

Conflicting Interests?

*The Norwegian Dilemma in the Agricultural
Negotiations in GATT's Uruguay Round 1986-1994*

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Foreword

The process of writing this thesis has been long and at time a lonely process. My interests for trade in relation to developing countries have grown during my undergraduate studies. After a conversation with Frode Liland at SUM, the Uruguay Round appeared as an interesting field, where not much earlier research had been done in Norway. After consulting the archive at the Ministry of Foreign Affairs it was clear that I had to limit the theme of my thesis, and the agricultural negotiations became the subject of research.

First of all I want to thank my supervisor Helge Ø. Pharo. He has encouraged and inspired me, given me good advises and accepted my delays in the process of writing.

I am also grateful for the assistance given by Inga Badi Massoud from the Norwegian Ministry of Foreign Affairs, assisting me at the archive and providing me with a lot of documents and files. Thanks also to Ingrid Næser and Kjersti Andersen who have read my thesis, correcting my English and contributed with useful comments.

Lastly, I want to thank Daniel for helping and keeping up with me, especially in the last period of my writings. He has paid at least some attention to my talks about the Uruguay Round.

Grünerløkka, April 2006

Astrid S. Huitfeldt

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Abbreviations in the text

| | |
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| AMS: | Aggregate Measure of Support |
| ASEAN: | Association of Southeast Asian Nations |
| CAP: | ECs Common Agricultural Policy |
| DFA: | Draft Final Act |
| EC: | European Community |
| ECOSOC: | UN Economic and Social Council |
| EFTA: | European Free Trade Association |
| EU: | European Union |
| G77: | Group of 77 countries, the group of developing countries in UNCTAD |
| GATT: | General Agreement on Tariff and Trade |
| GPS: | General System of Preferences |
| HSN: | The Federation of Norwegian Commercial and Service Enterprises |
| IMF: | International Monetary Fund |
| ITO: | International Trade Organisation |
| LO: | The Norwegian Confederation of Trade Unions |
| MFA: | Multifiber Agreement |
| MP: | Member of Parliament |
| MTN: | Multilateral Trade Negotiations |
| MTO: | Multilateral Trade Organisation |
| MTR: | Mid Term Review |
| NGO's: | Non-governmental Organisations |
| NHO: | The Confederation of Norwegian Enterprise |
| NMFA: | Norwegian Ministry of Foreign Affairs |
| NU: | Nature and Youth |
| OECD: | Organisation for Economic Co-operation and Development |
| QR: | Quantitative restrictions |
| SOG: | Senior Official Group |
| TNC: | Trade Negotiation Committee |
| UN: | United Nations |
| UNCTAD: | United Nations Conference on Trade and Development |
| UNDP: | United Nations Developing Programme |
| US: | United States of America |
| WB: | World Bank |
| WTO: | World Trade Organisation |

Abbreviations in the footnotes

| | |
|-------|---------------------------------------|
| Del: | The Norwegian Delegation in Geneva |
| Emb: | Embassy |
| MFA: | Ministry of Foreign Affairs |
| NMFA: | Norwegian Ministry of Foreign Affairs |

Glossary

Early harvest

Some parts of the negotiations could be agreed upon and finished before the closing of the round.

Tariffication

Trade barriers, such as quantitative restrictions, should be converted into tariffs to make the barriers easier to reduce and to identify.

Single undertaking

All participating countries in the negotiations had to accept the whole agreement before an agreement could be reached

Support in Amber Box

Support subjected to reductions. Classified as trade affecting support and direct support.

Support in Blue Box

Support not subjected to reductions. Direct budget support under production limiting programmes.

Support in Green Box

Support not subjected to reduction commitment. Support that did not directly affect trade such as support to the environment, districts and direct income support.

Central Norwegian Ministers

The Cabinet of Kåre Willoch II, 8 June 1983- 9 May 1986.

Coalition Cabinet, Conservative Party, Christian Democratic Party, Centre Party.

Minister of Foreign Affairs:

Svenn Stray, the Conservative Party (08.06.83-09.05.86.)

The Cabinet of Gro Harlem Brundtland II, 9 May 1986- 16 October 1989.

Labour Party.

Minister of Foreign Affairs:

Knut Frydenlund (09.05.89-26.02.87.)

Johan Jørgen Holst (26.02.87-09.03.87.)

Thorvald Stoltenberg (09.03.87-16.10.89.)

Minister of Trade:

Kurt Mosbakk (09.05.86-13.06.88.)

Jan Balstad (13.06.88-16.10.89.)

Minister of Agriculture:

Gunhild Øyangen (09.05.86-16.10.89.)

The Cabinet of Jan P. Syse I, 16 October 1989 – 3 November 1990.

Coalition Cabinet, Conservative Party, Christian Democratic Party, Centre Party.

Minister of Foreign Affairs:

Kjell Magne Bondevik, the Christian Democratic Party (16.10.89-03.11.90.)

Minister of Trade:

Kaci Kullmann Five, the Conservative Party. (16.10.89-03.11.90.)

Minister of Agriculture:

Anne Vik, the Centre Party. (16.10.89-03.11.90.)

The Cabinet of Gro Harlem Brundtland III, 3 November 1990 - 25. October 1996.

Labour Party.

Minister of Foreign Affairs:

Thorvald Stoltenberg (03.11.90-02.04.93.)

Johan Jørgen Holst (02.04.93-24.01.94.)

Bjørn Tore Godal (24.01.94-25.10.96.)

Minister of Trade:

Eldrid Nordbø (03.11.90-15.11.91)

Bjørn Tore Godal (15.11.91-24.01.94.)

Grete Knudsen (24.01.94-25.10.96.)

Minister of Agriculture:

Gunhild Øyangen (03.11.90-25.10.96.)

Chronology

| | |
|----------------|---|
| November 1985 | Preparatory Committee established |
| September 1986 | Ministerial Meeting in Uruguay. The Punta del Este Declaration launched the Uruguay Round. |
| May 1986 | The Labour Party Cabinet established with Brundtland as Prime Minister |
| December 1988 | Ministerial Meeting in Montreal. The Mid Term Review ended in breakdown. |
| May 1987 | The Storting gave the mandate to the negotiations in Report No. 63 (1986-87) |
| April 1989 | TNC meeting in Geneva that concluded the Mid Term Review. Norway held an explanatory meeting. |
| October 1989 | The Coalition Cabinet of Syse established. |
| December 1989 | Nordic submission presented to the Contracting Parties. |
| November 1990 | Third Cabinet of Brundtland established. |
| December 1990 | Ministerial Meeting in Brussels, supposed to be the closing meeting but ended in breakdown. |
| December 1991 | Dunkel presented the Draft Final Act. |
| November 1992 | Blair House Agreement reached between the US and the EC. |
| December 1993 | A final agreement was reached. |
| April 1994 | Ministerial Meeting in Marrakech. The Final Act and adopted and closed the Uruguay Round. |
| November 1994 | Ratification in the Norwegian Parliament, the Storting. |
| January 1995 | WTO established. |

CHAPTER I

Introduction

The subject of this thesis is the eighth round of the General Agreement on Tariff and Trade negotiations (GATT). The round is called the Uruguay Round of Multilateral Trade Negotiations (MTN). It lasted from 1986 when a Ministerial Meeting in Punta del Este, Uruguay, agreed to launch new negotiations, and ended at a Ministerial Meeting in Marrakech, Morocco in 1994. Important issues to developing countries such as agriculture and textiles were included in the negotiation. Areas important to industrialised countries, mainly issues that were new in GATT, such as trade in services and intellectual property rights, were also included. The Uruguay Round was the longest and most comprehensive round of negotiations in the history of GATT, and because of difficulties in the negotiations it was delayed for more than three years. The results of the negotiations were that an agreement on tariff reductions was reached, new issues were included and GATT was institutionalised through the establishment of the World Trade Organisation (WTO).

This study focuses on Norwegian agricultural policy and the developing countries in the Uruguay Round. How did Norway combine the goal of protecting national agricultural interests with the developing countries' demands in the Uruguay Round? It shall be pointed to what extent Norway took the developing countries' situation into consideration when establishing the Norwegian positions, and to what extent domestic agricultural interests did influence Norwegian trade policy. To answer these questions, one central aspect will be whether a conflict existed between Norway's desire to be viewed as a nation friendly to developing countries and Norwegian agricultural interests. The thesis shall examine the demands proposed by different groups and countries in the negotiations, focusing on the demands of the developing countries. It shall also be discuss how the Norwegian negotiation goals and strategies were made. In addition, the domestic debate in Norway shall be identified. Lastly it shall be discuss what role the Norwegian Parliament, the Storting, play.¹ What was the domestic debate on the negotiations like, and how did interest groups influence Norwegian policy?

¹ The Norwegian Parliament is named the Storting, and I will use this name in the thesis.

Frames for the Thesis and Procedures

Agricultural protection and liberalisation are issues that are often debated. Farming organisations are working against cuts in agricultural subsidies and demand protection, and there is a debate on whether agricultural liberalisation actually benefits the developing countries. This thesis shall not broach this debate, as the focus here shall be on the actual negotiations in the Uruguay Round, what the developing countries demanded and what the countries' actually achieved, and Norway's positions on these issues.

Since there exists only limited research on Norway's positions in the Uruguay Round it have been necessary outline the international process and to write rather extensive about what actually took place in the negotiations from a Norwegian perspective. The thesis has therefore a relative broad overview of the negotiations, rather than only focussing on the domestic debate and negotiation strategies.

A question is whether it is possible to group all the developing countries together in one group, since their level of development and needs were different. In this thesis the term "developing countries" and "least developed countries" shall be used. These are the terms used in international literature, in the Norwegian documents that have been examined and in the political debate both in Norway and internationally. However, the developing countries had different interests and positions according to their level of development, their export industries and import needs. These differences shall be identified, and the countries' positions shall be discussed according to their interests and needs. Another key part will be to analyse how Norway differentiated between the developing countries. Of course, there are huge differences between the developing countries: countries such as Singapore, Taiwan and South Korea were considered to be developing countries at the start of the negotiations, but could hardly be referred to as developing countries in 1994. However, countries like Tanzania, Bangladesh and India were regarded as developing countries throughout the negotiations. Brazil was also grouped as a developing country in the Uruguay Round, even though Brazil experienced rapid economic growth during the negotiations. Eastern European countries that experienced the fall of the Soviet Union during the negotiations are not defined as developing countries.²

The Cabinet, the Storting and farming organisations used "national agricultural interests" to explain the interests Norway had in agriculture with the focus being on non-economic factors and the special characteristics of agriculture. The aspect of food security

² Except Yugoslavia that was active in the group of developing countries.

was central, but so was the fact that agricultural production led to regional development, employment outside central areas of the country, and that agriculture maintained the cultural landscape and had important environmental aspects. There is not one unanimous definition of “national interests” and the Cabinet and the farming organisations could have different opinions on the content of the term. The main demand was, however, that Norway should maintain national autonomy in agriculture, and to have the possibility to pursue the policy that was regarded as necessary to continue with agricultural production also in remote parts of Norway.

In an edited volume dealing with the transition from GATT to the WTO, Arne Melchior and Victor D. Norman point out that even though countries benefit from a liberal trade policy and that, as such, trade agreements should be unnecessary, formal international agreements are indeed needed. Strong interest groups working in favour of protectionism due to their own interests often influence governments and political parties to follow a protectionist policy.³ Kym Anderson writes that those who lose from a protectionist policy are consumers and export companies, but these are spread out around the country and do not have the resources or the specific interests to form any pressure groups.⁴ These factors have been pointed to as the reasons why protectionism, especially in the sphere of agriculture, has been the rule in most countries, even though liberalisation might be the most economically efficient route.

This theory can be applied to Norway, as Norway has had strong interest groups, and the farming organisations in particular have influenced Norwegian policy on trade in agriculture and pointed to non-economic factors as reasons for a high level of protection. The need to maintain agriculture in the more remote parts of Norway has been met with general approval. Reforming the Norwegian agricultural sector has therefore been a difficult topic for all the political parties in Norway to broach, except for the Progress Party.⁵

In his article, *Diplomacy and Domestic politics: The logic of two-level games*, Roger D. Putnam describes the linkage between the international and national level in international

³ Melchior, Arne and Victor D. Norman 1998. ”Introduksjon” [“Introduction”], in Arne Melchior and Victor D. Norman (eds.), *Fra GATT til WTO. Handelspolitiske utfordringer ved GATTs 50-årsjubileum [From GATT to the WTO. Trade Policy Challenges on GATT's Fiftieth Anniversary]*: 6-11. Oslo: NUPI, p. 8.

⁴ Anderson, Kym 1998. “Perspektiver på WTOs fremtid” [“Perspectives on the Future of the WTO”], in Arne Melchior and Victor D. Norman (eds.), *Fra GATT til WTO. Handelspolitiske utfordringer ved GATTs 50-årsjubileum [From GATT to the WTO. Trade Policy Challenges on GATT's Fiftieth Anniversary]*: 12-35. Oslo: NUPI, p. 14.

⁵ Liland, Frode with Kirsten Alsaker Kjerland 2003. 1989-2002. *På bred front, Norsk utviklingshjelps historie [1989-2002. A broad approach, The History of Norwegian Development Aid]*, volume 3. Bergen: Fagbokforlaget, p. 63.

negotiations. Putnam's model operates with so-called win sets, which is what the negotiators can agree on and what can be ratified at the national level. The sizes of the win sets depend on preferences, power distribution, constellations and the ratification process in the home country. In addition, the win sets are influenced by the strategy of the negotiator, and whether the negotiator can be seen as an agent for domestic interests or an independent player with his or her own preferences.⁶ This theory can help explain a negotiation round and the preferences and decisions taken by each country. The thesis shall describe how national debates, national organisations and the ratification process influenced the win sets of the negotiators and how this affected the negotiations.

Why is this Important?

It has been stated that "nowhere is the interrelationship between domestic and international politics more evident than in trade policy-making."⁷ As mentioned above, domestic interest groups often influence international trade and national trade policy. It is therefore important to analyse the Uruguay Round from a national perspective. Little research has been conducted on the Uruguay Round in Norway, and hardly any on the role of Norway in the actual negotiations. During recent years, trade and the WTO have received more attention, both in Norway and internationally. It is therefore important to be aware of inconsistencies in the Norwegian policy. The creation of the WTO represented a huge change in the world trading system that few had predicted. Since both support and criticism of the WTO have increased in step with the attention the organisation has received, it is particularly important to analyse what actually took place in the negotiations that created the organisation, and what the developing countries were working towards.

It is also interesting to analyse Norway's role vis-à-vis the developing countries in the round. Norway wants to be viewed as a nation friendly to the developing countries; however, the focus in Norway has been mainly on aid, not trade. This may have created a misleading picture with regard to Norway's policy towards developing countries, as trade has been pointed to as more important for economic growth in developing countries than aid. In the

⁶ Putnam, Roger D. 1988. "Diplomacy and Domestic Politics: The logic of two-level games." *International Organization* No. 42: 427-460.

⁷ Langhelle, Oluf, 2001. *WTO-forhandlingene – et utenrikspolitisk møtested for norsk innenrikspolitikk? [The WTO Negotiations – a Foreign Policy Meeting Point for Norwegian Domestic Policy?]* RF report: 2001/232. Stavanger: Rogalandsforskning, p. 3. Refers to Goldstein, J. 1998. "International Institutions and Domestic Politics: GATT, WTO and the Liberalisation of International Trade", in A. O.Krueger (ed.), *The WTO as an international Organization*. Chicago: The University and Chicago Press.

national debate, both those who were in favour and those who opposed the liberalisation of trade in agricultural goods claimed that they were working to improve the conditions of the developing countries. In addition, the developing countries were used in the argument both in favour of and against including agriculture in the agreement. To analyse the demands that were presented in the round by different developing countries may provide more information on what the developing countries actually wanted from the negotiations, and what the developing countries considered to be their needs.

Earlier Research

Only limited research on Norway's positions in the Uruguay Round exists, and the literature that is available focuses on the results of the negotiations. The situation for the developing countries in the round has been analysed in books and reports, and the issue of agriculture has also been analysed in the literature. Norwegian agricultural protectionism has been subjected to research, but earlier research on GATT has not focused on what took place in the actual negotiations. Åsmund Glende Jakobsen has written a MA thesis⁸ in history in which he analyses the coverage of the Uruguay Round in three Norwegian newspapers.⁹ His research shows that even though the coverage in Norwegian newspapers was not as high as when the debate regarding Norwegian membership of the European Union was being reported, for the first time a negotiation round in GATT made headlines in Norwegian newspapers. Frode Liland writes about the contradiction in the Norwegian position on import from developing countries. Policy-wise it was stated that the preferences that should improve market access for developing countries should not challenge Norway's national agricultural goals. Liland writes that this was not possible since the goal of improving market access for the developing countries and the national, Norwegian, agricultural goals were mutually incompatible.¹⁰

Three MA theses in history have been completed on Norwegian policy during the negotiations concerning New Economic World Order.¹¹ They focus on the tension between an

⁸ A Norwegian MA thesis, "hovedfagsoppgave", is frequently more of an extended piece of original research than the normal MA thesis.

⁹ Jakobsen, Åsmund Glende 2001. *Fra GATT til WTO: Uruguay-runden i tre utvalgte norske aviser: en vurdering* [From GATT to WTO: The Uruguay Round in three selected Norwegian Newspapers: an Assessment]. MA Thesis in History, University of Bergen.

¹⁰ Liland 2003: 64.

¹¹ Aschim, Gisle 1995. *Norge og UNCTAD 1964-1974* [Norway and the UNCTAD 1964-1974]. MA Thesis in History, University of Oslo. Drolsum, Nina 1996. *Realpolitikk og idealisme: Norge i forhandlingene om en ny økonomisk verdensordning, 1974-1976* [Realpolitik and Idealism: Norway in the Negotiations on the New Economic World Order 1974-1976]. MA Thesis in History, University of Oslo. Børrud, Ane 1998. *Solidaritet og særinteresser: Norges holdninger til regulering av råvarehandel og skipsfart i forhandlingene om en ny*

ideological desire to be a nation friendly towards developing countries, and national interests such as protection of national industries. Frode Aschims writes that Norway was positive to the developing countries' demands when the United Nations Conference on Trade and Development (UNCTAD) was established in 1964, but a dilemma appeared in that the developing countries' demands would be expensive for the Norwegian shipping industry.¹² The Norwegian government was positively disposed to measures to improve the conditions for the developing countries, but did not want to make concrete commitments.¹³ He writes that the political will to make trade policy concessions disappeared when specific measures that would adversely affect Norway were tabled.¹⁴ Nina Drolsum found that the Norwegian government was positive to the developing countries' demands, and went far to support demands concerning market access, nationalisation of natural resources and new rules for the international economy.¹⁵ The Norwegian Ministry of Foreign Affairs (NMFA) believed it important not to focus on the special needs of the industrialised countries, and the Cabinet wanted to assist the developing countries.¹⁶ Ane Børrud writes that Norway was positive to regulating trade in raw materials, but when it came to the shipping industry, the Norwegian government opposed the developing countries' demands to regulate the industry.¹⁷

Archives, Literature and other Sources

I have used the archives at the Norwegian Ministry of Foreign Affairs. The material was extensive and I limited my reading to the files on agriculture and to the general files. The material consisted in the main of reports from the Norwegian delegation in Geneva to the Norwegian Ministry of Foreign Affairs and vice versa. Reports from meetings in Geneva, meetings between the Nordic countries, meetings in Norway and general correspondence to and from the NMFA were also to be found in the files. I have also used the archive at the Norwegian Parliament and have gone through the debates in the Storting and the Reports to the Storting¹⁸ and Propositions to the Storting. The files from the Storting are organised both thematically and chronologically, and this made the work easier since it was less likely to

økonomisk verdensorden 1976-1980 [Solidarity and Own Interests: Norway's attitude to the Regulation of Trade in Raw Materials and Shipping in the Negotiations on the New Economic World Order 1976-1980]. MA Thesis in History, University of Oslo.

