

When the European Community's Ambassador Kissed the Malaysian Trade Minister

Peter Mytri Ungphakorn* provides rare insights into the inner workings of the 1990 GATT Uruguay Round negotiations

What follows is an account of a brief moment in the history of trade negotiations, a snapshot of a bargaining session among more than 100 countries in Brussels in December 1990 that casts light on just how difficult the latest marathon GATT round was to negotiate and just how much was eventually achieved.¹

There are two justifications for examining in some detail what happened during the negotiations. Analysts (and lobbyists, too, for that matter) have to know what the negotiators were up against if they are to assess realistically whether the final outcome is beneficial or not. And lessons can be learnt for the coming years when trade negotiations are likely to become even more intense and to cover an ever widening agenda.

At the time, the trade ministers' meeting in Brussels—held from December 3 to 7, 1990—looked like a disaster. It was supposed to mark the conclusion of the Uruguay Round of world trade talks that had begun four years earlier in 1986; instead, the meeting ended in total breakdown. The round seemed doomed to failure. The talks sank into two more years of stagnation while the major participants tried to sort themselves out. Smaller countries like Thailand (and even Australia) felt that the fate of the world's trading system was slipping out of their hands. A resurgence of protectionism and trade wars appeared imminent.

Looking back almost four years later, the Brussels meeting had its merits. The Uruguay Round was eventually concluded this year—1994—marking what could be the most important reform of the world trade system since the end of World War II. Lessons were learnt from the Brussels debacle, and they helped bring about a Uruguay Round package that exceeds what might have been possible if the talks had ended on schedule, even though debate will continue to rage on the question of how balanced the outcome is.

On January 1, 1995, the General Agreement on Tariffs and Trade, the *ad hoc* body that has supervised international commerce since 1948, is due to hand responsibility over to the World Trade Organization (WTO), a new agency with full legal entitlement within the United Nations system. In December 1990, discussions on the possibility of setting up a fully fledged international trade organization such as the WTO had only just begun. If agreement had been reached in 1990 on the key issue of agriculture, it is unlikely that the proposed multilateral trade organization would have been as well developed as the 1995-model WTO.

More officially, GATT is a document rather than an organization, a contract among trading nations. In this role, GATT has been updated into GATT 1994, and is about to be subsumed into a whole package of trade rules—the "WTO Agreements"—that include a new General Agreement on Trade in Services, the first trading rules governing intellectual property, a beefed up procedure for settling international trade disputes, and hard-fought reforms of trade in agriculture and textiles.

The extra time added on to the Uruguay Round was even turned into a blessing. The tariff negotiations, one of the round's 15 subjects, is an example. The target for customs duty rate reductions was set at

about 33 percent. By the time of the Brussels ministerial meeting in December 1990, the participants had agreed on cuts that only averaged about 20 percent. By February 1994, the figure had been improved to almost 40 percent, according to measurements by the GATT Secretariat.²

What happened in Brussels that week in December 1990 is only part of the story of the Uruguay Round. Other critical episodes during the seven years of negotiation reveal different aspects of the talks.³

In 1986, there was the declaration that launched the round, drafted in three different versions by three different groups of smaller countries. The economic superpowers did not participate directly in the drafting, a marked shift in the way trade was about to be negotiated.

In the same year, there were also the bitter battles fought in the casino of Punta del Este, Uruguay, where the attempt to launch the round almost failed. But then India and Brazil realized that their "Group of Ten" Third World hardliners who opposed negotiations on services had steadily dwindled to a Group of Two. And the European Community (EC), *blasé* enough to think that agriculture would be a minor issue, left its farm commissioner at home in Brussels. The EC, too, found itself isolated.⁴

Then, in 1988, there was the rumored week-long search through a thesaurus in Montreal, a vain attempt by U.S. Trade Representative Clayton Yeutter no less, to find a compromise fudge for the agricultural negotiations. The failure led to a walk-out by Latin American agricultural exporting countries.

