

12-11-1990

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Recommended Citation

Khol, Barbara. "Uruguay Round Conclusion Delayed." (1990). <https://digitalrepository.unm.edu/notisur/5788>

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Uruguay Round Conclusion Delayed

by Barbara Khol

Category/Department: General

Published: Tuesday, December 11, 1990

On Dec. 7 in Brussels, the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) was not concluded as originally planned, largely as a result of disagreements on the timetable for reducing and eliminating agricultural subsidies. The ministerial-level meeting of 107 member-nations was virtually concluded on Thursday evening when European Economic Community representatives rejected a draft text on agricultural trade prepared by the task group headed by Mats Hellstrom of Sweden. EEC ministers said terms of the draft agreement were "impossible" to negotiate, particularly a clause proposing a 30% cut in domestic subsidies to farmers beginning in 1991. The EEC has offered to reduce domestic subsidies by 30%, but using 1986 as a baseline, or the first year of Uruguay Round talks. In the past four years, the EEC has reduced subsidies by 15%. Thus, a further 30% reduction in 1991 translates to a 50% cut. GATT director Arthur Dunkel told reporters that "intensive consultations" would continue in Geneva throughout December and possibly longer. In Washington, US Trade Representative for Latin America and Caribbean, Myles Frechette, said failure of the Uruguay Round could obstruct President Bush's "Initiative for the Americas," or the creation of a continental free trade zone. Frechette added that Bush had conceived the initiative as a complement to changes established in world trade regulations under GATT via the Round. Frechette announced that Costa Rica and Honduras had signed trade and investment agreements with the US as the first step toward joining the initiative. In Miami, at a Caribbean Basin conference of politicians and businesspersons, Frechette said the US will give greater priority to the free trade agreement with Mexico in the event the Uruguay Round fails. Mexican Trade Secretary Jaime Serra Puche asserted that the Uruguay Round had not failed. He added that the material developed during the week in Brussels would "serve as a basis for negotiations in the next few weeks." Serra Puche headed the Mexican delegation, and served as chairperson for the task group charged with discussion of regulating global trade in services. Mexico City demanded reductions and eventual elimination of domestic agricultural subsidies, total elimination of export subsidies, "substantial" improvements in Mexican access to agricultural commodity markets, and "just and balanced" treatment of fruit and vegetable exports. In addition, Mexico pushed for eliminating restrictions on textiles and clothing exports, global regulations on "dumping," and guarantees for the rapid resolution of trade disagreements. (Basic data from Notimex, AFP, EFE, 12/07/90)

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