¹² Aschim 1995: 1.

¹³ Aschim 1995: 38.

¹⁴ Aschim 1995: 52.

¹⁵ Drolsum 1996: 5-6.

¹⁶ Drolsum 1996: 34-40.

¹⁷ Børrud 1998: 76.

¹⁸ Reports to the Storting is equal to White Papers.

miss anything. In addition to this I have interviewed the former Minister of Foreign Affairs, Bjørn Tore Godal, from the Labour party, former agricultural spokesperson of Socialist Left Party, Inger Dag Steen, former foreign spokesperson of Socialist Left Party, Paul Chaffey, former Director General of the Norwegian Ministry of Foreign Affairs, Tor B. Næss, and Sverre Kvakkestad from the Ministry of Agriculture.

International and Norwegian literature has also been used. The literature was used as an initial guide to the field of research and to the general framework. It has also been used as a supplement to sources of specific issues, mainly to supplement the archive sources. My thesis is principally based on Norwegian sources and files. The description of the positions of other countries and the positions of the developing countries have been constructed on the basis of Norwegian documents, and they are of course based on the views of the Norwegians conducting the negotiations. Where possible, I have confronted these views with international literature.

The Chapters

In chapter two the preparatory phase will be analysed. The countries identified positions and a disagreement between the developing countries and industrialised countries came out openly. The phase ended with the Ministerial Meeting in Uruguay that launched the negotiations. In addition a Norwegian dilemma in the negotiations will be identified. Chapter three is about the initial phase of the negotiations. The discussions on agriculture became difficult and the period ended in a breakdown at the Mid Term Review meeting. In Norway it was realised that the Norwegian import protection system was vulnerable. In chapter four it will be discussed how the Norwegian position in agriculture was put under pressure, and that Norway found it necessary to hold an explanatory statement that underlined the special characteristics of agriculture. The Ministerial Meeting that was suppose to finalise the round, ended in a breakdown. Chapter five describes the last phase of the negotiations. At first the period was characterised by stagnations, but eventually an agreement was reached, mainly since the disagreement between the US and the EC resulted in an agreement. Norway established a new agricultural policy, but non-trade concerns were still underlined. Chapter six describes the closing Ministerial meeting that adopted the Final Agreement, and outline the domestic debate regarding Norwegian ratifications. The last chapter seven will conclude the thesis. What follows next in this chapter is an introduction to GATT and the Uruguay Round.

Historical Introduction to GATT

GATT was created in 1947, and was a temporary agreement that existed for 47 years. In 1946 the UN Economic and Social Council (ECOSOC) agreed to create an International Trade Organisation (ITO). It was believed that an international trade organisation was needed, as well as the International Monetary Fund (IMF) and the World Bank (WB). Parallel to the negotiations to establish ITO, it was decided to start negotiations on tariff reductions.¹⁹ In 1947 the first meeting on tariff reductions was held in Geneva. The 23 participating countries signed an agreement, the temporary General Agreement on Tariff and Trade. Norway was the only Nordic country present in Geneva, and the first bilateral agreement on tariff reductions was signed between Norway and Canada.²⁰ Shortly after this meeting, 58 countries met in Havana, Cuba, to create the ITO. After four months of discussion on the content of the Charter, 53 countries signed it finally. However, the American Congress opposed ratification and in 1950 the American President, Harry Truman, realised that the US Congress would never ratify the Charter.²¹ Without American ratification, ITO was never established and GATT remained an agreement for international trade. Its main aim was to work for a more liberal world trade order through the elimination of tariffs and trade barriers.

Norway played an active role in the creation of GATT and has been active throughout its history. A liberal trade regime has been deemed very important for Norway as a small country dependent on access to the markets of other countries. Norway also had interests in the expansion of international trade due to the importance of the shipping industry as the main provider of foreign exchange prior to the discovery of oil on the continental shelf.²² Through seven multilateral rounds of trade negotiations, the GATT agreement developed round a broad set of rules.²³ In 1986, by the start of the Uruguay Round, GATT had 95 member states, or Contracting Parties as the members also were called, which together had 4/5 of the total world trade. Though it was possible to vote in GATT based on the principle of “one country one vote,” the main rule was that all decisions were arrived at by consensus. GATT aimed to secure equal competition and preventing discrimination in international trade. Two principles were important in GATT, and are still central principles in WTO: the ‘Most Favoured Nation

¹⁹ Nordvik, Helge W. and Stig Tenold 1998. ”En historisk skisse av GATT og Norges handelspolitikk 1947-97” [“A Historical Sketch of GATT and Norway’s Trade Policy 1947-97”], in Arne Melchior and Victor D. Norman (eds.), *Fra GATT til WTO. Handelspolitiske utfordringer ved GATTs 50årsjubileum [From GATT to the WTO. Trade Policy Challenges on GATT’s Fiftieth Anniversary]*: 48-87. Oslo: NUPI, p. 53.

²⁰ Nordvik 1998: 54.

²¹ Nordvik 1998: 54-55.

²² Nordvik 1998: 70.

²³ NMFA 562.0, memorandum NMFA 11.02.88, attached in letter NMFA to LO, 09.03.88.

Treatment' requires tariff reductions given to one country to be given to all other Contracting Parties in GATT, and the National Treatment requires imported products be given the same treatment as products produced in the country.²⁴ The Enabling Clause and the GATT agreement part IV underlined the special and differential treatment for the developing countries.

In 1979, the Tokyo Round was formally completed with 99 participating countries. The developing countries were not satisfied with the final results, since areas of special interests to them such as agriculture, textiles and tropical products were not central parts of the agreement.²⁵ The North/South polarisation had been high, and many developing countries refused to attend the closing ceremony.²⁶ In the years following the Tokyo Round, protectionism and trade disputes increased, especially within agricultural trade.²⁷ The implementation of the results came slowly, and the US administration wanted a new round, focusing on more free trade. The Americans also wanted to include new issues such as trade in services, investments and agriculture in the negotiations. The EC wanted, however, to focus on internal integration of the expanding organisation and opposed new initiatives in GATT.²⁸ The Director General of GATT, Arthur Dunkel, feared that GATT would be undermined if nothing was done, and through consultations with the Contracting Parties he pushed for new negotiations.²⁹

It was decided to hold a Ministerial Meeting in 1982.³⁰ After long negotiations, the Contracting Parties managed to agree on a Working Programme that focused on the issues of textiles, agriculture, dispute settlement, services and trade in counterfeited goods.³¹ It was also decided that an examination of all measures affecting agricultural trade should take place, and

²⁴ Hveem, Helge 1996. *Makt og velferd i det globale samfunn. Teorier i internasjonal politisk økonomi [Power and Welfare in the Global Society. Theories in International Political Economics]*. Oslo: Universitetsforlaget, p. 181.

²⁵ Proposition to the Storting No. 65 (1993-94), *Resultatet av Uruguay-runden (1986-1993) og om samtykke til ratifikasjon av Avtale om opprettelse av Verdens Handelsorganisasjon (WTO) m.m. [The Results of the Uruguay Round (1986-1993) and acceptance of the ratification of the Agreement to establish the World Trade Organisation (WTO) etc.]*, p. 35

²⁶ Preed, Ernest H. 1995. *Traders in a Brave New World. The Uruguay Round and the Future of The International Trading System*. Chicago and London: The University of Chicago Press, p. 24.

²⁷ Croome, John 1999. *Reshaping the World Trading System. A History of the Uruguay Round*. 2nd rev.ed. The Hague: Kluwer Law International: World Trade Organisation, p. 3.

²⁸ Croome 1999: 6.

²⁹ Croome 1999: 7.

³⁰ Preed 1995: 31.

³¹ Croome 1999: 8-9.

the special needs of developing countries should be examined. A committee on how to reform the agricultural sector was also established.³²

In the years following the Ministerial Meeting bilateralism increased, and it was a time of global recession and a decline in world exports and production. The Working Programme was far from being implemented.³³ The developing countries developed differently, some countries experiencing fast economic growth while others faced stagnation. Many industrialised countries wanted the more developed developing countries to take on more commitments in international trade.³⁴ The GATT Committee on trade in agriculture studied the agricultural policies of the Contracting Parties, and gave its recommendations for improvements in trade rules and liberalisation. The Committee agreed that negotiations on quotas, subsidies and technical barriers were necessary, and a ban on export subsidies should be considered.³⁵

In 1984, the Annual Session of GATT members aimed to establish conditions “[...] under which substantially all measures affecting agriculture will be brought under more operationally effective GATT rules and disciplines.” Action was to be taken on four fronts: better access to markets, greater discipline in export competition, clearer definition of GATT rules on quantitative restrictions and subsidies and more effective, special treatment under GATT for developing countries. This preparatory work, especially within agriculture, brought about the Ministerial Declaration that launched the Uruguay Round, was more specific on agriculture than on other issues.³⁶ The recommendations from the GATT Committee on agriculture and the results of the Annual Session in 1984 put agriculture on the agenda in GATT, and the work on liberalising the agricultural sector started. The fact that the members of GATT agreed to put agriculture under more GATT control represented a change from earlier, when agriculture had been kept outside many agreements and was exempt from reduction commitments.

³² Stewart, Terence P. 1993 (ed). *The GATT Uruguay round, A negotiating history. (1986-1992) Volume 1: Commentary*. Boston: Kluwer, Law and Taxation Publishers, p. 69.

³³ Preed 1995: 35.

³⁴ NMFA 562.0, written speech about trade policy, NMFA, 07.03.91.

³⁵ Preed 1995: 51.

³⁶ Croome 1999: 92.

The Uruguay Round

The Uruguay Round was the most comprehensive and longest negotiation in the history of GATT. When the negotiations were launched, three main goals were established in the final declaration from the Ministerial Meeting in Uruguay:

A further reduction in trade barriers such as tariffs and quantitative restrictions.

To strengthen and develop GATT's set of rules such as safeguards and trade in agricultural products.

To develop a multilateral set of rules in areas in which rules do not exist, such as counterfeit goods, trade in services and trade related investments.

It was decided that the negotiations should be conducted according to the principle of a "single undertaking", which meant that all participating countries had to accept the whole agreement before an agreement could be reached. This would ensure that no country could accept only parts of the agreement, but it also made it more difficult to reach an agreement every country could agree on.³⁷ During the negotiations some countries wanted an "early harvest". This meant that some parts of the negotiations could be agreed upon and finished before the closing of the round. The desire was for this to signal that the negotiations were already producing results, and that it was important to conclude as soon as possible.

The Contracting Parties joined together in different groupings in the negotiations. The groupings varied in size and to what extent they stuck together. The developing countries had traditionally acted as one group in GATT and in UNCTAD negotiations, and to a certain extent the countries did act together in the Uruguay Round as well. The developing countries formed a group called "the Informal Group of Developing Countries". The name was given to differentiate it from the G 77 that had a more official status in UN and UNCTAD. India and Brazil led the group that consisted of countries with great differences in the level of development.³⁸ The term "the Informal Group of Developing Countries" is not used in the Norwegian sources I have examined, nor mentioned as an active group in those interviews I have conducted. However, the international literature points to the group. This may indicate Norway did not pay any attention to the group, or considered it to have no general positions. The fact that India and Brazil led the group might also have weakened their influence since it could be understood that India and Brazil were only speaking on behalf of the "hardliners" though the countries tried to appear to be speaking on behalf of the Informal Group of Developing Countries. The hardliners was a group of developing countries chaired by India

³⁷ Proposition to the Storting No. 65 (1993-94): 36.

³⁸ Ricupero 1998: 19.

and Brazil, with Yugoslavia, Egypt and Cuba as strong supporters as well as some African countries. The group had more extreme positions than other developing countries. The name was given since the group consisted of countries that opposed new negotiations the strongest, and refused to include trade in services. India and Brazil were often criticised by the industrialised countries claiming to have an adverse effect on the negotiation atmosphere. The Norwegian Ministry of Foreign Affairs wrote that: “among the developing countries India and Brazil play a central, but not always a constructive role in the negotiations.”³⁹ In the same memorandum, Egypt, Yugoslavia, Argentina and Chile were mentioned as other active, more constructive developing countries.⁴⁰

In addition, we have the group of least developed countries, with Bangladesh as the most active member. The countries in the Association of Southeast Asian Nations (ASEAN) had coordinated meetings and spoke mostly with one voice during the negotiations. The African countries and the Latin American countries did not have the same level of coordination. Common for the developing countries was demands that the round had to address issues important for them. Agriculture, tropical products and textiles, together with special treatment for developing countries were the main demands. On agriculture it was wanted that the industrialised countries should improve market access especially through a reduction of tariffs and quantitative restrictions. It was also important for the developing countries to reduce the level of subsidies in the industrialised countries, and especially the export subsidies. In addition a clear set of rules to address the problems of dumping of food to developing countries’ markets.

However, the demands differed in between the net food importing developing countries and the net food exporting developing countries. The net food importers was not a formal group, but consisted of developing countries that were food importers and would be negatively affected by increased food prices after a reduction in subsidies. Egypt often spoke on behalf of the net food importers. This group wanted the round to address the problems of increased world market price on food, and more use of preferences towards the developing countries in agricultural trade. With the use of special and differential treatment, the net food importers wanted to continue the use of protection of third world market, while at the same the industrialised countries should open up the markets for the developing countries. The

³⁹ Author’s translation from Norwegian.

⁴⁰ NMFA, 562.0, memorandum, “status and perspectives” Department of External Economic Affairs II NMFA, 14.06.88.

group that was most coordinated in the round was the Cairns Group.⁴¹ This was constituted by net exporting agricultural countries that pushed for agricultural reforms and liberalisation. The group consisted of both developing countries and industrialised countries. This marked a split in unity of the developing countries and it was the first time in the history of GATT that developing and industrialised countries acted together in one group.⁴²

The EC negotiated as one group, and also the Nordic countries formed an alliance and negotiated in one block. The Nordic countries were Sweden, Norway, Finland and Iceland, the latter in a limited way. As a member of the EC, Denmark was not in the Nordic Group. Being a small country, Norway considered the Nordic cooperation very important. Nordic cooperation had been the norm since the other Nordic countries had joined GATT in 1950.⁴³ The Nordic countries constituted the fifth largest “trade group” in the world after the EC, the US, Japan and Canada. Nordic cooperation meetings were held quite frequently, and meetings with representatives from Denmark, the EC and the US were also conducted.⁴⁴ The Nordic countries spoke with one voice, presented common suggestions and divided the responsibility of different negotiation groups between themselves. In addition to this, joint strategies were worked out. Occasionally, Denmark was present at coordination meetings, but this was rare. Informal contact, however, did exist and documents stating the position of the EC were often passed from Denmark to the Nordic countries. The Proposition to the Storting No. 65 (1993-94), *The results of the Uruguay Round (1986-1993) and acceptance of the ratification of the Agreement to establish the World Trade Organisation (WTO) etc.*⁴⁵ underlined that Nordic cooperation had been very good.⁴⁶ However, as we shall see in this thesis, there were times in the negotiations on agriculture when disagreements between Norway and Sweden were strong. Norway used quantitative restrictions, but Sweden and Finland used variable import restrictions.⁴⁷ The countries had therefore different interests in the negotiations. Sweden was also more willing to implement structural changes in its agricultural sector, while Norway emphasised a continued focus on non-economic factors. It was only Japan and Switzerland

⁴¹ Member countries were: Argentina, Australia, Brazil, Canada, Chile, Colombia, Hungary, Indonesia, Malaysia, Philippines, New Zealand, Thailand and Uruguay.

⁴² Preed 1995: 59.

⁴³ Nordvik 1998: 69.

⁴⁴ Proposition to the Storting No. 65 (1993-94): 12.

⁴⁵ Author's translation from Norwegian.

⁴⁶ Proposition to the Storting No. 65 (1993-94): 37.

⁴⁷ NMFA 44.12/51, letter del. in Geneva, Martin Huslid to NMFA, Ministry of Trade and Ministry of Agriculture, 27.05.86.

that used the same import protection system as Norway with quantitative restrictions, and this put the Norwegian system under high pressure.⁴⁸

Regarding the agricultural negotiations, Dale E. Hathaway and Merlinda Ingco point to two coalitions of countries: on the one hand those who wanted significant liberalisation (the US and the Cairns Group), and on the other hand those who wanted to protect their agricultural sector (in particular the EC, EFTA, Korea and Japan).⁴⁹ The US wanted initially to ban all import barriers and trade-distorting subsidies within ten years, and improved market access. Also the Cairns Group wanted a prohibition of all use of subsidies and support measures. The EC on the other hand did not want to focus on agriculture in the negotiations, and wanted to continue with export subsidies and variable import levies. The Nordic countries, especially Norway, wanted to maintain the national autonomy in agriculture, and together with Korea, Japan and Switzerland worked for a continued possibility to use quantitative restrictions. The special characters in agriculture were underlined.

The Developing Countries and GATT

“The developing countries have had an ambivalent attitude to the GATT, and their attitude towards integrating their economies with the global trading system has evolved from one of hostility to active promotion.”⁵⁰ Even at the beginning of GATT, the developing countries had been part of the agreement, but the 30 developing countries that participated in the Havana conference in 1947 condemned the draft and said it only served the interests of developed countries. Nevertheless, apart from Argentina and Poland, all countries approved the final charter.⁵¹ A report in 1958 concluded that trade barriers contributed to the trade problems of developing countries. A committee was therefore established but this did not give any concrete results in improving the conditions for the developing countries. In 1963, 21 developing countries called therefore for an action plan with standstill, elimination of illegal quantitative restrictions and removal of duties on tropical products.⁵² To meet the developing countries’ scepticism, UNCTAD was established in 1964 to focus on the developing

⁴⁸ NMFA 44.12/51, memorandum Ministry of Trade, Atle Leikvoll, 27.11.86 (dated 1987), attached in letter Ministry of Trade to Ministry of Agriculture, NMFA, The Office of the Prime Minister, Ministry of Finance and selected Embassies, 04.02.87.