And in November 1992, there was the Blair House accord that pulled the United States and the EC away from the brink of a trade war over oilseeds subsidies. This was an agreement of immense importance because it finally allowed the Uruguay Round to proceed. But the Blair House accord was concluded on the run—in the corridors of the presidential guest house that gave the accord its name—as EC commissioners rushed to catch the day's last flight home from Washington. There was no time to write anything down. The famous Blair House accord does not exist on paper, and the negotiations may even have generated more ill-feeling among EC commissioners than between the EC and the United States.

The full story of the Uruguay Round will have to be told elsewhere. This account concentrates on the 1990 Brussels ministerial meeting, when the EC's cumbersome decision-making machinery was exposed to the world, and froze. For some, the meeting will be remembered as the occasion when the EC's Ambassador to GATT kissed the International Trade and Industry Minister of Malaysia. There was also a "High Noon" showdown. If GATT talks could generate sex and violence, this was it.

LEAD-UP TO BRUSSELS: WHAT THEY FOUGHT ABOUT

European officials will deny the fact, but at the ministerial meeting in its own home town, the EC was the villain of the piece. To accuse the EC of not trying hard enough during that week in December 1990 would be unfair, however. Having invited the bulk of the world's trading nations to its headquarters for what was supposed to be the grand finale of the Uruguay Round, the EC proceeded to muster a double-strength Council to stand by in Brussels.

The presence of both agriculture and trade ministers from member states was supposed to allow swift decisions to be made, just in case agreement was within reach. In practice this merely made the situation more complicated. Worse, 30,000 mainly European farmers were also in Brussels. They kept the Council of agriculture and trade ministers and the Commission firmly in their sights. The protesting farmers represented a minority of the EC's population, but they were high profile opinion-leaders from the EC ministers' constituencies who had been campaigning bitterly for months. Throughout the entire week, the EC was totally unable to alter its position on agriculture, the main sticking point of the talks.

Two years before the 1990 Brussels ministerial meeting, the EC had successfully beaten off an attempt by the United States (supported by the [Cairns Group](#) of 14 middle to small agricultural exporting nations⁵) to negotiate the total elimination of export subsidies on farm products. Since then, the major participants in

the agricultural negotiations of the Uruguay Round had submitted their final proposals for an agricultural agreement.⁶ The United States' and the Cairns Group's proposals were similar. They envisioned:

- 90 percent cuts in the value of export subsidies over 10 years;
- 75 percent cuts in the value of domestic subsidies over 10 years;
- Market opening, with quotas and import bans converted into tariffs, these and existing tariffs reduced by 75 percent again over 10 years, and an undertaking not to raise existing barriers beyond current levels; and
- Different base periods for calculating the various reductions—for example, the Cairns Group proposed base levels of export subsidies using averages for 1987-1989, the United States suggested formulas using 1986-1988 averages.

The EC's proposal was not submitted until November 1990, almost a month behind the agreed deadline of the first half of October, and only weeks before the Brussels meeting. A considerable amount of time had been spent negotiating the proposal within the EC and no time was left to negotiate it with other Uruguay Round participants before the Brussels ministerial meeting. The EC proposed:

- 30 percent cuts in the value of domestic subsidies, with no commitments on export subsidies or import barriers;
- 1986 should be the base year because it was the starting year of the Uruguay Round; and
- The EC should have the right to "rebalance" its program—raising some barriers and increasing some subsidies from lower levels, to balance the reductions in those that were to come down from higher levels. The United States and the Cairns Group said this would be a sneaky way of increasing protectionism without the EC having to pay the normal GATT penalty of compensating its trading partners.

The base year for calculating subsidy reductions became an issue, because 1986—the year proposed by the EC—saw abnormal production conditions and unusually high subsidy levels. The United States and the Cairns Group argued that the choice of 1986 was a ruse. The combination of 1986 as the base year and the EC's proposed modest 30 percent cut were unacceptable, because by the time of the December 1990 meeting, conditions had returned to normal and large portions of the 30 percent cuts had already taken place, the United States and the Cairns Group said. The EC rejected this view, countering that it should take credit for having already reduced its farm support subsidies even without a Uruguay Round agreement.

