and reviving the GATT as a major multilateral institution, it is less centred on traditional bargaining involving tariff barriers. As a result, some potential for coalitional activity by developing countries to influence the outcome remains.

One issue is whether developed-developing country coalitions will become more common as the round advances. Such coalitions have already occurred in the agriculture area with the Cairns group, and may evolve in other areas such as natural resources, safeguards, and dispute settlement. While there are opportunities for developing countries in such coalitional activity, both the difficulties of seeing them through as negotiating coalitions, and the problems of the limited number of issues where they can be used makes their widespread proliferation less likely. There is also the additional difficulty that expertise in these areas is often scarce, resources for travel and maintenance of delegations in Geneva are

¹⁸ For the New Zealand view of the advantages of coalitional activity, see Beeby (1986).

limited, communications between representatives and national capitals are difficult, and knowledge, and even interest in multilateral trade issues by those in political and bureaucratic leadership positions and private sector interest groups is sparse.

A lot remains on the agenda for this round, including matters which are of substantial interest to developing countries. Coalitions have a role to play, in allowing developing countries to achieve their objectives, but as more of these form, especially if they involve both developed and developing countries, the grand coalition of all developing countries which seeks to change the system is weakened. Whether to use the system as it stands through small group coalitional activity, or to try to change the system using the larger group remains the issue.

VIII CONCLUDING COMMENTS

This paper discusses coalitional activity involving developing countries in the present GATT trade round. It draws distinctions between the various types of coalitions which now seem to be emerging, and suggests that although there has been substantial activity of this form thus far, most of it is of an agenda-moving or proposal-making type rather than genuine negotiating activity.

Negotiating coalitions are more difficult to form and maintain than proposal-making coalitions because negotiating coalitions involve a two-sided agreement both of what the countries are willing to give up as well as what they want. Their issue-specific nature also makes it difficult for countries to trade across issues. The areas of services, agriculture, safeguards and natural resources are all discussed as examples of what is happening in the coalitional area.

The paper is inconclusive as to whether such coalitions are good or bad for developing countries. On the one hand, through them individual developing countries can pursue their interests in particular trade policy issues with better hope of success. On the other hand, a series of small group issue-specific coalitions tends to weaken the grand coalition of all developing countries who may be pushing for wider systemic change advantageous to all members. The net benefit to developing countries is thus uncertain.

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