⁴⁹ Hathaway, Dale E. and Merlinda D. Ingco 1996. “Agricultural Liberalisation in the Uruguay Round”, in Will Martin and L. Alan Winters (eds.), *The Uruguay Round and the Developing Countries*: 30-58. Cambridge: Cambridge University Press, p. 32.

⁵⁰ Srinivasan, T.N. 2000. “*Developing countries and the Multilateral Trading System. From the GATT to the Uruguay Round and the Future.*” Oxford/Colorado: Westview Press, p. 2.

⁵¹ Srinivasan 2000: 3.

⁵² Srinivasan 2000: 23.

countries' special needs. The developing countries wanted special and differential treatment, access to Western markets and possibilities to protect their own markets from competition.⁵³ A result of this work was that in 1965 part IV of the agreement named Trade and Development introduced special treatment for developing countries.⁵⁴

Before the Uruguay Round, the developing countries were the strongest opponents of a new round. The countries' main demand was that the Working Programme from 1982 should be implemented before a new round could be initiated. In addition action on safeguards, freezing import quotas and freezing the protectionism of industrialised countries.⁵⁵ Despite the scepticism of the developing countries towards free trade and GATT, many developing countries joined the agreement before and during the negotiations. Melchior and Norman explain this with the protection GATT was giving to small countries. GATT prevented increased bilateralism where regional trade agreements could take over the global trade system. The developing countries considered that to be outside GATT would be more harmful than being a part of GATT.⁵⁶

The Uruguay Round led to an important change in the relationship between GATT and the developing countries. For the first time in the history of GATT, the developing countries participated in the GATT negotiations not only as passive observers, but also as active members.⁵⁷ The majority of the developing countries joined GATT shortly before the Uruguay Round, and those that had participated in previous rounds had not been much involved in the actual negotiations.⁵⁸ The integration of developing countries in GATT came at the same time as the economic expansion in East Asia, a time when many countries became more positive to liberalisation.⁵⁹ In Africa, the structural adjustment programmes from the IMF and the World Bank that focused on liberalisation and the opening up the economies of the developing countries were implemented at the same time. The Uruguay Round was also special since it was the first time alliances and groups that were composed of both developing and industrialised countries, occurred. The Cairns Group was the most influential of these groups. In his book, *Recolonization, GATT, the Uruguay Round and The Third World*,

⁵³ Hveem 1996: 184.

⁵⁴ Report No. 63 to the Storting (1986-87), Om enkelte handelspolitiske spørsmål [*On some Trade Political Issues*], p. 18.

⁵⁵ Preed 1995: 32.

⁵⁶ Melchior 1998: 7.

⁵⁷ Adhikari, Ramesh and Prema-Chandra Athukotala 2002. *Developing Countries in the World Trading System. The Uruguay Round and Beyond*. Cheltenham UK: Edward Elgar, p. 2.

⁵⁸ Raghavan, Chakravarthi 1990. *Recolonization. GATT, the Uruguay Round & the Third World*. London and New Jersey: Zed Books Lts, p. 51.

⁵⁹ Brandao, Antonio Salazdar P. and Will Martin 1993. *Implications of Agricultural Trade Liberalization for the Developing Countries*. World Bank: Policy Research Working Paper, p. 1.

Chakravarthi Raghavan writes that the industrialised countries wanted to break third world unity by forming other groups and by identifying differences among the developing countries.⁶⁰ We shall see that especially during the beginning of the negotiations the industrialised countries benefited from an increasing polarisation between the developing countries.

The Punta Del Este declaration, adopted at the Ministerial Meeting in Uruguay, contained references to the need for special and differential treatment of the developing countries. The industrialised countries should only claim reciprocity according to the developing countries' level of development. However, the developing countries were expected to contribute more, according to their level of economic development. For the industrialised countries, including Norway, it was important to differentiate between the richest and the poorest developing countries.⁶¹

Agriculture in GATT

When the GATT was established, exemptions for agriculture were introduced. At that time food import was not a desire of the majority of the members, and food security was regarded as important. The focus was on protecting national markets rather than exporting food.⁶² Agriculture was therefore not fully integrated in GATT.⁶³ Terence Stewart writes that the agricultural rules were designed to adapt to the policies of the big nations, rather than vice versa. Most Western European states tried to gain as much self-sufficiency as possible and to avoid importing food. This is why GATT adopted special rules on agriculture when these states needed to protect their own agricultural sector against imports from food exporting nations and developing countries.⁶⁴ However, exemptions were the UK, which was heavily dependent on food imports especially from other Commonwealth countries, and Denmark that relied on exports of food. The GATT article XI accepted quantitative restrictions on the import of agricultural goods that would be in direct competition with domestically produced food. Subsidies both for production and export were also allowed.⁶⁵ To protect own markets,

⁶⁰ Raghavan 1990: 57.

⁶¹ Proposition to the Storting No. 65 (1993-94): 24.

⁶² Yeutter, Clayton 1998. "Bringing Agriculture in to the Multilateral Trading System" in Jagdish Bhagwati and Mathias Hirsch (eds.), *The Uruguay Round and Beyond. Essays in Honour of Arthur Dunkel*: 61- 77. Heidelberg: Springer, p. 61.

⁶³ Stewart 1993: 133.

⁶⁴ Stewart 1993: 134.

⁶⁵ Helgesen, Hilde 1991. *Det norske grensevernet for jordbruksvarer [The Norwegian Import Protection System for Agriculture]*. Ås: Noregs Landbruksvitenskaplege Forskningsråd, p. 12.

exporting countries also used sanitary and phytosanitary regulations. Stewart argues that the sanitary and phytosanitary regulations often reflected an emotional bias rather than any recognised, scientific evidence regarding food safety standards. It was also a measure that was almost only used by industrialised countries since sanitary and phytosanitarian regulations often required a scientific infrastructure that few developing countries possessed.⁶⁶ It was therefore important for developing countries to have a clear set of rules on these issues, and to integrate agriculture into the agreement.⁶⁷

International trade in agriculture went through a massive change after the Tokyo Round. Agricultural products changed from being a scarce resource to being an area with a lot of overproduction. The subsidised exports increased the problems and led to an imbalance between supplies and demands. The consequences of this situation were trade “wars” and a lack of multilateral discipline.⁶⁸ The panel-case handling the dispute between Norway and the US about apples and pears influenced the Norwegian negotiations. Norway used a system of seasonal regulations for imports of apples and pears. The US maintained that this system was not according to GATT’s regulations. In 1989 the panel concluded that Norway had to change the seasonal import restrictions. However the dispute continued and was not solved before the end of the round. This case was used as an example of how vulnerable Norway was, and that small countries needed more rules and regulations through GATT.

The subsidies and support to farmers in industrialised countries were debated and were issues at the top of the political agenda in many industrialised countries. Programmes were designed to give farmers an adequate income and to restrict access for imports to their agricultural markets. Quantitative restrictions were effective, not costly and limited import. Tariffs was considered to be more transparent, but again more difficult to defend since the costs to consumers because of increased prices on food were more visible.⁶⁹ In the absence of effective rules and discipline in agriculture, domestic pressure led to the increased use of subsidies and restrictions in agricultural trade.⁷⁰ Food exporting agricultural countries and developing countries worked, therefore, to include agriculture in the round.⁷¹

⁶⁶ Stewart 1993: 141.

⁶⁷ Stewart 1993: 154-155.

⁶⁸ NMFA 44.12/51, memorandum Ministry of Trade, Leikvoll, 27.11.86 (dated 1987), attached in letter Ministry of Trade to Ministry of Agriculture, NMFA, The Office of the Prime Minister, Ministry of Finance and selected Embassies, 04.02.87.

⁶⁹ Stewart 1993: 160-162.

⁷⁰ Hine, R.C., K.A Ingersent and A.J. Rayner, 1994a. “Introduction”, in R.C. Hine, K.A. Ingersent and A.J. Rayner (eds.), *Agriculture in the Uruguay Round*: 1-7. Basingstoke: St. Martin’s Press, p. 1.

⁷¹ Hine 1994a: 3 and Stewart 1993: 150-160.

Norway and the Agricultural Negotiations

Norwegian trade with developing countries was limited compared to other industrialised countries.⁷² The Norwegian import protection system made it difficult for developing countries to gain access to the Norwegian market. However, the Norwegian government stated that the Norwegian import protection system, which used quantitative restrictions, was legal within the framework of GATT, because of the “grandfather’s clause”, since the Norwegian import restrictions had been introduced in 1934, before Norway entered GATT. The Norwegian ambassador to the delegation in Geneva, Martin Huslid, gave a speech at a meeting with The Federation of Norwegian Agricultural Co-operatives,⁷³ at which he discussed Norwegian agricultural policies and challenges within GATT. Huslid did not fear any great pressure against the Norwegian import restrictions in the Uruguay Round, and did not expect any big changes in the agricultural sector after negotiations. It was important for the Norwegian and Nordic delegations always to include “specific characteristics” in all documents mentioning agriculture. Huslid said that the Norwegian climate together with the high costs in Norway and geographical conditions made it necessary to have a relatively high level of protection. This could be defended by the fact that Norway was one of the largest food-importing countries in the world.⁷⁴ The Norwegian negotiators were offensive before the negotiations, and it was clear that keeping the Norwegian import protection system was regarded as important.

The Uruguay Round was presented to the Storting for the first time in Report No. 63 to the Storting (1986-87), *On some Trade Political Issues*.⁷⁵ The Cabinet considered the Norwegian mandate to have been established in this report, however, Inger Dag Steen from the Socialist Left Party and Kåre Gjønnes from the Christian Democratic Party later questioned this, especially since the report was presented after the Ministerial Meeting. Norway’s main goals in the negotiations were to strengthen the multilateral set of rules and to secure room for national agricultural production; it was also regarded as important to include trade in services in the agreement.⁷⁶ The conflicting interests in the agricultural negotiations between Norway and the developing countries were visible throughout the round. In Proposition to the Storting No. 65 (1993-94), it was stated that the negotiations on agriculture

⁷² Angell, Valter 1985. *U-landsimportens tilbakegang og stagnasjon [The Decline and Stagnation of Import from Developing Countries]*. NUPI memorandum: 323. Oslo: NUPI.

⁷³ Earlier called “Landbrukssamvirkets Felleskontor” now named Norsk Landbrukssamvirke.

⁷⁴ NMFA 44.12/51, fax del. in Geneva, Huslid to NMFA, Ministry of Trade and Ministry of Agriculture, 29.05.86.

⁷⁵ Author’s translation from Norwegian.

⁷⁶ Report No. 63 to the Storting (1986-87): 17-22.

were complex and Norway had to consider different solutions.⁷⁷ Also in the Report No. 63 to the Storting (1986-87), awareness of a Norwegian dilemma can be identified: “For Norway, the agricultural negotiations in the coming GATT round will be a challenge with many important and often contradicting aspects.”⁷⁸ It was identified that Norwegian interests to protect agriculture would be in conflict with the interests of the developing countries that wanted improved market access and reduced tariffs. In order to meet these demands, Norway tried to balance its position through a dualism in the policy, giving up important position in some fields, while at the same time maintaining the focus of the special characteristics of agriculture. It was also underlined that Norway would have to make concessions on other areas than agriculture, benefiting the developing countries. It was a wish that these concessions would lead to the active participation of the developing countries in the negotiations.⁷⁹ Another challenge was that Norway had defensive interests in agriculture and offensive interests in the negotiations on fish and services.

The Norwegian approach to the Negotiations

The Ministry of Trade and Shipping initially coordinated the negotiations, and there were signs of some coordination problems with the NMFA. In 1988, the Ministry of Trade and Shipping was integrated into the NMFA, and the coordination was performed in the Department of External Economic Affairs II. The department was also referred to as the GATT office. The fact that responsibility for the negotiations was transferred to one office eased the problems of coordination, and the level of conflict was reduced. In addition the North/South department in the NMFA was only limited involved in the negotiations.

The Cabinet had a GATT reference group with representatives from The Norwegian Farmers' Union, the Norwegian Farmers' and Smallholders' Union, The Norwegian Confederation of Trade Unions (LO), the Confederation of Norwegian Enterprise (NHO). In addition, experts from different Ministries provided advice during the negotiations. Reference groups were also established within the main negotiations areas. Non-Governmental Organisations (NGO's) that were interested in participating in these groups were allowed to do so.⁸⁰ Among the organisations, the farming organisations were the most important policy-makers and they also participated at the Ministerial meetings. Other pressure groups were

⁷⁷ Proposition to the Storting No. 65 (1993-94): 37.

⁷⁸ Report No. 63 to the Storting (1986-87): 17. Author's translation from Norwegian.

⁷⁹ Report No. 63 to the Storting (1986-87): 21-22.

⁸⁰ Proposition to the Storting No. 65 (1993-94): 37-38.

only limitedly interested and involved in the negotiations. However, the involvement of NGO's increased towards the end.

The Norwegian delegation in Geneva coordinated the negotiations when conducted in Geneva and were in constant contact with the Department of External Economic Affairs II. The different embassies were to some extent involved in the negotiations. The NFMA cooperated with the Ministry of Finance, the Ministry of Agriculture and other Ministries that had an interest in the negotiations.

The Conservative Party and the Labour Party have traditionally agreed on the main foreign policy issues, also in the area of trade. Little discussion in the Storting and a minimum of public attention have characterised earlier GATT negotiations.⁸¹ The majority in the Storting agreed on the main goals of the negotiations and to work for a more liberal trade regime, while experts handled the technical details and the actual negotiations.⁸² This was the situation at the beginning of the Uruguay Round as well. However, during the round the involvement from the Storting and the media coverage increased. The Members of the Storting were briefed about the negotiations, but the NMFA was reluctant to provide information at critical stages. They feared this would create confusion and unnecessary interference. Members of the Storting, especially during the first phase of the negotiations, did not speak about the Uruguay Round at all when trade related issues were discussed in the Storting. The debate on Norwegian membership of the EC took almost all the attention in these discussions.

The unity between the Conservative Party and the Labour Party on this issue continued throughout the negotiations, and changes in the Norwegian positions can hardly be identified when Norway changed Cabinets. The Labour Party, the Conservative party and Progress Party established by the end of the round, a new Norwegian position in agriculture more adapt to the international development. In addition these parties agreed on common recommendations regarding the Final Agreement, and Norwegian ratification. However, the internal disagreement inside the Cabinet was more visible in the coalition Cabinet between the Conservative Party, the Centre Party and the Christian Democratic Party with Jan P. Syse as prime minister from October 1989 until November 1990. The Centre Party wanted to continue the high level of Norwegian support to agriculture, and to maintain the Norwegian import protection system. The limited involvement of the Storting increased the influence the farming organisations had on the negotiations.

⁸¹ Nordvik 1998: 72.

⁸² Nordvik 1998: 73.

The main goal for Norway was, according to the Cabinet, to strengthen the multilateral set of rules. This was especially important to Norway as a small country. On agriculture it was agreed to improve the conditions on the world market by reducing overproduction and subsidised exports, but it was also important for Norway to secure national self-control over agricultural policy and to underline the importance of non-economic factors. It was also important to establish an internationally accepted import protection system, which had been questioned in the dispute with the US regarding seasonal tariffs on apples and pears. Keeping quantitative restrictions and maintaining subsidies and tariffs on agriculture were also central issues for Norway.⁸³

The Results of the Negotiations

The negotiation results were the most comprehensive in the history of GATT. The results were expected to lead to the development and strengthening of the international rules on trade. Trade in services and intellectual property rights were included in the set of rules, and textiles and agriculture were, for the first time, affected by the rules.⁸⁴ The Cabinet found that the creation of WTO would give the agreement higher authority.

On agriculture, the goal was a reformative process for trade in agricultural goods that would lead to a market-oriented trading system. The results were that protection of and support to agriculture should gradually be reduced with regard to market access, internal support and export subsidies. This should be implemented over a period of six years. However, the support was divided into three boxes, amber, green and blue. Support that could be defined as blue and green were not subjected to reductions, and this contributed that the Final Agreement was regarded as acceptable for Norway. On market access, the import protection system should develop into a tariff-based system, tariffication, with an average reduction of the tariffs of 36 percentages over a period of six years. All import barriers had to be changed into tariffs which should gradually be reduced.⁸⁵ The Cabinet stated in Proposition to the Storting No. 65 that Norwegian agricultural policy could continue with the focus being on non-economic factors such as the environment, regional policy and food security. This was important to Norway. However, the agreement would lead to more competition and cost

⁸³ Proposition to the Storting No. 65 (1993-94): 11.

⁸⁴ Proposition to the Storting No. 65 (1993-94): 9.

⁸⁵ Proposition to the Storting No. 65 (1993-94): 16.

cutting. Tariffication, it was judged, would make it easier to make arrangements that would give the developing countries access to the Norwegian market.⁸⁶

⁸⁶ Proposition to the Storting No. 65 (1993-94): 17-18.

CHAPTER II

Towards A New Round Of Negotiations

In this chapter the development towards a new round of multilateral negotiations shall be described. The phase was called the preparatory phase, and can be characterised as a time when the countries' positions were being clarified. The developing countries opposed a new round before the Working Programme had been implemented, and we shall identify how some developing countries worked against new negotiations, and how it was worked to get an increased focus on areas such as textiles, agriculture and tropical products. The EC also wanted to limit the negotiations and was especially reluctant to include agriculture in the round. It will be discuss how the US and the Cairns Group managed to get support for a new round at a time when many industrialised countries were sceptical and major developing countries opposed new negotiations.

The differences between the developing countries shall be described. In addition the polarisation between the industrialised countries and the developing countries on the one hand, and the increasing disagreements among the developing countries on the other hand, and how this affected the negotiation climate shall be discussed. The difficult preparatory phase that ended with the Ministerial Declaration in Punta del Este that officially launched the negotiations shall be analysed. How could the Ministerial Meeting be conducted in a positive atmosphere when the work in the Preparatory Committee was characterised by polarisation between industrialised countries and the developing countries?

The Norwegian position changed from supporting the initial demands of the developing countries, to working actively in favour of a new round. Why did Norway support a new round and how did Norway work to get new negotiations? Agriculture was put on the agenda accompanied by pressure for liberalisation of the sector. How did the Norwegian government welcome this and what were the domestic reactions to this issue? It shall also be pointed to the Norwegian strategy in the agricultural negotiations, and a Norwegian dilemma in the agricultural negotiations shall be identified.

A new Round or Not?