Having produced its proposal with such difficulty, the EC faced the question of whether it could yield further ground without wrecking the fragile unity of its 12 members. The prospect was not attractive for countries in the opposite camp. On the eve of the Brussels meeting, Neal Blewett, Australia's trade negotiations minister and Cairns Group chairman, warned that "the Uruguay Round is in deep crisis" because of the stalemate on agriculture. He spoke of the blockage in agriculture "poisoning" the negotiations in other subjects and complained that the EC's attitude in tabling its proposal was "take it or leave it." By the end of the week, Blewett was virtually pleading with the EC to name any new set of numbers so that negotiations could be said to have started. The EC could not oblige.

During the week-long meeting in Brussels, the differences between the two main sides boiled down to three points:

- Whether separate commitments should be made for cutting each of the three areas of support and protection: export subsidies, domestic supports, and import barriers. The United States and the Cairns Group insisted that commitments were needed on all three to avoid future skullduggery. The EC would only talk about commitments on domestic supports;
- Whether the EC would be allowed to "rebalance"; and
- The choice of base year.

The debate in Brussels never progressed beyond these issues. The key questions of how far agricultural

subsidies and trade barriers should fall were not discussed at all.

Right from the start, the signs did not look good. The murky Belgian winter drizzle did nothing to improve the mood. Four months previously, on August 2, Iraqi forces had invaded Kuwait. By December, the United States and its allies were poised to strike back. World political attention was focused on the Persian Gulf, and the world economy was threatened with another oil crisis.

On Sunday, December 2, the eve of the Brussels ministerial meeting, a reunified Germany held its first general election. Farmers in the former eastern half of the country faced severe problems, and the government of Chancellor Helmut Kohl turned protectionist in agriculture for the campaign. Germany was unable to send a minister to the EC's stand-by Council in Brussels until much later in the week. For months, the challenges of rebuilding the former Eastern bloc countries had deflected European attention away from the Uruguay Round.

And then, in Brussels, there were the 30,000 demonstrating farmers, with their doom-laden warnings of "Gattastrophe" and their determination to defend agricultural programs such as the EC's Common Agricultural Policy against the onslaught of the free traders.

In those circumstances, only a miracle could have brought the Uruguay Round to agreement. What is surprising is that for a few hours as the week drew to a close, grown men and women seemed to believe that a miracle was about to take place.

MONDAY-TUESDAY: WAITING FOR THE MIRACLE

"This is the final—I repeat final—week for the Uruguay Round," U.S. Trade Representative Carla Hills proclaimed optimistically on Monday, December 3, 1990, the first day of the Brussels meeting. "There will be no extension. The time for rhetoric has passed. Now is the time for straight talk and bottom lines."

Hills was addressing the ministerial Trade Negotiations Committee (TNC), the umbrella forum for the Uruguay Round that more routinely (about twice or three times a year) met at officials' level in Geneva. Officially, this was the TNC's week. In practice, the TNC spent most of its time engaging in monotonous and barely meaningful speech-making.

Under the 1986 Punta del Este declaration, an elaborate structure of committees and sub-committees (called "negotiating groups") had been set up for the 15 topics of the Uruguay Round; and they produced an immense amount of technical work from their four years of meetings in Geneva. But the real action did not take place in any of them. The most important forums, in Geneva and elsewhere, were unofficial. In Brussels, the hard talking took place within an illegitimate two-tier pyramid. Perched on the top was the "Green Room."

The original Green Room was next door to GATT Director General Arthur Dunkel's office at the Geneva secretariat. Here, Dunkel would gather together representatives from a handful of countries (perhaps 20 to 30); these were the countries most interested in a specific issue, and they were invited so that they could thrash out their differences and try to take some agreement back to the relevant official negotiating forum. These Green Room meetings were so crucial that without them, there would have been no conclusion to the Uruguay Round.