The main disagreement among the Contracting Parties in the years before the launching of the Uruguay Round was whether a new round of negotiations was desirable or not. The US and

the Cairns Group worked actively in favour of a new round, while developing countries opposed this. The initial initiative for a new round came from the US. The scepticism was high both among developing countries and the industrialised countries. The developing countries opposed a new round before the Working Programme from 1982 had been implemented. The deadline for this implementation was November 1984 but not much had been done, especially on issues important to developing countries. The developing countries were disappointed with the lack of progress and a representative from Uruguay put it this way: “Any initiative such as a new round of negotiations in GATT would be lacking the credibility and devoid of relevance particularly for developing countries.”¹

The position of the Norwegian Ministry of Foreign Affairs on possible new multilateral trade negotiations was that a new round should only be launched after preparations involving the developing countries as well. According to the Ministry, a North/South conflict dimension existed in GATT, but the NMFA also underlined the positive effects for the developing countries that could come out of a new round of discussions and dialogue. The Ministry also expressed that a new round should be well prepared and that the Working Programme from 1982 should be implemented to as great an extent as possible before any official start of a new round. The NMFA stated that a high degree of consensus was necessary to achieve support from the majority of the developing countries, and it was therefore important to meet the needs of them. Safeguards, North/South trade and agriculture were identified as central issues for negotiation for the developing countries.²

Already at this stage, the Norwegian government underlined that Norway would have to give concessions in agriculture as well in order to meet the developing countries’ needs and demands. Norway thus had a flexible position towards a new round. Positive aspects for the developing countries were underlined, but Norway was not pushing for a new round, most likely since the scepticism of a new round was high among the industrialised countries as well. The NMFA therefore saw no need to take a clear stand favouring new negotiations. The Ministry emphasised that the developing countries should be included in the preparations, and that support from the developing countries was necessary before negotiations could start. Norway did not want to increase the already existing North/South conflict in GATT, and the NMFA knew that new negotiations would be difficult if the developing countries did not want a new round. Another reason for the Norwegian position may be that the Ministry saw a need

¹ Preed 1995: 52.

² NMFA 44.12/51, memorandum Department of External Economic Affairs NMFA, Terje Johannessen, 11.09.84.

to meet the demands of the developing countries, and the fact that the Working Programme had not been implemented represented a challenge for the developing countries.

The opposition from the developing countries manifested itself at a GATT Session of the Contracting Parties in November 1984. The developing countries presented a common paper saying that a new round could only be accepted if it was limited to trade in goods. Furthermore, the industrialised countries should remove import restrictions that were considered illegal under the GATT framework and which limited the developing countries' export possibilities. The developing countries wanted to get the parts of the Working Programme from 1982 implemented that were of special interests to themselves before the start of any new round.³ They also placed more focus on textiles, tropical products and agriculture in the next round since previous rounds had only focused on industrial tariffs, leaving out areas important to developing countries.⁴

The Organisation for Economic Cooperation and Development (OECD) decided to support a new round, but the EC, especially France, did not want agriculture to be included in the negotiations in order to protect the EC's Common Agricultural Policy (CAP).⁵ The polarisation between the industrialised countries and the developing countries grew after OECD decided to support a new round. The new situation in which the majority of the industrialised countries favoured a new round influenced the Norwegian position. According to ambassador Huslid, further achievements in GATT lay in a new round of negotiations. However, the industrialised countries had to be prepared to give concessions on areas important to the developing countries. This was of particular importance according to Huslid, since more involvement from the developing countries in a possible new multilateral trade negotiation was expected.⁶ The Ministry of Trade and Shipping shared the analyses and the position of the delegation in Geneva, saying that the international trading system had experienced increased protectionism and bilateralism. Therefore, a strengthening of the multilateral trading system was needed.⁷ The NMFA confirmed the Norwegian position favouring a new round. It was necessary due to the problems GATT was facing. "The time

³ NMFA 44.12/51, del. in Geneva, Martin Huslid to NMFA and Ministry of Trade, 11.02.85.

⁴ Ricupero, Rubens 1998. "Integration of Developing Countries into the Multilateral Trading System", in Jagdish Bhagwati and Mathias Hirsch (eds.), *The Uruguay Round and Beyond. Essays in Honour of Arthur Dunkel*: 9-36. Heidelberg: Springer, p. 13.

⁵ Preed 1995: 54.

⁶ NMFA 44.12/51, del. in Geneva, Huslid to NMFA and Ministry of Trade, 11.02.85.

⁷ NMFA 44.12/51, letter Ministry of Trade to selected Ministries and Embassies, 09.04.85.

has come for all GATT countries to recognise that further substantial progress only on the basis of the 1982 programme is no longer attainable; broad negotiations are called for”.⁸

The Norwegian position in favour of negotiations was based on a perspective that more rules and regulation of the international trading system were necessary for small countries and developing countries. The modified Norwegian position, saying that new negotiations were necessary also before the Working Programme was implemented, did not come as a result of a single decision, but was rather as a result of a process during which the Norwegian positions were identified. It was realised that the main industrialised countries would not give concessions to the developing countries without a new round of negotiations. According to the Norwegian government, Norway and the developing countries had a common interest in new negotiations, since a strengthening of the rules and regulations was regarded as important for small countries and the developing countries.

Disagreements among the Developing Countries

After the industrialised countries had decided to favour a new round, disagreement among the developing countries grew on the question of whether new negotiations were desirable or not. In May 1985, the GATT Council held a meeting at which the question of a new round of negotiations was raised. The EC had started favouring a new round and presented a statement which underlined the need for a stronger structure within GATT, but also that a new round had to consider the trading difficulties of the developing countries. Japan, the US and the Nordic countries also expressed their positive attitude towards a new round of negotiations. After the EC had come out clearly in support of a new round, all industrialised countries favoured new negotiations. This affected the position of many of the developing countries, which became more in favour of a new round.

India referred to the common statement from the Contracting Parties’ session in November 1984, and repeated that the implementation of the Working Programme from 1982 had to be completed before a new round of negotiations could be launched. India’s statement was supported by Egypt and Yugoslavia. Brazil demanded a new round be limited to trade in goods. The ASEAN countries did not make any statement, and the Norwegian delegation reported to the NMFA that the group of developing countries had some difficulties in

⁸ NMFA 44.12/51, talking points, Department of External Economic Affairs I NMFA, 10.06.85.

coordinating their positions. This was considered to be due to the fact that countries from Latin America and Asia had changed position and were more positive to a new round.⁹

The disagreements among the developing countries were confirmed prior to a meeting of the Council in June 1985 at which the developing countries failed to agree on a common paper with demands on what had to be implemented before a new negotiation round could take place.¹⁰ The ASEAN countries, Israel and South Korea in particular had trouble accepting parts of the suggested text, and it was clear that the developing countries had different interests in the negotiations.¹¹ When the OECD decided to support a new round, more developing countries wanted a new round at which the countries could gain commitments to market access in return for accepting new issues.¹² Different opinions between the developing countries on this question weakened the unity of the developing countries, and this led to a decline in their strength. It was clear that the earlier common statement presented by India no longer had the support of all the developing countries.

At the meeting of the Council in June, a new multilateral trade negotiation was discussed for the first time as a point on the agenda. The so-called hardliners, with India and Brazil in the forefront, supported by Egypt, Pakistan and Yugoslavia, demanded a better trading system with special focus on issues that were considered to be important to the developing countries.¹³ On behalf of 23 countries¹⁴, India presented a position paper demanding implementation of the Working Programme. The main goal for a new round should be increased market access for developing countries, especially on tropical products and agriculture. In addition, the group of developing countries wanted to abolish the Multi Fibre Agreement (the MFA) on textiles and supported liberalisation and cuts in subsidies for agricultural products. The main opponents of new negotiations realised that it would be difficult to hinder a new round and wanted therefore to get support for important demands for developing countries before possible negotiations. The fact that far from all developing countries supported the position paper presented by India showed that, at present, the disagreement among the developing countries was the main conflict in GATT, and not as previously, a disagreement between the industrialised countries and the developing countries. The ASEAN countries, South Korea, Israel, Chile and Turkey supported many of the

⁹ NMFA 44.12/51, fax del. in Geneva to NMFA and Ministry of Trade, 02.05.85.

¹⁰ NMFA 44.12/51, fax del. in Geneva to NMFA and Ministry of Trade, 04.06.85.

¹¹ NMFA 44.12/51, fax del. in Geneva to NMFA and Ministry of Trade, 05.06.85.

¹² Preed 1995: 55.

¹³ Croome 1999: 17.

¹⁴ The 23 countries were: Argentina, Bangladesh, Brazil, Burma, Cameroon, Colombia, Cuba, Cyprus, Egypt, Ghana, Ivory Coast, India, Jamaica, Nicaragua, Nigeria, Pakistan, Peru, Romania, Sri Lanka, Tanzania, Uruguay, Yugoslavia and Zaire.

demands presented by India but were generally in favour of a new round.¹⁵ The reason for these countries favouring a new round was probably a reflection of what would benefit these countries the most. They were more economically advanced, and considered increased market access as important for economic development. The split in unity among the developing countries can therefore be explained by increasing economic difference between the developing countries.

The polarisation between the developing countries weakened their position, and it was therefore easier for the US and the Cairns Group to push for a new round. For Norway, too, it was easier to take an active stand in favour of new negotiations when this would not lead to a confrontation with a united group of developing countries. India and Brazil also lost credibility when claiming speaking on behalf of all developing countries, when in fact India and Brazil only spoke on behalf of a limited group of developing countries.

During the next meeting, Brazil, India and Egypt blocked a suggestion calling for a High Official meeting in September that was suppose to initiate the preparations for new negotiations.¹⁶ The US, therefore, initiated a written poll, and the results showed that 63 out of 90 countries entitled to vote were in favour of an extraordinary session of the Contracting Parties, including all the Nordic countries.¹⁷ All decisions in GATT were usually taken by consensus, but by initiating a poll, the US wanted to prevent the hardliners from blocking a new round. The huge support in favour of negotiations made it visible for the Contracting Parties that the developing countries that opposed a new round were isolated. By contributing to a split between the developing countries, the US managed to get overall backing for a new multilateral trade negotiation. Using a written poll was new in GATT, and by doing so the US showed willingness to break the consensual line in GATT in order to initiate new negotiations.

In the extraordinary session of the Contracting Parties in October an agreement was reached that a group of Senior Officials (SOG) should start the preparatory work towards a new round. The NMFA was satisfied with the result of the meeting and wrote: "The Session showed that a small minority can no longer use modalities as a tool to prevent a process the vast majority of the members want."¹⁸ The hardliners were identified as a small group of

¹⁵ NMFA 44.12/51, fax del. in Geneva to NMFA and Ministry of Trade, 07.06.85.

¹⁶ NMFA 44.12/51, fax del. in Geneva to NMFA and Ministry of Trade, 19.07.85.

¹⁷ NMFA 44.12/51, memorandum Department of External Economic Affairs I NMFA, Arve Thorvik, 13.09.85.

¹⁸ NMFA 44.12/51, memorandum Department of External Economic Affairs I NMFA, 23.10.85. Author's translation from Norwegian.

difficult countries that were not constructive negotiation partners. The industrialised countries could therefore more easily work for their demands and interests.

The meetings of the Senior Officials were difficult, and the US even threatened to remove the countries creating difficulties from the American list of the General System of Preferences (GSP). After not managing to block a new round, the hardliners now demanded the negotiations not include new issues, especially not trade in services. The industrialised countries regarded it as important to establish a Preparatory Committee without an instruction not to include new issues. Since the Nordic countries were in favour of the negotiations and to include trade in services, it was important to focus on the positive aspects, which might be attained from a round for the developing countries. “Small industrialised countries and developing countries have much in common,” Sweden stated on behalf of the Nordic countries.¹⁹

The increased polarisation between the developing countries made the situation more difficult for the hardliners. They could no longer block a new round, so their main concern was to exclude trade in services from the next round. The industrialised countries used the disagreement between the developing countries to gather support, and worked hard to gain acceptance for including new issues in the negotiations.

Norway and Developing Countries

Since many developing countries still were sceptical about including new issues in the negotiations, Norway approached some developing countries in an attempt to influence their position. After the difficult situation in the Senior Official Group, the NMFA wrote a letter to the Norwegian Embassies in developing countries.²⁰ The Embassies were instructed to contact the respective governments to underline the importance of establishing a Preparatory Committee without any preconditions at the Contracting Parties session in November. The result should be reported to the Ministry of Foreign Affairs and the Ministry of Trade,²¹ and this contact should be made jointly with the Finnish and Swedish embassies.²² This was an attempt to prevent the demands of the hardliners that new issues should not be included in the

¹⁹ NMFA 44.12/51, fax del. in Geneva, draft Nordic Opening Statement, 11.10.85.

²⁰ NMFA 44.12/51, letter Minister of Foreign Affairs signed by Director General Johannessen, to selected Embassies, 25.10.85.

²¹ In the report from the Embassy in Abidjan a person from the NMFA questioned why the Embassy was asked to report on these issues. In the answer it was written that this initiative was taken together with the Ministry of Trade. The writing shows a disagreement among persons in the two Ministries as to who was to be responsible for the negotiations.

²² NMFA 44.12/51, fax Ministry of Trade to selected Embassies in developing countries, 19.11.85.

round. Norway wanted to use its position as a nation friendly to developing countries to influence the developing countries to be positive to a new round, and not to support the hardliners' demands.

The Norwegian Embassy in Manila reported that the Philippines shared the Nordic perspective and that ASEAN favoured the establishment of a Preparatory Committee. It was however important to Manila to avoid an open conflict with other developing countries.²³ A meeting with the Malaysian representative confirmed that ASEAN supported the establishment of a committee. Malaysia criticised India and Brazil for claiming to be speaking on behalf of all developing countries.²⁴ The countries in the group of hardliners were also approached. The Embassy in Belgrade reported that Yugoslavia would accept a new round and wanted to strengthen the multilateral trading system. It was however important to implement the Working Programme from 1982 and to separate trade in goods from trade in services. However, Yugoslavia criticised the industrialised countries for not paying attention to the demands proposed by the developing countries. Suggestions that were raised by developing countries never led to any debate, and little attention was paid to the position of the developing countries.²⁵ The Norwegian Embassy in Dar Es Salaam reported that Tanzania fully supported the Nordic countries' position and the government would give instructions to the delegation in Geneva to cooperate with the Nordic delegations.²⁶ The Nigerian government also agreed with the Nordic countries that trade in services should be included in the next round of negotiations. However, the G77²⁷ was generally sceptical about a new round taking place before the implementation of earlier resolutions and decisions had been accomplished. Nigeria wanted to follow the decisions taken in G77.²⁸

The information given to the Norwegian Embassies about the position of Nigeria and Tanzania was not in line with the position taken by these countries in the actual negotiations. In the negotiations, Tanzania and Nigeria in fact supported the hardliners and there were huge differences between the position of the hardliners and the Norwegian position. However, at the meeting with the Norwegian Embassy it was stated that Tanzania supported the Norwegian position. This can be explained by limited contact between the countries' delegation in Geneva and the capital. The developing countries had few resources to use in the negotiations, and few people were involved in them on a daily basis. This affected the

²³ NMFA 44.12/51, fax Emb. in Manilla to NMFA and Ministry of Trade, 21.11.85.

²⁴ NMFA 44.12/51, fax Emb. in Kuala Lumpur to NMFA and Ministry of Trade, 22.11.85.

²⁵ NMFA 44.12/51, fax Emb. in Belgrade to NMFA and Ministry of Trade, 21.11.85.

²⁶ NMFA 44.12/51, fax Emb. in Dar Es Salaam to NMFA and Ministry of Trade, 21.11.85.

²⁷ G77 is a group of developing countries within the United Nations.

²⁸ NMFA 44.12/51, fax Emb. in Lagos to NMFA, 26.11.85.

level of information to the capital and also the level of involvement, both by the capital and by the delegation in Geneva. The delegation in Geneva may not have been informed about the position in the capital and vice versa. Another explanation may be that the Nordic countries were major donor countries, and the home officials did not want to disagree with the Nordic countries. It might be that the officials in Tanzania quite likely wanted to please the Nordic Embassies since the Nordic countries gave a great amount of developmental aid to Tanzania.

The Establishing of the Preparatory Committee

The Preparatory Committee were established at the Contracting Parties' Session in November 1985, however, India and Brazil continued with their opposition. It was agreed to establish a Preparatory Committee with a mandate to work on negotiation themes, goals, modalities and participation in the new round of multilateral trade negotiations. This was the formal beginning of the preparation of a new round, and it was officially decided that negotiations should take place. Brazil and India had understood that it would not be possible to block negotiations, so the next step was to get support for a set of preconditions linked to the work in the committee. Furthermore, the hardliners opposed including new issues.²⁹ Brazil and India did not gain any support for the preconditions, and this was considered to be a victory for the industrialised countries. Despite the disagreement with the hardliners, which now only consisted of ten countries,³⁰ the session had few other elements of a North/South polarisation, and this was considered to be a great advantage in the upcoming negotiations.³¹

The NMFA welcomed the decision to establish a Preparatory Committee. "This would make it easier for the national governments to resist pressure from protectionism."³² The belief was that a new round would lead to increased international trade and broader integration of the developing countries in world trade.³³ The quote underlines what Melchior and Norman pointed to, i.e. that international trade agreements are necessary to resist strong protectionist pressure groups. The Norwegian Cabinet was accused by farming organisations later in the negotiations of using the negotiations as an excuse for major structural changes in the agricultural sector.

²⁹ Croome 1999: 21.

³⁰ The countries were: Argentina, Brazil, Cuba, Egypt, India, Nicaragua, Nigeria, Peru, Tanzania and Yugoslavia.

³¹ NMFA 44.12/51, fax del. in Geneva to NMFA and Ministry of Trade 29.11.85.

³² Author's translation from Norwegian.

³³ NMFA 44.12/51, memorandum Department of External Economic Affairs I NMFA, Anne Nesmoen, 30.01.86.

After the meeting in November it was clear that support for Brazil and India had further declined. The North/South polarisation was replaced by polarisation among the developing countries. Strong groups such as ASEAN saw that cooperation could benefit them more than opposition. The ASEAN countries were economically more powerful and experienced rapid economic growth. These countries had therefore much more in common with the industrialised countries than with many of the developing countries. It is also likely that pressure from industrialised countries contributed to a split in the group of developing countries. However, many countries, such as Norway, underlined the need to give special treatment to the developing countries. The opposition from the hardliners, and their emphasis on the problems the developing countries could face in the round, might therefore have contributed to increased awareness of the special needs of the developing countries.

Dunkel led the work in the Preparatory Committee and the main task was to write a draft ministerial declaration. Even though the majority of the developing countries supported the establishing of the Preparatory Committee, the developing countries repeated their demands for special treatment and referred to the Enabling Clause under the already existing GATT rules. They underlined textiles, tropical products and agriculture as fields within which special treatment for developing countries was necessary. Industrialised countries responded to that by saying the most advanced developing countries had to give up some of their benefits. The US was the country most strongly opposed to special and differential treatment for developing countries.³⁴

Continued North/South Polarisation

At a meeting in OECD in December 1985, Dunkel informed the OECD countries of the latest development in GATT. Dunkel said that the meeting of the Contracting Parties had changed the geopolitical situation in GATT, and the North/South polarisation was not as visible as before. The OECD member countries agreed not to act as one group during the negotiations. This might give the impression of “ganging up” against the developing countries. This underlined that the industrialised countries were still aware of the risk that the developing countries might claim that the round was only focusing on the needs of the industrialised countries. However, many OECD countries expressed the idea that the most advanced

³⁴ NMFA 44.12/51, memorandum Department of External Economic Affairs I NMFA, 29.01.86.

developing countries should be ready to give up some of their benefits.³⁵ The scepticism against having the same conditions for all developing countries was a signal that OECD did not regard the developing countries as a homogeneous group, since the more advanced developed countries were expected to give up some of their preferences and benefits.