The rooms at the Brussels convention center were certainly not green, but "Green Room" meetings were held there every day. With the talks elevated to ministerial level, Dunkel handed the chairmanship of the TNC and the Green Room over to Hector Gros Espiell, Minister for Foreign Affairs of the Eastern Republic of Uruguay.

On the lower tier of the pyramid were six negotiating groups, also unofficial. During the hours of waiting for meetings to end (or even to start), reporters would debate whether these were "Subject Green Rooms" (such as an "Agricultural Green Room") or not "Green Rooms" at all. If these were "Subject Green

Rooms," then Gros Espiell's upper-tier group was the "Global Green Room." Prolonged exposure to Gatt speak affects people that way.

The six second-tier groups handled: agriculture; textiles; services; intellectual property and investment; GATT institutions and rule-making; and market access. The idea was that negotiations on each of the 15 subjects should proceed in one or other of these six groups so that the Uruguay Round could progress on all fronts. In practice, the focus was entirely on the agriculture group, chaired by Swedish Agriculture Minister Mats Hellstrom, and on Gros Espiell's Green Room.

Carla Hills was not the only person who started the week expressing the belief that agreement could be reached. GATT's Arthur Dunkel was another. "I do insist on the word 'final'," the former Swiss trade negotiator told a press conference. "I do not wish anyone to have any doubts about the will of the participants that this will have to be the final week." Dunkel was well aware that several of the draft agreements on the table in Brussels were blank pages. "I am sure that quickly a lot of texts will emerge from [delegates'] pockets," he added, even predicting there might be a "black market" in drafts to fill the blanks. The joke sounded like forced optimism.

For some reason, the first 48 hours of the Brussels meeting came to be seen as the test of whether it would succeed or not. The first deadline, a psychological one, was midnight, Tuesday, December 4. During those first two days, the EC was forced on to the defensive. Thai Commerce Minister Amaret Sila-on's comment was typical. He warned the TNC: "We are in a real deep crisis. This crisis has been looming for quite some time now and could have been avoided had there been enough political will, especially on the part of the major countries. Instead what we see ... is the lack of ability or willingness by a group of major trading partners to honor their obligations with respect to substantial progressive reductions in agricultural support and protection."

Shrugging off accusations of inflexibility, EC officials began a campaign of "clarification," alleging that critics did not appreciate the implications of their proposal. The EC's argument was that it did not need to make three separate commitments on export and domestic subsidies and import barriers. The Common Agricultural Policy worked in such a way that the size of export subsidies and the height of import barriers were determined by the amount of domestic subsidy, according to the EC's argument. The domestic subsidy simply raised domestic prices above world prices, the larger the subsidy the greater the gap. The import barriers were set high enough to maintain that gap, and the export subsidies were set large enough to allow the high-priced domestic produce to be exported at the lower world prices. Once domestic subsidies had been cut, the gap between domestic and world prices would narrow and export subsidies and protectionist import barriers would fall by a corresponding scale.

By Tuesday, the EC was circulating tables to prove its point. A 30 percent cut in domestic support for wheat, for example, would lead to a 40 percent cut in the export subsidy, the tables said. Rubbish, was the response from the Cairns Group and the Americans. There were too many controversial assumptions behind the calculations,⁷ and in any case if the EC was so sure of its figures, why couldn't it simply back the argument with specific commitments, for example to cut wheat export subsidies by 40 percent?

By that time, Hellstrom had abandoned meetings of his informal agricultural negotiating group. Instead, he met various ministers bilaterally. At 4:00 pm on Tuesday, the EC's Council of trade and agriculture ministers met for the third time in as many days. European sources who asked not to be identified said the British, Dutch and Danish ministers asked MacSharry to be more flexible. Nine other countries instructed him to continue with his "clarifications." Divisions were also emerging within delegations, with agriculture ministers from some countries defending agricultural protection more strongly than their trade colleagues. The strongest differences were between MacSharry, who preferred "clarification," and EC External Relations Commissioner Frans Andriessen, who was, strictly speaking, MacSharry's senior partner. Andriessen wanted the EC to show a willingness to negotiate. Sources close to the two spoke of them shouting at each other on one occasion.