At the same time as the OECD meeting, representatives from G77 met in New Delhi, together with a group of Indian civil servants. The meeting expressed support for the hardliners among the developing countries. The conclusion of the meeting focused on the problems in the developing countries, which were considered to be a result of protectionism in the industrialised countries.³⁶ The support of the G77 meeting gave an important signal to India and Brazil indicating to maintain the strong opposition in the negotiations. The G77 did not operate as a group in the negotiations, but India and Brazil enjoyed greater legitimacy when the countries claimed to be speaking on behalf of the developing countries. The reasons for the renewed support to India and Brazil may have several explanations. The developing countries that supported a new round could have felt pressure from the hardliners at the meeting in India, especially since industrialised countries were not present at the meeting. Another explanation may be that the representatives attending the G77 meeting worked mainly with issues related to UNCTAD, and were different people to those from developing countries present in Geneva and working with GATT. It may also be the case that the developing countries that supported the new round saw the need to express that the developing countries had special needs and problems that had to be addressed. The meeting in India and the work in the Preparatory Committee showed that the polarisation between the developing countries and the industrialised countries still existed, and that the developing countries could operate together as one united front.

The Norwegian Interests in the Negotiations

A Norwegian dilemma in the negotiations was how to protect the agricultural sector without coming into conflict with the developing countries. It was maintained by many developing countries that agriculture should be given a high priority in the negotiations. The Nordic countries replied that the special characteristics of agriculture had to be recognised.³⁷ For Norway, one challenge was to balance the demands for agricultural liberalisation from the

³⁵ NMFA 44.12/51, note Ministry of Trade, Kjell Martin Fredriksen to selected Ministries and Embassies, 13.12.85.

³⁶ NMFA 44.12/51, Emb. in New Delhi, Tancred Ibsen to NMFA, 03.01.86.

³⁷ NMFA 44.12/51, del. in Geneva to NMFA and Ministry of Trade, 07.02.86.

developing countries, and Norway's claim for recognition of the special characteristics of agriculture. For a country as Norway that wanted to be viewed as friendly to developing countries, this was clearly a dilemma. The Norwegian delegation in Geneva advised the NMFA that due to different interests within agriculture between Norway and the developing countries, Norway should not play an active role in areas important for the developing countries.

In light of the few possibilities the Nordic countries have for concrete concessions it is not natural that the Nordic countries take any kind of special initiative in questions important for the developing countries, with the exception of the least developed countries.³⁸

Also among the Nordic countries, it was agreed that due to the relatively small concessions the Nordic countries were willing to make in the agricultural negotiations, it was agreed to keep a low profile in this area.³⁹ The Nordic countries would take a defensive position in the negotiations, since agriculture would create much tension and disagreement in the negotiations. A potential role as nations friendly to developing countries nations would therefore be challenged if the Nordic countries were identified as reluctant to make concessions in the agricultural negotiations.

In order to draw attention away from the defensive agricultural position, the NMFA wanted to indicate a willingness to embark on a gradual dismantlement of the textiles restrictions, as well as a strong commitment on standstill and rollback. This could also overcome the scepticism among the developing countries about including new negotiation themes in the round.⁴⁰ On textiles Norway had earlier GATT worked to maintain national control in textile production. However, when Portugal joined the EC Norway realised that the competition would be so high, that further protection would not be possible. Norway therefore decided to give extensive concessions in textiles, and underlined that this was an important area to the developing countries.

A Norwegian strategy can be identified. To solve the Norwegian dilemma, Norway sought to protect the agricultural sector, whilst giving concessions in other areas important for the developing countries. On agriculture, Norway should keep a low profile, since Norway did not have much to offer in way of concessions. A low profile could prevent a negative focus on the Norwegian agricultural policy. However, on other areas important for the developing countries, Norway was ready to give concessions. This would show that Norway

³⁸ NMFA 44.12/51, del. in Geneva to NMFA, 04.02.86. Author's translation from Norwegian.

³⁹ NMFA 44.12/51, summary of meeting, Ministry of Trade to MFA in Nordic countries, 17.02.86.

⁴⁰ NMFA 44.12/51, memorandum Department of External Economic Affairs I NMFA, Nygaard, 02.06.86.

wanted to integrate the developing countries into the trading system. A dualism in the Norwegian policy can be identified. On the one hand, a willingness to work to improving the conditions for the developing countries existed, while on the other hand, it was important to protect national agricultural interests.

In his speech on foreign policy on 4 December 1985, the Norwegian Minister of Foreign Affairs, Sverre Strøm from the Conservative Party, informed the Storting about the latest development in GATT. He said that the preparations for a new round of multilateral trade negotiations had started. The Minister underlined that a successful result would lead to increased international trade and the increased participation of the developing countries in the trading system. Strøm stated that, for the industrialised countries, the negotiations represented new possibilities but the industrialised countries had to be prepared to give concessions in traditional areas in which new countries in the trading system could produce better and cheaper products. This was a signal that Norway was prepared to give concessions on areas important to developing countries, however agriculture was not mentioned specifically. In the debate following, no Member of the Storting spoke about the GATT negotiations.⁴¹ The level of knowledge about GATT was low, and there are reasons to believe that the MP's did not foresee the consequences and the huge implications the negotiations would have. The high level of consensus in Norwegian foreign policy, and a more or less common view on trade policy between the Labour Party and the Conservative Party may explain the lack of attention the preparations drew in the Storting.

Drafting of the Ministerial Declaration

The process to draft a Ministerial Declaration was difficult and the polarisation increased. The goal was for the Preparatory Committee to agree on one proposal for a Ministerial Declaration to be presented at the Ministerial Meeting. When it was realised that the drafting of a common proposal was difficult, especially since the hardliners opposed the inclusion of trade in services in the declaration, two different groups started to draft their proposal for a Ministerial Declaration.⁴² An informal group of industrialised countries held private meetings in the EFTA conference facilities and worked on one proposal. The US, the EC and Japan withdrew from the group for tactical reasons, so the group was associated with the EFTA countries.⁴³ The EFTA countries presented a document, and the main reaction from the developing

⁴¹ S.tid. (1985-86): 1269-1276. (04.12.85.)

⁴² NMFA 44.12/51, fax del. in Geneva to NMFA and Ministry of Trade, 17.06.86 (written 1987).

⁴³ Preed 1995: 58.

countries was that the countries wanted clearer focus on differential treatment and a better draft on textiles and tropical products. Brazil opposed the proposal because it included trade in services, but Chile and Hungary said that the document could be a basis for further negotiations.

On behalf of a group of ten developing countries,⁴⁴ Brazil presented its draft ministerial document. The main issues were standstill, rollback, tropical products and agriculture. The overall reactions to the document were reserved and negative. Colombia expressed disappointment that the group of ten countries, the “G-10”, did not consult other developing countries while drafting the proposal. The industrialised countries strongly opposed the document since no new issues were included in the text. It also included strict standstill and rollback demands, which Norway said would delay a new round. The internal disagreements in the group of developing countries grew, and many countries reacted negatively that Brazil and India were taking such a defensive position in the negotiations.⁴⁵

The EFTA countries stood against G10, and both groups started to redraft their documents, especially to please the more “moderate” developing countries that were identified as “G20”.⁴⁶ The Norwegian delegation in Geneva wrote that the revised suggestion from G10 still was too far reaching. It was impossible to have a dialogue with G10 in the drafting procedure, so EFTA, G20, the EC and Japan were working together on a new common text.⁴⁷ The formation of G10 and G20 was a clear signal that the developing countries were split, and had different opinions regarding a new round. However, the groups did not continue to act as formal groups in the negotiations after the preparation work. With such an identified disagreement among the developing countries, it was more difficult for the hardliners to claim to speak on behalf of the developing countries, since the majority of the developing countries actually agreed with the industrialised countries in the Preparatory Committee.

The Preparatory Committee did not manage to agree on one common proposal for a Ministerial Declaration and ended its work on 31 July. Three texts were sent from the Committee to the Ministerial Meeting. The EFTA group with G20, the EC and Japan presented one text, and this group was now called the “G47”. The second text was the proposal from G10, and the third a draft from Argentina in an attempt to produce a

⁴⁴ The countries were: Argentina, Brazil, Cuba, Egypt, India, Nicaragua, Nigeria, Peru, Tanzania, and Yugoslavia.

⁴⁵ NMFA 44.12/51, fax del. in Geneva to NMFA and Ministry of Trade, 30.06.86.

⁴⁶ NMFA 44.12/51, fax del. in Geneva to NMFA and Ministry of Trade, 09.07.86.

⁴⁷ NMFA 44.12/51, fax del. in Geneva to NMFA and Ministry of Trade, 16.07.86.

compromise between the two other documents. The main disagreement between the G10 and the G47 was whether to include new issues in the round. This situation where two groups disagreed on such an important point, caused increased fear of a difficult Ministerial Meeting.⁴⁸ Again we can identify that the industrialised countries managed to get the majority of the developing countries to support their line in the negotiations. A united group of developing countries, with coordinated demands, could have influenced the Ministerial Document in a significant way. However, due to the position taken by the hardliners, to oppose new issues something that was viewed as extreme, the moderate developing countries rather formed alliances with the industrialised countries.

The Ministry of Trade expressed satisfaction with the role Norway played during the preparatory phase of the negotiations. The draft ministerial document presented by G47 was considered to be a good proposal from the Norwegian perspective.⁴⁹

The Ministerial Meeting

The difficult work in the preparatory phase could have lead to a difficult Ministerial Meeting. However, the Ministerial Meeting ended with a unanimously adopted declaration. It had been decided that Uruguay should host the Ministerial Meeting, a decision welcomed by the developing countries.⁵⁰ The meeting was held in Punta del Este, a holiday resort near the coast. Meeting facilities in Punta del Este were absent. The head of delegation meeting took place in a hotel nightclub, and the plenary was conducted in a Casino.⁵¹ However, to hold the Ministerial Meeting in a developing country was regarded as an important signal that this round should address the special problems for the developing countries.

The question of the participation of South Africa in the negotiations was expected to cause disagreement at the Ministerial Meeting. During the last meeting of the Preparatory Committee, Nigeria raised the question of the participation of the South African apartheid regime. Several African countries condemned South Africa and suggested excluding South Africa from the new round.⁵² At the beginning of the Ministerial Meeting, Jamaica formally suggested excluding South Africa. The Norwegian Ministry of Foreign Affairs instructed the delegation to vote against this proposal with an explanation to the vote. The explanation

⁴⁸ NMFA 44.12/51, fax del. in Geneva to NMFA and Ministry of Trade, 01.08.86.

⁴⁹ NMFA 44.12/51, fax Ministry of Trade, Leikvoll to selected Ministries and Embassies, 03.09.86.

⁵⁰ NMFA 44.12/51, fax del. in Geneva to NMFA and Ministry of Trade, 16.04.86.

⁵¹ Croome 1999: 23.

⁵² NMFA 44.12/51, memorandum Department of External Economic Affairs NMFA, Bjørn Barth to Minister of Foreign Affairs, Kurt Mosbakk, 02.09.86.

underlined that Norway considered universality as a basic principle within the United Nations, and therefore could not expel South Africa from the negotiations.⁵³ After pressure from the Soviet Union, Jamaica did not raise the suggestion and the issue was not discussed.⁵⁴

On 20 September the formal decision to launch a new round of Multilateral Trade Negotiations was taken. The adopted Ministerial Document closely resembled the original text suggested by the G47. Trade in services, agriculture, intellectual property rights and investments were all mentioned.⁵⁵ In the preamble it was said that the official name of the upcoming process was the “Uruguay Round” in honour of the host.⁵⁶ The Punta del Este declaration also said that differential and more favourable treatment of developing countries should be applied in the negotiations.⁵⁷ The declaration stated that the round should aim at; “bringing all measures affecting import access and export competition under strengthened and more operationally effective GATT rules and disciplines.”⁵⁸ An important decision was the agreement on the so-called “single undertaking”. It meant that: “nothing is agreed until everything is agreed.”⁵⁹ The developing countries were the main proponents of the single undertaking. Latin American countries wanted to avoid what had happened earlier, that liberalisation of agricultural trade was not fully integrated in the agreements.⁶⁰ By definition, all countries had veto-power regarding all parts of the agreement. However, it was not possible for a country to claim exemptions from some parts of the negotiations result.

On agriculture the Contracting Parties agreed that there was “an urgent need to bring more discipline and predictability to world agricultural trade.” This was the first time agriculture was fully included in the negotiations. The declaration underlined the need for liberalisation and to bring agriculture under GATT rules. Also improved market access through a reduction of import barriers and increased disciplines on subsidies should be a part of the agricultural negotiations. Lastly the effects that sanitary and phytosanitarian regulations had on agriculture should be addressed.⁶¹ With the text on agriculture the countries with defensive interests on

⁵³ NMFA 44.12/51, memorandum Political Department NMFA, Rolf Willy Hansen to Department of External Economic Affairs II NMFA, 11.09.86.

⁵⁴ NMFA 44.12/51, memorandum Ministry of Trade, Leikvoll to selected Ministries and Embassies, 23.09.86.

⁵⁵ NMFA 44.12/51, fax del. in Geneva to NMFA and Ministry of Trade, 28.10.86.

⁵⁶ Croome 1999: 25.

⁵⁷ UNCTAD 1994. *The outcome of the Uruguay Round: An initial assessment*. Report by the Secretariat of the United Nations Conference on Trade and Development. New York: United Nations Publication, p. 17.

⁵⁸ Hine 1994a: 261.

⁵⁹ Croome 1999: 26.

⁶⁰ Ricupero 1998: 16.

⁶¹ Proposition to the Storting No. 65 (1993-94): 728. The full text in the Ministerial document is: Negotiations shall aim to achieve greater liberalisation of trade in agriculture and bring all measures affecting import access and export competition under strengthened and more operationally effective GATT rules and disciplines, taking into account the general principles governing the negotiations by: Improving market access through, inter alia,

this issue, such as Norway opened for increased disciplines, concessions and liberalisations in agriculture. This was regarded as important especially to the developing countries. Norway had opened up for structural changes in the agricultural sector and for a possible change in the import protection system. This was a challenge for Norway; however, the text was found acceptable since the reduction commitments had to be negotiated. Also, more rules and disciplines were regarded as important for Norway, in addition to include services.

The negotiations were an opportunity for the US to reform domestic policy through international negotiations abroad.⁶² The US position in the negotiations was offensive and demanded political courage from the Reagan administration, due to increased domestic opposition to major reforms in agriculture.⁶³ The US and the Cairns Group pushed for putting agriculture on top of the negotiation agenda, and managed this because other controversial issues such as trade in services and intellectual property rights took away some of the attention from agriculture during the Ministerial meeting.⁶⁴ The Cairns Group had a quarter of the world exports of agricultural products and access to other markets was regarded as extremely important.⁶⁵

The EC wanted to limit the negotiations to a modification of existing agricultural policies rather than radical reform. However, the EC member countries were divided on how far the countries wanted to go in reducing support to domestic agriculture.⁶⁶ The EC policy on agriculture was under pressure. Improved access to the EC market and an end to subsidised competition in third country markets were demands from the Cairns Group and other countries. There was also internal pressure for reform of the Common Agricultural Policy for budgetary reasons.⁶⁷ In 1986, the EC subsidised price for wheat was more than double the world market price.⁶⁸

All decisions at the meeting were adopted unanimously, but the hardliners made some statements scepticism against including new issues in the negotiations were expressed. The

the reduction of import barriers; Improving the competitive environment by increasing disciplines on the use of all direct and indirect subsidies and other measures affecting directly or indirectly agricultural trade, including the phased reduction of their negative effects and dealing with their causes; Minimising the adverse effects that sanitary and phytosanitary regulations and barriers can have on trade in agriculture, taking into account the relevant international agreements.

⁶² Hillman, Jimmye S. 1994. "US perspective", in Hillman, Jimmye S. 1994. "US perspective", in R.C. Hine, K.A. Ingersent and A.J. Rayner (eds.), *Agriculture in the Uruguay Round*: 26-54. Basingstoke: St. Martin's Press, p. 32.

⁶³ Hillman 1994: 33.

⁶⁴ Yeutter 1998: 66.

⁶⁵ Croome 1999: 93.

⁶⁶ Hine 1994a: 58-60.

⁶⁷ Hine 1994a: 56.

⁶⁸ Preed 1995: 93.

conflict level was, however, lower than expected, and this was considered to be an important step towards fruitful negotiations. The opposition from the hardliners had weakened and most of the developing countries did not support their position. The level of confrontation was therefore less than feared. The NMFA wrote that it was positive that the results were achieved without increasing polarisation and that the atmosphere was better than at earlier GATT negotiations.⁶⁹ Again the industrialised countries managed to isolate the hardliners, and due to the majority of the developing countries supporting a new round, the hardliners realised it was impossible to prevent new issues from being included in the negotiations. Norway was satisfied with the outcome of the meeting, which was considered to have taken place in a spirit of “conciliation and constructive deliberations”. The ministerial declaration contained all essential elements of the draft declaration from G47 important to Norway according to the Ministry of Trade.⁷⁰

The Norwegian Preparations

There was no political attention in Norway on the negotiations in the initial phase, and the division of work between the Ministry of Foreign Affairs and the Ministry of Trade was not clearly defined. During 1986, the Minister of Foreign Affairs did not once comment upon the GATT negotiations in the Storting, nor did any members of the Storting raise the issue. General awareness of the round was limited and the Norwegian position represented the outcome of discussions within the Ministry of Foreign Affairs and the Ministry of Trade. The lack of interest in the preparatory phase from the members of the Storting, the organisations, especially the farmers’ organisations and the media, may be explained due to a lack of information given by the government, but also because it was not expected that the round should be different from other GATT negotiations where the results had not lead to great implications for Norway. The Storting had traditionally not been involved in trade-related issues, and it was not therefore a tradition to discuss such matters in the Storting. The Punta del Este Declaration was not discussed and not presented to the Storting before 1987, something that was later criticised. It was questioned whether the Minister of Trade, Kurt Mosbakk from the Labour Party, had a mandate to agree on the Punta del Este Declaration that committed Norway to reductions and liberalisations in agriculture. However, Members of the Storting did not request information on the negotiations.

⁶⁹ NMFA 44.12/51, memorandum Ministry of Trade, Leikvoll to selected Ministries and Embassies, 23.09.86.

⁷⁰ NMFA 44.12/51, fax Ministry of Trade to Emb. in Seoul, 24.09.86.