The agriculture group met at 5:00 pm on Tuesday, straight after the EC Council meeting. The Green Room

met at 6:30 pm. The agriculture group met again late at night. Nothing changed. By midnight on Tuesday, the first psychological deadline had passed with nothing to show. "The Community seems to have closed its eyes," Canadian Trade Minister John Crosbie complained. Hellstrom abandoned any pretense of being a neutral chairman in the agriculture group, even though as Sweden's chief negotiator, his stance was officially close to that of the EC. He said the EC should not take all the blame, "but as things stand here and now, ... it's the EC that has to move."

Movement would require a shift in the EC commissioners' negotiating mandate, but the EC Council was not due to meet again until 6:00 pm on Wednesday. "That means we've wasted another day," Hills complained, nevertheless complying with the general determination to avoid inflammatory rhetoric.

Her Cabinet colleague and predecessor, U.S. Agriculture Secretary Clayton Yeutter, could not be suppressed so easily. "It's their move on agriculture, and until that move occurs there are going to be a lot of frustrated trade negotiators here in Brussels. ... We've put four years of blood, sweat and tears into this exercise. Two days of negotiations here in Brussels have been wasted," he said.

THE DEADLINE AS A WEAPON

In its seven and a half years, the Uruguay Round saw an almost endless series of deadlines, nearly all of them missed. Probably the only deadline that was observed during the round was at the final signing ceremony on April 15, 1994 in Marrakech, when GATT officials found they had allocated more time than was needed for 111 ministers to put their names on the Uruguay Round agreements. If the WTO is set up on January 1, 1995 as planned, then that will be the first meaningful Uruguay Round deadline to have been met at the first attempt.⁸

A lot of importance has been attached to deadlines.⁹ They are seen as an essential means of bringing proceedings to an end, even if they are missed. But in Brussels in 1990, some participants were beginning to wonder whether deadlines were counter-productive.¹⁰ They felt the deadlines drew too much public attention to the final "crunch" and raised expectations too high, making it difficult for negotiators to compromise. Judgments became simplistic. Success or failure was being measured by whether deadlines were met or missed. Deadlines were needed or the talks would have dragged on even longer. "The Chairman has very few levers at his disposal and setting deadlines is one means of injecting a sense of urgency," GATT spokesman David Woods told a press conference.

Those first two days were not totally unproductive. Progress was reported in several of the negotiating groups. On textiles, for example, the United States withdrew its insistence on a 15-year phase-out for quotas, accepting the 10-year timetable that most participants favored. And two important draft agreements on financial services were submitted, one from Canada, Japan, Sweden and Switzerland,¹¹ and the other from the group of Southeast Asian central banks (SEACEN).¹²

Just how fast time was running out was underscored by Gros Espiell, chairman of the Green Room. At 8:00 pm on Tuesday, he issued a grim statement, saying there had been "no real movements from entrenched positions in any of the major areas of the round. ... It is my perception that the process stands blocked at this stage and the conference is in a very serious *impasse*. I feel that we need substantial breakthroughs in the next 24 hours in a number of key areas including, in particular, agriculture, if this meeting is to end with a package of results truly meaningful for all participants in these negotiations."

Gros Espiell had in effect set a new and official deadline for 8:00 pm on Wednesday. During the night, this deadline was shifted to noon on Thursday, and European newspapers started talking about "High Noon." At the last minute, the deadline would be shifted once more to 5:00 pm on Thursday.