The Norwegian preparations were to be made under the supervision of the Ministry of Trade, since the negotiations were trade-related. The division of work between the Ministry of Foreign Affairs and the Ministry of Trade was, however, unclear. In a memorandum from the North/South department at the Ministry of Foreign Affairs, the disagreement was spelled out. The North/South department reacted to indications given in the OECD by representatives from the Ministry of Trade that Norway was positively disposed to including regulations of investments in the negotiations. The department questioned this position, and asked whether the Ministry of Foreign Affairs had been consulted about this position. Officials in the North/South department were of the opinion that the Ministry of Foreign Affairs should have the coordinating and leading role in questions relating to international institutions.⁷¹ Also, in a note from the Ministry of Foreign Affairs Department of External Economic Affairs to the Minister of Foreign Affairs, the issue of the organisation of the Norwegian participation was raised. These officials expected the negotiations to be complicated and far-reaching, and they thought the next round would have more potential for political tension compared to earlier rounds. The foreign policy dimension was expected to be central, and the Department of External Economic Affairs argued for the Ministry of Foreign Affairs coordinating the round and playing a central role in the negotiations.⁷²

Conclusion

Before the Ministerial Meeting three positions among the Contracting Parties can be identified: that of the industrialised countries that eventually all favoured a new round, that of the developing countries that favoured a new round and the developing countries that opposed a new round. The split among the developing countries helped isolate the hardliners and the industrialised countries, and especially the US and the Cairns Group managed to get all their important issues included in the Ministerial Document. A united group of developing countries could have achieved major influence on the Ministerial Document, and could even managed to delay the round, since it would be difficult to gain acceptance for a new round if all developing countries opposed it. However, the economical more advanced developing countries had interests in a new round, and to cooperate with industrialised countries to receive market access.

⁷¹ NMFA 44.12/51, memorandum North/South department NMFA, 03.04.86.

⁷² NMFA 44.12/51, note Department of External Economic Affairs II NMFA, to Minister of Foreign Affairs, 19.08.86.

Norway, was at first sceptical to a new round before the Working Programme had been implemented. However, as many developing countries and industrialised countries signalled to be in favour of a new round, Norway's position changed. The NMFA meant that small countries and developing countries had much in common and that both groups would gain from more effective GATT's rules and regulations. For Norway it was important to keep national control in the agricultural policy. However, the developing countries wanted increased market access and liberalisation in the agricultural sector. A Norwegian dilemma has been identified. In the agricultural negotiations it was a challenge to Norway to meet the demands from the developing countries, and at the same time, working for acceptance for recognition of the special character of agriculture. To meet this dilemma, it was therefore important to the Nordic countries to underline those areas of common interest with the developing countries. On the issue of rules and procedures, the Nordic countries underlined the importance to strengthen this, for small countries and for developing countries. Norway was also open to giving concessions on areas important to developing countries, other than on agriculture. On tropical products, where Norway did not need to defend its own interests, Norway stated that greater liberalisation had to be prioritised because of the great importance of these products to developing countries.⁷³ Also on textiles, Norway was willing to admit greater access for the developing countries, mainly since Norway had given up its earlier restrictive position regarding textiles. In the area of services, however, Norway put pressure on developing countries to get this accepted as a part of the negotiations.

Giving concessions to the developing countries was an idealistic stand, wanting to work to improve the conditions for the developing countries, but it was also a strategically position; the developing countries had to get concessions on areas important to them in order to accept issues important for industrialised countries to be included in the round. However, on areas such as agriculture, where the Nordic countries and the developing countries had interests that could be in conflict, the Nordic countries decided to keep a low profile.

In the initial round there was virtually no public interest in the matter in Norway. This can be explained in that earlier rounds had had results that were either favourable or innocuous to Norway. Traditionally trade policy had not been an area with high involvement from the Storting, and the consensus between the Conservative Party and the Labour Party on these issues had been common.

⁷³ NMFA 44.12/51, del. in Geneva, Nordic statement by Norway 26.01.86.

CHAPTER III

From The Initial Phase To The Mid Term Review

The initial phase of the negotiations, from the Punta del Este meeting to the Mid Term Review in Montreal, shall be analysed in this chapter. The main discussion on agriculture was between the Cairns Group and the US on the one hand, that wanted an elimination of agricultural support, and the EC, the EFTA countries and Japan on the other, that wanted to continue to protect national interests in the agricultural sector. Differences between the agricultural positions among the developing countries shall be identified. The Mid Term Review failed to achieve any agreement due to disagreement in the agricultural negotiations. The reason for this failure and the implications shall be discussed.

Informal meetings in a limited group of countries became a normal way to solve problematic issues during the negotiations. It shall be identified how these meetings affected the negotiations, and especially how they influenced the involvement of the developing countries. The agricultural negotiations posed a challenge to Norway. Norway had a vulnerable import protection system and it shall be discussed how the Norwegian government worked to maintain this system. However, the import protection system was put under heavy pressure. The Norwegian dilemma manifested itself, and the Norwegian Cabinet realised that concessions on agriculture had to be admitted, however, it was still a goal to give concessions on agriculture in line with the Norwegian import protection system.

This chapter shall also describe how the Storting was updated on the status of the negotiations, and what the Storting expressed regarding the negotiations. Two different perspectives on the Norwegian import protection system with regard to increased import from developing countries shall be introduced in this chapter.

The Special Challenges in Agriculture

The Nordic countries had a defensive position in agriculture, and Norway was especially vulnerable due to the import protection system Norway used. Norway underlined the importance of national autonomy in agriculture, and that each country should have the possibility to protect its agricultural sector against competition from countries that produced

food at lower costs. Among the Nordic countries, the responsibilities for different negotiating themes were divided. Norway was responsible for the negotiations on safeguards, intellectual property rights and tropical products. Finland was responsible for agriculture, subsidies and textiles, and Sweden was responsible for the negotiations on services, market access and investments. As we have seen, the Nordic countries had different import protection systems. Norway used quantitative import restrictions and Sweden variable import taxes (as did the EC). Finland had a mix of both systems. Another challenge was the different level of food production, as Norway imported 50% of total food consumption, while Finland had a self-coverage of 140%. These differences resulted in different needs and strategies between the Nordic countries.¹

As pointed out earlier, only Japan and Switzerland used the same import protection system as Norway, and in the negotiations the system was regarded as vulnerable. It was important to the Norwegian government, both to renew and to find justifications for the parts of the Norwegian system that were most important to Norway.² However, the system was regarded as very protectionist, and it made it difficult for developing countries to access the Norwegian market. At the same time, it would be difficult to convince the agricultural organisations and the opposition in Norway to open up the Norwegian market and to eliminate the quantitative import restrictions. This contradiction between domestic pressure and international views posed a dilemma for the Norwegian negotiators.

The Developing Countries in the Initial Phase

The developing countries gradually became more involved in the negotiations, but informal meetings and lack of resources limited their influence. One challenge for the developing countries was the comprehensive meeting schedule and many parallel meetings that made it impossible for the developing countries with small delegations to attend all the meetings.³ Another challenge was the number of informal meetings and consultations that were used in an attempt to speed up the negotiations. The number of countries attending these meetings could vary, but they were often held within a limited group of countries and chaired by Dunkel. The meetings were held in Dunkel's green office and were therefore called "green

¹ NMFA, 44.12/51, memorandum Ministry of Trade, Leikvoll to NMFA, Ministry of Agriculture, Ministry of Finance, the Office of the Prime Minister and selected Embassies, 04.02.87.

² NMFA, 44.12/51, memorandum Ministry of Trade, Leikvoll to NMFA, Ministry of Agriculture, Ministry of Finance, Office of the Prime Minister and selected Embassies, 04.02.87.

³ NMFA, 44.12/51, fax del. in Geneva to NMFA and Ministry of Trade, 01.10.87.

room” meetings.⁴ The green room meetings limited the influence of most of the developing countries that were not present at these meetings. In a formal conversation between the Norwegian Minister of Trade Mosbakk, and Dunkel, Dunkel expressed concern that the negotiations mainly took part within a limited group of countries. He pointed to the fact that more than 2/3 of the Contracting Parties felt that the process was beyond their control.⁵ These countries were mainly small developing countries, and especially least developed countries. They had limited resources and many were also new members in GATT. The comprehensive negotiation plan, the meeting schedule and the green rooms meetings made it impossible for small delegations to get a complete overview of the negotiations. Rubens Ricupero writes that Dunkel was aware of the importance of integrating the developing countries into the round.⁶ The conversation with Mosbakk confirms this. However, Dunkel increased the use of green rooms meetings and informal channels in the Uruguay Round compared to earlier negotiations. Neither were concrete actions taken by GATT to involve the small developing countries in the negotiations.

Also the Norwegian Ministry of Foreign Affairs underlined that the majority of the developing countries had problems following the complicated and far-reaching negotiations. It was expressed that in all practical events the developing countries were almost cut off from the real negotiations. Norway, therefore, highlighted the need for technical assistance and openness in the negotiations.⁷ Norway suggested and funded a training and assistance programme for developing countries in the Uruguay Round. The Norwegian Cabinet wanted more active, developing countries, and saw therefore a training and assistance programme as necessary.⁸ The Norwegian willingness to assist the developing countries can be explained by an idealistic stand to work to improve the conditions of the developing countries. It was an important political goal to integrate the developing countries in the world trade system. It can also be explained as an attempt to meet some of the criticism that was expected to come from the developing countries against Norway in the agricultural negotiations. The initial phase had showed that the Norwegian defensive interests in agriculture would be challenged by the developing countries, so it was important from a Norwegian perspective to maintain a good relationship with the developing countries.

⁴ NMFA, 44.12/51, Swedish minutes of meeting, fax del. in Geneva to NMFA and Ministry of Trade, 16.12.86.

⁵ NMFA, 44.12/51, fax del. in Geneva to NMFA and Ministry of Trade, 14.01.87.

⁶ Ricupero 1998: 10.

⁷ NMFA, 562.0, memorandum, “status and perspectives” Department of External Economic Affairs II NMFA, 14.06.88.

⁸ Interview with Tor B. Næss 09.03.06.

Despite their limited resources and the use of green room meetings, the developing countries were more active in the negotiations than before.⁹ India and Brazil played an important role, and were always present at the green room meetings. The Cairns Group was of course also an important source of influence, as we have seen¹⁰, and Rubens Ricupero writes that the creation of the Informal Group of Developing Countries gave the developing countries more influence over the negotiations. However, since the developing countries were not one homogeneous group and had different interests, the Informal Group of Developing Countries fronted only general positions such as special treatment.¹¹

Different Positions in the Agricultural Negotiations

After a period of negotiation, conflicting and different positions became clearer, especially when specific proposals were presented. Disagreement grew since some countries had defensive positions, while others had offensive agricultural interests. This division was also visible between the developing countries. Over a period of ten years, the US wanted to abolish all import barriers and all kinds of trade-distorting domestic subsidies in the agricultural sector. This was called the zero option. In addition, the US demanded discipline in the use of export subsidies, improved market access and a strengthening of the dispute settlement procedures.¹² The Cairns Group presented a proposal demanding a reduction in the level of support for agriculture. The proposal suggested prohibiting all use of subsidies and other government support measures. The Cairns Group defined government support as the overall root of trade distortions, and during a meeting of the Group, the Australian Prime Minister gave a speech criticising the subsidising policy of the US, the EC and Japan. He stated: “we are fed up with their policies”.¹³

The EC, the Nordic countries, Japan and Switzerland strongly opposed the US and the Cairns Groups suggestions. These countries were only willing to reduce the level of production, reduce the use of export subsidies and, to a certain extent, increase market access.¹⁴ The EC was not willing to change the principles of CAP, and wanted to continue to

⁹ Ricupero 1998: 16.

¹⁰ Ricupero 1998: 18.

¹¹ Ricupero 1998: 20.

¹² Hillman 1994: 35.

¹³ NMFA, 44.12/51, fax del. in Geneva to NMFA, Ministry of Trade and Ministry of Agriculture, 23.10.87.

¹⁴ NMFA, 44.12/51, memorandum Ministry of Trade, Leikvoll, 13.10.87.

use variable import levies and export subsidies.¹⁵ The EC policy was later therefore characterised as reactive rather than innovative.¹⁶ However, the internal pressure in the EC to reform CAP and to consider export interests other than agriculture grew.¹⁷

Many developing countries also had a defensive position in the agricultural negotiations since the countries feared their special preferences would lose in value, and net food importing countries feared higher prices on food import due to an increase in the food prices after a reduction in subsidies. However, India, Brazil and the other developing countries in the Cairns Group were offensive and wanted increased market access and cuts in internal supports. This difference between the developing countries made it more difficult to coordinate their position, and the result was as we have seen, that the Informal Group of Developing Countries could only present general proposals and views.

The “defensive” developing countries did not take a very active part in the negotiations, but started to be more visible, especially the net food importers, mainly African countries.¹⁸ At the fourth meeting of the agricultural group, Jamaica introduced the idea of a group of net food importing countries. Egypt and Mexico supported this idea and stated that it was important for the developing countries and the net food importing countries to join forces.¹⁹ This was an attempt to meet the challenges and pressure from the Cairns Group and to increase the focus on the challenges for the net food importing countries. However, support for creating such a group was not high, but it was underlined, from the Norwegian side as well, that broad cooperation among the net food importers was necessary.²⁰

Common Nordic Proposal

The Nordic countries saw the need to present a common agricultural proposal, and after months of coordination the Nordic countries managed to agree on one common text. The four countries entered the discussions with markedly different preferences, and the outcome was clearly a compromise.²¹ The proposal was based on three elements: reduced agricultural

¹⁵ Hine, R.C, K.A Ingersent and A.J. Rayner 1994b. “The EC Perspective”, in R.C. Hine, K.A. Ingersent and A.J. Rayner (eds.), *Agriculture in the Uruguay Round*: 55-87. Basingstoke: St. Martin’s Press, pp. 61- 62.

¹⁶ Hine 1994b: 60.

¹⁷ Croome 1999: 94.

¹⁸ Croome 1999: 94.

¹⁹ NMFA, 44.12/51, fax del. in Geneva to NMFA, Ministry of Trade and Ministry of Agriculture 02.11.87.

²⁰ NMFA, 44.12/51, fax del. in Geneva to NMFA, Ministry of Trade and Ministry of Agriculture 29.10.87.

²¹ NMFA, 562.31-2, memorandum Department of External Economic Affairs II NMFA, Harald Neple and Bjørn Eidem, 02.02.89.

support, increased market access and sanitary and phytosanitary regulations.²² The proposal was not presented to the the Storting since it was understood that the proposal was in line with the Report No. 63 to the Storting (1986-87), which was later unanimously adopted in Recommendation No. 253 (1987-88).²³ The Nordic countries underlined the specificity of agriculture, but at the same time that more market orientation in the agricultural sector was necessary, in addition to food security and other measures that had to be taken into account.²⁴ A dualism in the Nordic proposal can be identified. The proposal accepted the need for more marked orientation and liberalisation in agriculture, but at the same time it underlined that agriculture had some special characteristics. Even though Norway had defensive interests in agriculture, it was realised, especially after the Punta del Este declaration, that reform of the agricultural policy would be the result of the negotiations.

The proposal was welcomed but also criticised. New Zealand was open for a compromise between the Nordic countries and the proposal from the Cairns Group. Australia was more sceptical and wanted a more progressive reduction in agricultural support. Argentina requested a clear statement on the special and differential treatment of the developing countries, and this was also mentioned by Yugoslavia. Thailand, on behalf of ASEAN, criticised the lack of focus on elimination of all subsidies. Mexico underlined the problems in agricultural trade for the developing countries.²⁵ This criticism shows that even though the Nordic countries had accepted more marked orientation in agriculture, the Nordic proposal did not go as far as many of the developing countries wanted, and it was mainly seen as an attempt to protect the agricultural interests of the Nordic countries. The reactions put pressure on the Nordic countries that even more concessions were necessary.

The initial phase was scheduled to end in 1987 and the actual negotiating process should start 1 January 1988.²⁶ It was generally considered that the negotiations had been successful so far. A large number of proposals were presented and the participating countries maintained a high level of activity. The next phase of the negotiations was expected to be

²² NMFA, 44.12/51, proposal from the Nordic countries, 01.12.87. The proposal was: "Immediate and long term measures to reduce agricultural support most seriously distorting agricultural trade." "Increased market access through reduced import protection and strengthened GATT rules and disciplines." "Minimize adverse trade effects of sanitary and phytosanitary regulations". It was proposed a reduction of guaranteed prices, quantitative production restrictions, reduced volumes of subsidized exports and binding or reduced levels of direct or indirect subsidies affecting trade. It was also proposed that the participating countries should take steps to reduce their level of import protectionism, and a reduction and expanded level of bindings on the field of tariffs. The third element was a suggestion that all sanitary and phytosanitary measures should be based on non-discrimination, and should not be used as measures for barriers to trade.

²³ NMFA, memorandum Department of External Economic Affairs II NMFA, Neple and Eidem, 02.02.89.

²⁴ Croome 1999: 97.

²⁵ NMFA, 44.12/51, fax del. in Geneva to NMFA and Ministry of Trade, 15.12.87.

²⁶ NMFA, 44.12/51, fax del. in Geneva to NMFA and Ministry of Trade, 11.12.87.

more difficult, and increased political willingness from the participating countries would be necessary. It was decided that a Mid Term Review (MTR), at minister level should take place in Canada, Montreal at the end of 1988.²⁷

Two Different Perspectives

On January 1 1988, the Norwegian Ministry of Trade and Shipping was integrated into the NMFA. This led to improved coordination and disagreement almost disappeared after this reorganisation. Bjørn Tore Godal and Tor B. Næss confirm this. They both say that the new Ministry of Foreign Affairs emerged stronger, and that the skills of the Ministry were increased. The Department of External Economic Affairs had great expertise on trade issues.²⁸

The Report No. 63 to the Storting (1986-87), was presented to the Storting in May 1987, and was mainly about the European Union, but also about the Uruguay Round. In the report, the Cabinet described the Norwegian position in the GATT negotiations and the main principles for Norway's participation. This was the first time the Storting was informed about the results of the Punta del Este meeting, and the Cabinet regarded that the mandate for the Punta del Este declaration was given in this report even though the report was presented to the Storting almost one year after the Punta del Este meeting.

In the report, the Cabinet wrote that it would be in the interest of Norway to strengthen GATT's rules on trade in agricultural goods, and to increase multilateral discipline. The Cabinet wanted to work actively for solutions in line with Norway's import protection system. The negotiations on agriculture would be difficult for Norway, and according to the Cabinet, Norway had to be prepared to make increased commitments, but it was also underlined that trade in agricultural products had a special character due to national goals in agricultural policy. It was underlined that in the agricultural negotiations it would be a challenge to balance between these considerations.²⁹ Again we can identify a dualism in the policy of the Cabinet, between keeping the national autonomy in agriculture, while at the same time being prepared to give concessions on agriculture as well. In the report it was pointed to the fact that Norway's quantitative restrictions on textiles and agriculture were in conflict with the goal of increased import from developing countries. "Regarding Norway's use of quantitative import restrictions, it is a fact that both for textile and agricultural goods, the desire for increased

²⁷ NMFA, 562.0, memorandum NMFA, Leikvoll 05.02.88.

²⁸ Interview Næss 09.03.05. and Bjørn Tore Godal 31.01.06.

²⁹ Report No. 63 to the Storting (1986-87): 16-19.

import from the developing countries is in conflict with our national protective interests.”³⁰ The Cabinet recognised that there was a conflict between the Norwegian import protection system and market access for developing countries, however this was a controversial question in Norway. I have characterised this view as the “*accept of incompatible interests*” perspective. The Cabinet underlined that the goal was to maintain the Norwegian import protection system and to work for solutions in line with this system, but it was realised that this would be in conflict with increased import from developing countries. The Norwegian dilemma was therefore a political question, on how much to give up of national agricultural autonomy in order to give more market access.

On 29 May 1987, the Standing Committee on Foreign Affairs decided not to discuss Report No. 63 to the Storting (1986-87). It was, however, discussed later in the 1987-1988 session. Recommendations to the Storting No. 253 (1987-88), from the Committee, which was unanimously adopted, showed overall support for the Cabinet’s line in the negotiations.³¹ We shall see that in the next parliamentary period, opposition grew, but the fact that the recommendations were unanimously adopted gave the Cabinet a strong mandate to continue on the same track of negotiation.

The Committee remarked that it was in Norway’s interest to strengthen the multilateral aspects of the international trading system, and that the Committee was satisfied with the investigations and the coordination made by the government. The remarks from the Committee focused on Norway’s agricultural interests, and that the Norwegian import protection system should be maintained. The Committee stated that they understood that the Norwegian import restrictions on agriculture might be of special interest to developing countries, but wanted to underline that the Norwegian import restrictions were not on agricultural goods that were typical of developing countries. They maintained therefore, unlike the Cabinet, that the Norwegian import protection system neither harmed the developing countries, nor was it in conflict with increased import of goods from developing countries.³² This view I have characterised as the “*none interest conflict*” perspective. A united Storting, contradicting the Cabinet, believed that there was no conflict between the Norwegian import protection system and increased market access for developing countries. The Norwegian dilemma between national agricultural interests and increased import from developing countries was therefore not recognised as a problem. By way of these

³⁰ Author’s translation from Norwegian.

³¹ S.tid. (1987-88) 6a I, S.innst. No. 253, pp. 10-14.

³² S.tid. (1987-88) 6a I, S.innst. No. 253, pp. 12-13.

recommendations, the Storting was signalling to the Cabinet that the most important issue was to maintain the Norwegian import protection system. However, measures should be considered that might increase the import of goods from developing countries, but this should not be in conflict with the Norwegian goals. “It should be considered whether Norway could give some concessions for import and still manage to maintain those aims that are behind the agricultural import protection system.”³³

It was most important to the Committee to maintain the Norwegian import protection system, while the Cabinet also focused on the situation for the developing countries. The position of the Storting gave a strong signal to the Cabinet and the Norwegian negotiators that Norwegian agriculture should be prioritised, and this may explain the strong Norwegian emphasis on special characteristics in the negotiations. The Storting argued that Norway was in a special situation and that the Norwegian system would not affect the developing countries. The developing countries, however, were sceptical to general exceptions and maintained that all industrialised countries had to accept more commitments in agriculture.

The following debate in the Storting 7 June 1988 only focused on the EC discussions.³⁴ The Minister of Trade, Mosbakk, said that all countries would benefit from a liberal and functional trading system. He continued by saying that he was satisfied that the Committee supported the Cabinet’s policy towards developing countries, adding that Norway had to be aware of the demands that were proposed.³⁵ By saying this he signalled that the Cabinet recognised the dilemma in the Norwegian position, and that he did not agree with the Storting claiming the Norwegian import system did not affect increased import from developing countries.

Pressure from Developing Countries

The upcoming Mid Term Review Meeting led to more focus on the negotiations, and the developing countries wanted to put pressure on the industrialised countries, also on Norway. The developing countries wanted more emphasis on areas important to them. A representative from the Nigerian government in a discussion with the Norwegian Embassy in Lagos emphasised that it was difficult for the developing countries to see which positive effects the negotiations could have. The African countries felt to be “trapped” between the big industrialised countries when it came to fields of great importance to them, such as tropical

³³ S.tid. (1987-88) 6a I, S.innst. No. 253, p. 13. Author’s translation from Norwegian.

³⁴ S.tid. (1987-88) 7c: 3880-3956.

³⁵ S.tid. (1987-88) 7c: 3921-3922.

and agricultural products. Technical assistance to the developing countries was very important and the Nigerian representative thanked Norway for its initiative within this field. The general perspective was, however, that the Nordic countries had supported the position of the EC, and Nigeria hoped that the Nordic countries could be more visible in favouring the developing countries in the future negotiations.³⁶

In a memorandum to the Norwegian Ministry of Foreign Affairs, the Brazilian Embassy in Oslo wrote that Brazil would only accept the inclusion of the new issues in the round if the developing countries could get advances in tariffs, non-tariff barriers and safeguards. Brazil wanted a dialogue with the Norwegian government.³⁷ In a conversation between the Norwegian embassy in Brasilia and the Brazilian Ministry of Foreign Affairs, Brazil expressed strong criticism of the industrialised countries' agricultural subsidies.³⁸

Criticism of the industrialised countries was also made at a UNDP funded conference that focused on how the countries in the Asia Pacific region could participate fully in the negotiations. Representatives from 14 developing countries³⁹ in the Asia Pacific region expressed concern that the industrialised countries insisted on reciprocal concessions in many fields of the negotiations. Trade in agriculture was considered to be important for the development of developing countries, and extended safeguard measures were necessary for a successful result in the agricultural negotiations.⁴⁰ Many of the developing countries with offensive interests in agriculture were disappointed by the defensive strategy from the EC and the EFTA countries. Agricultural liberalisation was underlined as a key to development for the developing countries. The interests of the developing countries therefore challenged the Norwegian interests in the agricultural negotiations. The challenge for the Norwegian negotiations was to balance between the mandate given in the Storting to focus on maintaining the Norwegian import protection system, and an idealistic desire to meet the needs of the developing countries.

During a meeting in the agricultural group, the developing countries underlined again the importance of special and differential treatment. Egypt was very active, presenting a proposal highlighting the problems in the developing countries, wanting to minimise the sanitarian regulations, increase market access and cut subsidies. India found that the overall

³⁶ NMFA 562.0, fax Emb. in Lagos to NMFA, 21.07.88.

³⁷ NMFA 562.0, memorandum Brazilian Embassy to NMFA, 28.04.88.

³⁸ NMFA 562.0, fax Emb. in Brasilia, 20.05.88.

³⁹ The countries were Bangladesh, Burma, China, Fiji, Hong Kong, India, Indonesia, Malaysia, Pakistan, Philippines, Republic of Korea, Singapore, Sri Lanka and Thailand.

⁴⁰ NMFA 562.0, Press Release, UN Information Service, 28.10.88.

goal should be to abolish all trade barriers, but that special treatment for the developing countries in the transitional period was essential.⁴¹

Prior to the Mid Term Review

The agricultural negotiations faced difficulties before the Mid Term Review. One possible compromise was a suggestion to freeze the total amount of support to agriculture. This was considered a short-term solution, and many countries wanted to discuss this. However, the US opposed short-term solutions on agriculture if agreements on the overall goals of the negotiations could not be reached.⁴² The Nordic countries were positive to a freeze in agricultural support with regard to tariffs and quantitative restrictions, but the Norwegian Ministry underlined that the freeze in support had to take account of inflation and therefore be in real terms.⁴³ Sweden and Finland were willing to present a list of areas in which a freeze commitment could be used. This was strongly opposed by Norway.⁴⁴ From the Norwegian perspective, the best results would entail each country individually being able to decide where to implement the liberalisations.⁴⁵

The internal disagreements regarding the Norwegian policy became visible when a draft governmental note was presented at the Ministry of Foreign Affairs. The North/South department commented that they saw the need for a sentence stating that Norway was supporting special and differential treatment of developing countries. Another important question was that Norway had to be prepared to make concessions in difficult areas. The department also wanted increased focus and attention on the developing countries, and found that such a focus was lacking in the NMFA general framework for the negotiations.⁴⁶ The Ministry of Finance commented that they wanted the governmental note to have a stronger statement on liberalisation and cuts in the import restrictions on agriculture, regardless of the outcome of the meeting.⁴⁷

⁴¹ NMFA, 562.31-2, fax Finnish MFA to MFA in Nordic countries, 01.11.88.

⁴² NMFA, 562.0, memorandum NMFA, Leikvoll, 29.11.88.

⁴³ NMFA, 562.31-2, fax NMFA, Leikvoll to MFA in Nordic countries and Ministry of Agriculture, 11.11.88. "Real terms" means that the amount would be adjusted for inflation.

⁴⁴ NMFA 562.31-2, memorandum Department of External Economic Affairs II NMFA, Eidem 17.10.88.

⁴⁵ NMFA, 562.31-2 memorandum Department of External Economic Affairs II NMFA, Leikvoll 05.10.88.

⁴⁶ NMFA, 562.0, memorandum North/South department NMFA to Section for Trade Policy NMFA, 11.11.88.

⁴⁷ NMFA, 562.0, letter Ministry of Finance to NMFA, 21.11.88.

Mid Term Review

The Mid Term Review was held in Montreal, 5-8 December 1988. 600 journalists were present, 1000 delegates and 90 ministers attended the meeting. The interest in the meeting was greater than ever before, and the first agricultural demonstration against the negotiation took place.⁴⁸ As stated above, the discussions prior to the meeting were hard, especially between the EC and the US. Since progress was expected to be easier at the Ministerial Meeting, due to both time pressure and political pressure, the atmosphere was positive, and there was optimism about achieving results.⁴⁹ It had, however, not been possible to agree on one common recommendation regarding short-term measures and long-term goals to the meeting.⁵⁰

The Norwegian Minister of Trade, Jan Balstad from the Labour Party, made it clear in a statement that all countries were bound by the Punta del Este mandate. A long-term objective was to allow more market signals in agriculture, but the Minister also underlined environmental protection, food security and employment as aspects that had to be considered.⁵¹ The statement is a typical example of the dualism in the Norwegian policy; it underlined the Norwegian special needs, but at the same time made it clear that Norway was willing to make concessions on liberalisation.

On Thursday 8 December it became clear that the Contracting Parties would not manage to reach an agreement on agriculture. The US wanted a phasing out of trade-distorting government farm support over ten years, while the EC only wanted to discuss short-term measures.⁵² By the Norwegian delegation it was pointed to that the US was not willing to accept a compromise and that this made the negotiations difficult.⁵³ The Norwegian delegation blamed the US for the failure, while the international literature points to the EC as the reason for the breakdown. The EC opposed an agreement on agriculture, and therefore five Latin American members of Cairns insisted that until there was an agreement on agriculture, these countries would not accept any agreement. Several African countries supported this. This showed that the developing countries were willing to use a veto if an agreement on agriculture was not reached.⁵⁴ The developing countries wanted results in

⁴⁸ Croome 1999: 140-142.

⁴⁹ Croome 1999: 141.

⁵⁰ Croome 1999: 98.

⁵¹ NMFA, 562.0, fax GATT del. in Montreal to NMFA, Norwegian statement, Mid Term Review, 01.12.88.

⁵² Preed 1995: 84-85.

⁵³ NMFA, 562.0, fax Department of External Economic Affairs II NMFA, to NATO del. in Brussels: Minister of Foreign Affairs, 08.12.88.

⁵⁴ Croome 1999: 146.

agriculture in return for concessions given in other areas.⁵⁵ Since the negotiations on agriculture failed, the Latin American countries opposed any agreements on other issues. The head of the Argentinean delegation, Barnando Grinspun said: “We don’t like to pay and have nothing to receive.”⁵⁶

The Results of the Breakdown

Dunkel proposed suspending the Mid Term Review until April 1989. The results already achieved in Montreal were put on hold, and only informal consultation should take place until April 1989.⁵⁷ A mandate was given to Dunkel to start consultations. The biggest fear was that these consultations would only include the US and the EC. The situation was analysed as not being good, and the Norwegian ambassador wrote that if an agreement was not achieved by April, there could be reasons to fear for the future of the round. The most difficult part would be on agriculture, and this would most probably represent a threat to the Norwegian position.⁵⁸

The discussions on agriculture showed that a clear majority supported changes towards more free trade in agriculture and a reduction in the agricultural support. Sweden and Finland supported this position, while only Norway and Switzerland worked for a freeze and not a reduction in the agricultural support. The Norwegian delegation in Geneva wrote: “It would be a miscalculation if we from the Norwegian side did not meet this challenge from a more or less unanimous international society in a constructive way.”⁵⁹ It was clear to the Norwegian delegation that the vast majority of the Contracting Parties supported increased cuts in the support, more than Norway could accept. The delegation pointed to the difficulties Norway would meet in the negotiations, and saw a need for a revised position. It would be impossible to continue to work for a freeze when Norway was isolated on this question. The Norwegian position was now challenged by the development in the other countries’ position. However, a revised Norwegian position would need domestic support and this might be difficult.

The Montreal meeting represented a change in the Norwegian media coverage of the Uruguay Round. The Norwegian newspaper *Nationen* had not previously paid much attention

⁵⁵ Preed 1995: 87.

⁵⁶ Preed 1995: 88.

⁵⁷ Preed 1995: 88.

⁵⁸ NMFA, 562.0, fax del. in Geneva, Huslid to NMFA, 21.12.88.

⁵⁹ NMFA, 562.0, fax del. in Montreal Erik Glenne, to NMFA, 9.12.1988.

to the round, but the conflict in the agricultural negotiations at the meeting reached the front pages. It was realised that the negotiations could influence the Norwegian agricultural sector, and the newspaper speculated over the possible consequences of a decision to freeze.⁶⁰

Conclusion

The developing countries were more active in the negotiations than ever before, but scarce resources limited their influence, together with a lack of information and informal meetings among the major trading partners. The Mid Term Review ended in a breakdown, since the EC and the US did not reach an agreement on agriculture, and the developing countries did not want to give concessions without getting anything in return. The developing countries refused to accept any agreement if the industrialised countries did not make commitments to liberalise agriculture. This was an important manifestation of power from the developing countries.

The most important aspect for Norway in the agricultural negotiations was to maintain the Norwegian import protection system and to have national autonomy in the agricultural sector. This implied, having the continued right to protect the sector and focusing on non-economic factors. However, this position was challenged by the development in the negotiations in which all countries except for Norway and Switzerland gradually accepted a reduction in the support to agriculture. The Norwegian delegation realised that a new position was needed. However, it would be difficult to get domestic acceptance for concessions that were not in line with the current Norwegian import protection system.

The Norwegian dilemma in the negotiations continued, and sought to be solved by a compromise between the two aspects, domestic pressure and international acceptance. The Norwegian position was an attempt to meet both of these demands, and a dualism in the Norwegian policy has been identified. This can be seen in the common Nordic proposal where liberalisations in agriculture were admitted but at the same time it had a focus on non-economic factors. However, the proposal was met with criticism from the developing countries that wanted more commitments for liberalisation, reduction in subsidies and increased market access.

It has been identified two different perspectives of the Norwegian agricultural policy versus the demands from the developing countries; the “acceptance of incompatible interests” perspective, and the “none interest conflict” perspective. The Cabinet pointed to the fact that there were incompatible interests between the Norwegian system and the aim to give

⁶⁰ Jakobsen 2001: 36. Author’s translation from Norwegian.

increased market access for developing countries, especially on textiles and agriculture. It was therefore underlined that the negotiations would be difficult. However, the Storting rejected this conflict and argued by the latter perspective, i.e. that there was no conflict since the developing countries mainly produced products that were not in competition with Norwegian agricultural production. If the Norwegian import protection system were to allow more market access this would benefit the industrialised countries and not increase import from the developing countries, according to the Storting.

CHAPTER IV

Between Two Failed Ministerial Meetings

This chapter covers the period from the conclusion of the Ministerial Meeting in Montreal up to the Ministerial Meeting in Brussels. The Mid Term Review was finalised at a Trade Negotiation Committee (TNC) meeting in April 1989, and the final phase of the negotiations started. The negotiations were supposed to be finalised at the Ministerial Meeting in Brussels at the end of 1990, but as with the meeting in Montreal, the Brussels meeting also broke down due to disagreements over agriculture. We shall identify why the meeting in Brussels did not succeed and what role the developing countries played in this event.

At the TNC meeting that ended the Mid Term Review, Norway delivered an explanatory statement underlining the special characteristics of its agriculture, and the reasons for this statement shall be identified. The Norwegian position was put under pressure. In this chapter we shall discuss how the development in the negotiations led to the Cabinet realising that a new Norwegian negotiation position was necessary and the domestic reactions to this will be pointed out. The Norwegian Cabinet had to find a position that balanced what could be accepted in the negotiations and what could be accepted in Norway. This manifested itself in a new Nordic proposal and a Norwegian offer and the reactions to these proposals will be pointed out. In this period internal disagreement between the Nordic countries increased. Sweden worked for liberalisation, and Finland became more flexible. How this influenced Norway's possibilities in the negotiations and how the Nordic countries resolved the disagreement shall be analysed.

The developing countries argued that more concessions, especially on agriculture and textiles, had to be given to the developing countries. How the industrialised countries met this criticism shall be discussed. On many occasions the Norwegian government underlined that Norway wanted to be a bridge builder between developing countries and industrialised countries, and how this was implemented in the negotiations shall be discussed.

The Norwegian Strategy after Montreal

The Norwegian Cabinet realised that changing the Norwegian position was necessary. This was due to a new flexible position assumed after the Montreal meeting by the EC, Sweden, Finland and Japan. Norway and Switzerland were isolated in opposition to short-term

reductions in agricultural support, and the Norwegian Ministry of Foreign Affairs questioned whether Norway and Switzerland alone would be able to prevent a decision to reduce support to agriculture. Norway would meet international pressure to accept a reduction in agricultural support, while at the same time the domestic debate could be quite heated, and on such a sensitive issue the political fallout could easily be detrimental to Labour's future position. It was therefore essential to convince negotiation partners that Norway had national interests in agriculture and that the special characteristics in agriculture had to be considered; at the same time, the Cabinet had to work to get domestic acceptance for a new Norwegian position. The Department of External Economic Affairs II at the NMFA proposed that the Minister of Trade, Balstad, should discuss different alternatives with the Minister of Agriculture, Gunhild Øyanger, from the Labour Party.¹

The Ministers were aware of how sensitive discussing a reduction in agricultural support would be in the Storting and in Norwegian society in general. It was therefore important to have a clear strategy on how to handle internal opposition against a new position. The Ministers concluded that it would be difficult for Norway to continue to oppose a reduction in support, and that a possible reservation from Norway on this issue would harm Norway's general interests in the negotiations.² On other areas where Norway had offensive interest, as for example in the negotiations on services, the Norwegian interests could be challenged if Norway was the only one to oppose reduction in agricultural support. Such an issue could easily be a symbolic question for the developing countries, and it would be noticed if Norwegian resistance led to a failure to make a consensual decision. The developing countries had made it clear to not give concessions on areas important to industrialised countries, if not the industrialised countries implemented reductions in agricultural support and increased market access. It was realised that Norway had no other option than to accept a reduction. The Norwegian challenge would therefore be to convince domestic pressure groups and the Storting.