WEDNESDAY: EC COUNTER-ATTACKS

Sometime during those first two days, shoulder-tapping started. Cairns Group delegates claimed that EC

officials were quietly approaching them to test reactions to specific proposals for rebalancing. Simply put, the question was said to be: If we raise barriers on products that you do not export, but agree to give the products you do export better access to our markets, would you drop your objection to rebalancing? Some interpreted the shoulder-tapping as an attempt to split the Cairns Group.

EC spokesmen denied that shoulder-tapping was taking place at all. Australia's Neal Blewett said he was disappointed no one tapped his shoulder: "I have heard rumors of shoulder-tapping as regards other members of the Cairns Group." Thai officials conceded that they were quietly considering how to respond if the EC wanted to raise barriers against corn gluten, an American export that competes with Thai tapioca as a feed ingredient.

On Wednesday December 5, the EC counter-attacked. Suffering a largely unsympathetic press, it tried to divert attention away from agriculture, arguing that there were 15 topics being negotiated in the Uruguay Round and that agriculture should not take precedence over the rest. Officials who had leaked details of splits in the Council publicly denied the reports.

The Latin American members of the Cairns Group in particular were unsympathetic. As far as they were concerned, it was the EC that was refusing to negotiate on agriculture and so they were loath to discuss the other topics. For most of the day, the negotiations were bilateral, with Gros Espiell playing a leading role. At 6:00 pm, the double EC Council met as scheduled. Ray MacSharry's mandate remained unchanged.

Dismayed that Gros Espiell's "High Noon" deadline on Thursday was too close to the end of the week, the Cairns Group persuaded the chairman to reconvene his Green Room group late on Wednesday night. From about 9:00 pm the ministers and commissioners started returning to the convention center. As they walked across the broad concourse area they were mobbed by journalists, camera crews walking backwards, leading the way clumsily, lenses and lights aimed at their subjects. It was a bizarre sight, like giant spot-lighted amoebas and parameciums with parasites clinging all around slowly maneuvering back and forth through the concourse. The media were hungry for something new. The ministers were keen to talk, but had nothing new to say. Even a working lunch in Paris between re-elected German Chancellor Helmut Kohl and French President François Mitterrand brought no joy. The EC simply would not budge, not even to start talking about separate commitments on the three types of support and protection.

The Green Room meeting started at 10:00 pm on Wednesday and lasted for two hours. At midnight, the ministers re-emerged looking tired and grim. "It's stalemate, and it's serious," was all the chief U.S. negotiator, Carla Hills, would say as she left. "Looks like they're heading for suspension," an Indian minister said. Canada's John Crosbie described the atmosphere in the meeting as tense.

Arthur Dunkel called an unscheduled midnight press conference. He related that Gros Espiell had declared the situation to be serious, but was willing to give the meeting a few more hours. The Green Room would meet again, as originally scheduled at High Noon on Thursday, and efforts to break the deadlock would continue "tonight and tomorrow." It was beginning to look as if the only solution was to suspend the talks, and hope for a breakthrough at some other venue in the new year when the atmosphere might be less highly charged. This is what had happened in 1988 at the previous ministerial meeting in Montreal. But Montreal was only the mid-term review. The breakthrough needed now was one that would end the Uruguay Round. Dunkel said participants took two broad views. One side—presumably the Cairns Group and the United States—said progress in the other subjects could only be made if there was progress in agriculture. The other—probably the EC, European Free Trade Association members, and Japan—argued that talks on other topics should continue. One report spoke of Hills recommending a suspension and cooling-off period. That happened to be the opinion of one of her major protagonists, French Agriculture Minister Louis Mermaz, speaking in Paris.

THURSDAY: HIGH NOON

Thursday morning saw the first sunshine of the week. The Brussels drizzle turned into a frosty mist, that gave way to a crisp bright winter's day. Even the weather was trying to help. Something was in the air, but

the atmosphere inside the convention center was still gloomy. Overnight, the next Green Room meeting had been moved back to 5:00 pm that day. True to form, the Uruguay Round was about to miss another deadline — its High Noon.

Away from the convention center, the EC's Council of agriculture and trade ministers had met early in the morning. The ministers had decided that the EC should do all it could to keep the talks alive and avoid a suspension, a spokesman announced.

So when Mats Hellstrom reconvened the agricultural negotiating group at 11:35 am, hopes started to rise. He gave the meeting two important tasks. First, he produced a two-page document so unofficial that it was called a "non-paper."¹³ In it he proposed what he considered to be a compromise between the two main sides: that each of the three measures—export subsidies, domestic supports, and import tariffs—should be reduced by 30 percent starting the following year, taking either 1990 or averages for 1988-1990 as the base. Second, he asked participants to reply to a questionnaire of about ten questions, drawn up by Dunkel and based on the previous four years' negotiations.¹⁴ Participants were to take the two assignments away and hand in their homework by 3:00 pm. For the first time, the EC announced during the meeting that it was ready to be flexible. The Americans reacted cautiously. Hills warned reporters afterwards that nothing concrete had been promised. But suddenly the air was beginning to clear inside the convention center as well as outside. Everyone was now waiting for the 5:00 pm Green Room meeting, the postponed High Noon.

The Green Room met for 45 minutes. Hellstrom and the five other chairmen and chairwomen reported on the progress achieved so far. Gros Espiell asked participants to comment. No one spoke. Dato' Seri Rafidah Aziz, Malaysia's energetic trade minister who chaired the market access negotiating group, proclaimed that the silence meant that everyone wanted to return to work. Her words must have sounded triumphant. The meeting ended in an atmosphere of jubilation, and the EC's Ambassador to GATT, Tran Van-Thinh, got so carried away that he awarded Dato' Seri Rafidah with some very un-Asian kisses on both cheeks.

Speaking to reporters immediately afterwards, Dato' Seri Rafidah dismissed earlier pessimism. The chairmen and chairwomen of the negotiating groups were in a better position to assess the chances of a breakthrough, she argued. "So the Uruguay Round continues on a new footing," she said.

Hellstrom insisted to reporters that the EC was willing to make commitments on all three measures. An EC spokesman reported that external relations commissioner Andriessen was moderately pleased. GATT spokesman David Woods said that the meeting could be extended into Saturday if necessary, but he warned reporters that an agreement was still far away.

Woods' warning was given with good reason. The Uruguay Round would not experience such euphoria again until another three long years had passed. The Brussels meeting was about to collapse, totally. It would only take three hours to kill the conference.

It is still not clear exactly what happened in the EC camp. Nor is it easy to understand how someone like Hellstrom, Sweden's agriculture minister, could have been so mistaken. The best explanation, tentatively confirmed by a top-level European official close to the proceedings, is that two different EC negotiators conveyed two different messages to two different meetings. Andriessen, the more senior of the two commissioners, was in favor of flexibility and he spoke in Gros Espiell's Green Room. MacSharry, the agriculture commissioner, was less flexible, and it was he who represented the Community in the agriculture group that met again at 8:00 pm that evening.

The agriculture group began with comments on Hellstrom's non-paper. The United States and the Cairns Group said it was an acceptable document to use as a basis for further negotiations. MacSharry had some words of praise for the non-paper, but he then proceeded to criticize it point by point. "Only then did it become evident that something strange was happening," Rubens Ricupero, Brazil's Ambassador to GATT told reporters afterwards. MacSharry turned to Dunkel's questionnaire, and his replies sounded like a repeat of what he had been saying all week. "People felt they were caught in a trap. ... It was a very

painful process," Ricupero said. Proceedings in the agriculture room ground to a halt.

An hour and a half had gone by. The other negotiating groups were all meeting at the same time as the agriculture group. The Latin American delegates said they were participating in those other groups on the "basic assumption" that the EC was willing to use the Hellstrom paper as a basis for negotiation.

Within seconds of the breakdown of the agriculture group, Latin American delegates in the other negotiating rooms had heard what was happening, and the talking stopped.

"We had to send word to our delegates that the basic assumption no longer existed," Ricupero said.

"... Total breakdown," Thailand's Amaret told reporters. He was one of the first out of the agriculture group, and one of the first to give the bad news.

MacSharry pointed his finger angrily at the United States and the Cairns Group: "Expectations have been raised rather higher than can be delivered, and I think people must realize that," he said.

The American reply was stinging. Deputy U.S. Trade Representative Julius Katz said MacSharry was right about unrealistic expectations. "We had expectations that there would be negotiations," he snapped.

The time had come for the ministerial Trade Negotiations Committee to make its first and last decision of the entire week. The following morning, Gros Espiell formally announced the suspension of the meeting. The TNC endorsed his announcement and gave Dunkel responsibility for coordinating the efforts to revive negotiations on all topics as soon as possible.

The failure of the Brussels meeting was reported around the world, but minds were not concentrating on trade. One month and nine days later, U.S. President George Bush ordered the first bombing of Baghdad.

AFTERMATH: DROWNED BY BOMBING

If the Brussels meeting did have one immediate result, it was to press home to the EC the fact that the weight of world opinion wanted specific commitments on a range of agricultural policies, particularly export subsidies. Away from the media attention of Brussels, and perhaps shielded from further publicity by the allied invasion and continued bombing of Iraq, the EC quietly told Uruguay Round negotiators in Geneva in January that it was willing to make commitments on all three areas of subsidy and protection.

By then, barely a month after his staunch defense of the Common Agricultural Policy at the Brussels Uruguay Round meeting, Ray MacSharry had produced a proposal for reforming the policy, turning him into an enemy in the eyes of many protectionist European farmers. The EC spent more than a year negotiating the reform internally before the measures were finally approved in May 1992. Only then could it start talking seriously to the Americans again; and only when the two sides were within days of launching a trade war over oilseeds subsidies could the famous agreement at Blair House be reached in November 1992. This time it was the French who wanted further negotiation, while the Americans would only "clarify." Whatever word best describes the discussions, it was not until December 15, 1993 that negotiators would agree on the bulk of the Uruguay Round texts.

One of the tricks of effective negotiation is to work out a simple, practical target and then to focus on it.¹⁵ The target has to serve your own interests effectively and stand a reasonable chance of being accepted by the other side. In Brussels, the United States and the Cairns Group chose to insist on three separate commitments from the EC. They won on that point. They could have chosen the alternative of accepting only commitments on domestic subsidies and bargained for a number closer to their own figures, but they were worried that the opportunity to control export subsidies and surpluses would be missed. The final figures in agriculture were much closer to the EC's 30 percent than the 75 to 90 percent of the United States and Cairns Group, with a more modest cut in domestic supports than even the EC was proposing in 1990.

Developed countries import tariffs are to fall 36 percent in six years; domestic supports are to be cut by 20 percent, with numerous exceptions, particularly if the supports are not directly related to production levels; and export subsidies are to fall by 36 percent in value and 21 percent in volume.¹⁶ The United States and the Cairns Group won tighter control over export subsidies at the cost of continued pressure to use those subsidies because of the modest reductions in domestic supports that could still generate surpluses in what is now the European Union. They also had to bear the burden of competing with EC/EU subsidies for an extra three years, because of the delay in reaching agreement.

It is important that the lessons of the Brussels meeting and other Uruguay Round episodes be analyzed in depth; but that will have to be done elsewhere. The end of the Uruguay Round looks like the beginning of a new phase of ever intensifying negotiations.¹⁷ Talks in some services sectors resumed one month after the Marrakech signing. The Marrakech agreements require further negotiations in agriculture and a whole new round in services after five years. More and more new topics are being proposed for the agenda of the WTO. Bureaucracies in Thailand and other smaller countries that were strained trying to keep up with the Uruguay Round will face a tough challenge trying to make sure future agreements are in their countries' interests. They will need to plan effectively and keep up with what is going on. The Brussels meeting was a taste of just how complex and difficult the task is going to be.

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