On 19 January Balstad informed the Storting about the negotiations. He said that there was increased international support for liberalisation of trade in agriculture. He also underlined that a possible compromise between the EC and the US would have repercussions for Norwegian agricultural policy, especially on internal support and subsidies to the agricultural sector.³ Balstad had to perform a delicate balancing act. It was important to signal

¹ NMFA 562.0, memorandum Department of External Economic Affairs II, 19.12.88.

² NMFA, 562.0, memorandum Department of External Economic Affairs II NMFA, Eidem, 19.01.89.

³ S.tid. (1988-89) 7b: 2375-2376. (19.01.89.)

that the Norwegian position was under pressure and that concessions had to be given, but at the same time it was important not to signal that the Cabinet was giving up on the Norwegian position and was sacrificing too much. This might mobilise pressure groups and the opposition and would limit the room for compromise. However, the president of the Norwegian Farmers' Union criticised Balstad after his speech in the Storting, and said that it was very important for Norway not to change its import protection system.⁴

Referring to Putnam's model, the Norwegian win set was limited both by a unified position from all the Contracting Parties and by the space for manoeuvre provided by the Storting. The challenge was to find a Norwegian position acceptable to the trading partners and to the Storting. It was therefore necessary to negotiate on two levels. In Norway, the Cabinet worked for gradual acceptance of a reduction in the support, while in the negotiations and in bilateral meetings Norway always underlined the non-economic factors in agriculture, e.g. at a meeting with New Zealand. The Norwegian Minister of Foreign Affairs, Thorvald Stoltenberg, from the Labour Party said that agriculture was the most difficult negotiation issue for Norway. He emphasised that the climatic, geographical and topographical conditions in Norway with small and scattered farms limited agricultural export to a minimum level.⁵

This internal pressure in Norway was presented to the other Nordic countries. It was underlined that the Norwegian government had but limited possibilities to take a flexible approach on agriculture. The domestic situation was used by the Cabinet to create an understanding for the situation in Norway that could, according to the Cabinet, be characterised as special. Up to a point, the strong internal pressure against giving up the Norwegian import protection system benefited the Norwegian negotiators, since the NMFA could refer to the domestic situation when international pressure increased. In Sweden, Parliament had given a broader negotiation mandate to accept liberalisation and a cut in agricultural support.⁶ The Swedish Cabinet wanted to use the negotiations to reform the agricultural sector in Sweden. This was not possible in Norway, as the Storting had stated that continued support to agriculture was essential. The situation in the two neighbouring countries was therefore very different. The fact that Sweden wanted to implement reforms in its agricultural sector weakened the Norwegian position, both internally among the Nordic countries, but also among the other countries in GATT.

⁴ *Aftenposten* 21.01.89.

⁵ NMFA, 562.31-2, memorandum Department of External Economic Affairs II NMFA, Eidem, 16.02.89.

⁶ NMFA, 562.31-2, memorandum Department of External Economic Affairs II NMFA, Eidem, 10.02.89.

Negotiations before the TNC Meeting

At the Trade Negotiation Committee meeting in April, Dunkel presented a text that was intended to be the basis for discussion. The text led to negative reactions in Norway. Regarding short-term measures, Dunkel suggested freezing subsidies and support to the agricultural sector, which meant that it would not be possible to increase support during the negotiations. The Norwegian Ministry of Agriculture thought a freeze would not create major challenges for Norway, as only a freeze was being suggested, but the most problematic issue was whether the freeze would be measured in real terms. If this was adopted, it would be necessary to ask for approval by the Storting.⁷

However, the farming organisations in Norway presented a common paper on Dunkel's text criticising the suggestion. The overall long-term measures suggested by Dunkel, a reduction in all direct and indirect subsidies, would lead to liberalisation and market orientation in trade in agriculture, and according to the organisations this was not in line with the Norwegian agricultural policy. They underlined that it was necessary for Norway to make a reservation if an agreement in Geneva was arrived at in line with the Dunkel text. A small increase in import access and a small reduction in support would have serious repercussions for the Norwegian agricultural sector, the organisations argued.⁸ At a meeting of the reference group, the NMFA underlined that it was implied in the negotiation declaration that the results would have some repercussions for the Norwegian agricultural policy.⁹ The Norwegian government did focus on Norway's special needs in the negotiations, but wanted to avoid being viewed as inflexible. However, the organisations wanted Norway to be even more outspoken against cuts that would have a negative effect in Norway.

The Storting and the Negotiation Plan

Interest in the negotiations in the Storting increased, especially after heightened media attention. Before the closing of the Mid Term Review in April 1989, Kåre Gjønnes from the Christian Democratic Party asked the Minister of Agriculture if she considered the government's negotiation plan to be in line with the view of the Storting on import protection

⁷ NMFA, 562.31-2, memorandum Department of External Economic Affairs II NMFA, Harald Bøyum to Deputy Minister, 17.03.89.

⁸ NMFA, 562.31-2, letter the Norwegian Farmers' Union and the Norwegian Farmers' and Smallholders' Union to NMFA, 30.03.89.

⁹ NMFA, 562.31-2, memorandum Department of External Economic Affairs II NMFA, Eidem, 31.03.89.

for agriculture.¹⁰ It was one of the first times the Cabinet's negotiations' strategy had been questioned in the Storting. In her answer, the Minister of Agriculture stated that the level of subsidies for food in the industrialised countries had led to a price level below production costs. This had a negative impact on the developing countries. The Nordic proposal presented earlier focused on to reduce support to agriculture that affected trade and to implement increased market access through reduced import protection. The Minister used the "accept of incompatible interests" perspective in her argumentation, and referred to the needs of the developing countries to justify Norway supporting reductions. Gjønnnes followed up by saying that Norway had agreed on the common goals for agriculture in Punta Del Este in 1986, but that the Storting had not been informed about this. He did not agree that the Storting had accepted the negotiation plan, and referred to Report No. 63 to the Storting, in which it was stated that Norway did not want general liberalisation, as this would lead to an increase in import from the industrialised countries and thereby harm Norwegian agriculture. Øyangen replied that the negotiation plan was stated in the Report No. 63, and that the position of the Cabinet was in line with that mandate.¹¹

End of Mid Term Review

The Mid Term Review was finalised at the TNC meeting in April. The Norwegian delegation strongly warned against Norway not being a part of any consensual decisions. One possible solution might be that Norway could make an explanatory statement underlining the special characteristics of Norwegian agricultural policy and the non-trade concerns Norwegian agricultural policy had to take.¹²

After long negotiations, on 8 April the Contracting Parties managed to reach an agreement. The US left its position and accepted reductions in agricultural support rather than total elimination. Internal tensions in the US and anti-liberalisation lobbies brought pressured to bear to change the US policy.¹³ The mid term package was a short-term freeze,¹⁴ and the long-term goal was "to provide for substantial progressive reduction in agricultural support

¹⁰ S.tid. (1988-89) 7b: 2623. (15.02.89.)

¹¹ S.tid. (1988-89) 7b: 2623. (15.02.89.)

¹² NMFA, 562.31-2, fax del. in Geneva to NMFA, Ministry of Agriculture and the Office of the Prime Minister 07.04.89.

¹³ Hillmann 1994: 40-41.

¹⁴ Provided that support prices to producers were not raised and import access was reduced during 1989 and 1990.

and protection.”¹⁵ The reform of agriculture was to be attained by committing to an Aggregate Measure of Support (AMS), a system to measure the level of protection. It was further agreed that developing countries would be entitled to special and differential treatment, and that special considerations of the negative effects of the reform on the net food importing developing countries should be introduced. The value of non-trade concerns was also recognised, something that was important for Norway.¹⁶ Both the EC and the US had given up their staunch positions, and agreed to “establish a fair and market oriented agricultural trading system.” This put an end to the Montreal Meeting disagreements, but there were still many issues which remained unresolved prior to the Ministerial Meeting in Brussels in December 1990, a meeting which was supposed to close the negotiations.¹⁷

Norway did not have any reservations about the text since it was considered to be in line with the Norwegian position. It was important as far as the short-term measures were concerned that only a freeze was agreed on, and not a reduction in support. However, Ambassador Huslid made an explanatory statement underlining the importance of non-trade concerns and non-economic factors such as food security, the environment and regional and social policy.¹⁸ The explanatory statement was a strategically important move to meet the Norwegian dilemma. It underlined the Norwegian position in the negotiations, and it pleased the opposition and interest groups in Norway. At the same time it made it possible for Norway to be part of the consensual agreement, so that the Norwegian position would not block the negotiations on other areas important to Norway.¹⁹ Later it was explained by the NMFA that the explanatory statement was given mainly due to domestic reasons.²⁰

The Norwegian position challenged Nordic cooperation. Huslid reported that cooperation on agriculture was difficult. The Swedish government wanted general liberalisation and was extremely reluctant to support the other Nordic countries and the demands for continued import restrictions. The Swedish negotiators opposed the inclusion of elements such as non-trade concerns in the common Nordic statement. Huslid proposed signalling disappointment with the cooperation on agriculture.²¹ The NMFA saw no need to start a discussion on cooperation since both Finland and Sweden had most likely understood

¹⁵ Preed 1995: 92.

¹⁶ Stewart 1993: 194.

¹⁷ Croome 1999:150.

¹⁸ NMFA 562.31-2, memorandum NMFA, 12.04.89, attached to memorandum 14.04.89

¹⁹ Interview Næss 09.03.06.

²⁰ NMFA 563.8, memorandum Department of External economic Affairs II NMFA, Neple, 16.11.89.

²¹ NMFA 562.31-2, fax del. in Geneva to NMFA and Ministry of Agriculture, 10.04.89.

why Norway had to make an explanatory statement.²² Nordic cooperation was considered to be so important to Norway that it would be risky to challenge it. It was considered that their influence would be much greater if the Nordic countries operated together, and that it would be impossible for Norway to follow the negotiations in all groups on its own. Nordic cooperation led to compromises and sacrifices, but a break with the other Nordic countries would have much more severe consequences.²³

After the consensual decision in April 1989, *Nationen* wrote about whether the developing countries' demands were in conflict with national agricultural interests. Balstad commented to *Nationen* that: "There has so far not been any conflict between Norwegian interests and the interests of the developing countries in the GATT negotiations."²⁴ This was rejected by Bernt Bull from "Idegruppen om Ny Økonomisk Verdensorden", a Norwegian NGO working with the New Economic World Order. Bull said in the newspaper "If the needs of the developing countries are to be secured in the international economy, it will not be enough only to accept those products that we do not produce ourselves."²⁵ The statement from Bull point to an important characteristic with the Norwegian position, that Norway only wanted to give concessions on areas were Norway did not have any national interests. As pointed to earlier, Norway was willing to give concessions on textiles, but this came after it was realised that Norway anyway would meet competition on this area from Portugal. We can identify that the Minister of Trade actually argued in line with the "none interest conflict" perspective, and refuse any conflict even though the developing countries had presented demands that Norway meant were to far reaching. The "none interest conflict" perspective was also supported by Norwegian Farmers' Union. *Nationen* was of the opinion that the conflict between Norwegian farmers and developing countries was constructed and that the export subsidies rather than the import protection system were the problem.

The Nordic Position

Despite the disagreement, the Nordic countries agreed at a meeting on 18 October 1989 to present a concrete Nordic proposal before the end of 1989. Sweden and Finland doubted whether this would be possible, but Norway pushed for this for tactical reasons.²⁶ If the

²² NMFA 562.31-2, memorandum Department of External Economic Affairs II NMFA, Eidem, 27.04.89.

²³ NMFA 563.8, memorandum Department of External economic Affairs II NMFA, Neple, 16.11.89.

²⁴ *Nationen* 19.4.89 in Jakobsen 2001: 66. Author's translation from Norwegian.

²⁵ Jakobsen 2001: 67. Author's translation from Norwegian.

²⁶ NMFA, 562.31-2, memorandum the Department of External Economic Affairs II NMFA, Næss 19.10.89. (also dated 18.10.89.)

Nordic countries presented a common proposal, the position of the Nordic countries would be clear, and it would be more difficult for Sweden to oppose Norwegian demands at a later stage in the negotiations. The main disagreement between the Nordic countries was whether quantitative restrictions and variable import tariffs should be illegal within the GATT framework. Sweden found that exceptions focusing on non-economic factors might be a solution for some countries, but only in a transitional period. However, this was not accepted by Finland, Iceland or Norway. These countries were willing to accept strong discipline, but argued that the exceptions for non-economic concerns should be permanent.²⁷

Despite the disagreements, a Nordic agreement was reached and the proposal was to be presented to the Contracting Parties on 19 December 1989. The Minister of Trade, Kaci Kullmann Five from the Conservative Party, informed The Enlarged Foreign Affairs Committee of the proposal. The Minister stated that the proposal was in line with the Norwegian position, particularly with reference to non-economic factors. The submission was a commitment to the mandate of the negotiations to reduce agricultural support and protection and to abolish export subsidies. Special treatment and a longer implementation phase would be necessary for the least developed countries and the net food importing countries.²⁸ On agricultural support, the Nordic countries wanted a gradual reduction of support, and supported the motion that border protection should be organised by means other than quantitative restrictions, but in well-defined exceptional cases still wanted to have the possibility to use quantitative restrictions. This was the result of a compromise between Sweden and the other Nordic countries.²⁹ The Norwegian Cabinet had to give up its opposition to a reduction in support to agriculture, and Sweden had to give up the position that exceptions on quantitative restrictions should only be possible in a transitional period. The Nordic submission was presented to the Contracting Parties by Finland. The countries that commented on the submission were satisfied that the Nordic position was more flexible.³⁰ The Nordic statement focused on the importance of non-economic factors and non-trade concerns, and raised the issue that the negotiations were of particular importance to developing countries. The Nordic countries also called for more attention to the group of net-food importing countries.³¹

²⁷ NMFA, 562.31-2, memorandum Department of External Economic Affairs II NMFA, Næss, 01.12.89.

²⁸ NMFA, 562.31-2, memorandum Department of External Economic Affairs II NMFA, Neple to Minister of Trade 14.12.89.

²⁹ NMFA, 562.31-2, submission by Nordic countries in Press statement from NMFA, 19.12.89.

³⁰ NMFA, 562.31-2, memorandum Department of External Economic Affairs II NMFA, Eidem 21.12.89.

³¹ NMFA, 562.31-2, Introductory Statement by Finland, 19.12.89.

The Nordic proposal marked a clear change in the Norwegian position since the Montreal meeting, and the attempt to get acceptance for a new Norwegian position had succeeded. The NMFA knew that the Norwegian participation would only have very little impact on the final results, and Norway could only hope for moderate achievements. They suggested therefore that Norway should concentrate on the non-economic factors, which were considered to be of greatest importance to Norway. If this were accomplished, it would be easier to gain support for the results of the negotiations in Norway.³² Strong Norwegian opposition to agriculture could conceivably result in less goodwill for Norway on other issues of importance to Norway. To oppose all proposals to bring about liberalisation in agriculture would not therefore be fruitful.

The Norwegian Farmers' and Smallholders' Union was critical of the Nordic proposal. They found that non-economic factors should be underlined to a greater extent, and wanted quantitative restrictions and variable import taxes to remain legal in GATT. The organisation concluded that the submission accepted a general liberalisation of the agricultural sector, and deemed that it would have been better if Norway had not presented a proposal at all, since Norway then would have had more flexibility in future negotiations.³³ This reaction from was not surprising, and it was also important for the Norwegian negotiators that the farming organisations kept up high pressure domestically in Norway. As Putnam proposes, the other Nordic countries would understand that the Norwegian win sets were limited and that Norway had little to give in negotiations, and that in fact the Nordic proposal was a big sacrifice for Norway.

Criticism from the Developing Countries

The Informal Group of Developing Countries made a statement about lack of balance in the negotiations.³⁴ The developing countries were especially worried that the industrialised countries did not want to fully integrate textiles and agriculture into the negotiations. In a statement, the developing countries explained why the developing countries originally wanted a new round of negotiations, and the statement underlined that the current negotiations were benefiting the industrialised countries.

³² NMFA, 562.31-2, memorandum Department of External Economic Affairs II NMFA, Eidem, 31.01.90.

³³ NMFA, 562.31-2, fax Norwegian Farmers' and Smallholders' Union, Gjermund Haga to NMFA, Eidem 13.12.89.

³⁴ Not stated which countries that supported the statement.

The developing countries gave their backing to the Uruguay Round because they were convinced that it represented an opportunity to secure a fair and equitable and a more open, truly multilateral trading system, as a means of promoting the economic growth of all participants and the development of less developed participants. [...] However, after assessing the state of the negotiations, developing-countries participants note with deep concern the current lack of balance in the negotiations, which stems from a failure by many developed-country participants to engage meaningfully in the traditional areas while at the same time pressing for cross linkages to and far-reaching results in the new areas. [...]³⁵

The Norwegian delegation in Geneva wrote that they did not expect a majority of the developing countries to support the strong criticism.³⁶

Industrialised countries rejected the statement from the informal group and it was not considered to be a view shared by all developing countries.³⁷ It was in the interest of the industrialised countries to keep the developing countries divided, and when the impression was made that the statement did not represent the view of all the developing countries this would make it easier to designate the criticism as something stated by “unconstructive” countries.

However, developing country unity was stronger than assumed by the industrialised countries. At a session in UNCTAD, India, on behalf of G77, presented a long statement where the industrialised countries were blamed for the lack of progress in the negotiations. The trading system was at a critical stage according to the Indian speaker, and benefited the industrialised countries, with a high degree of protectionism which harmed the developing countries. India maintained that during the round protectionism had risen, standstill and rollback had still not been implemented, and the developing countries’ share of total world trade declined from 24 percent in 1985 to 20 percent in 1989. The developing countries wanted to be integrated in the round, and the Indian speaker concluded that only integration could lead to a successful outcome.³⁸ Again the Norwegian delegation in Geneva questioned the statement, and found that it aimed to create a view that the developing countries only had rights and no obligations.³⁹

After the UNCTAD meeting, India invited representatives from 18 developing countries to a meeting in India to discuss the negotiations.⁴⁰ The countries were encouraged to

³⁵ NMFA, 562.0, statement by the informal group of developing countries, 01.03.90 attached to fax from del. in Geneva to NMFA, 12.03.90.

³⁶ NMFA, 562.0, fax del. in Geneva to NMFA, 12.03.90.

³⁷ NMFA, 562.0, fax del. in Geneva to NMFA, 12.03.90.

³⁸ NMFA, 562.0, statement on behalf of G77, India in UNCTAD, 09.03.90, attached to fax del. in Geneva 15.03.1990.

³⁹ NMFA, 562.0, fax del. in Geneva to NMFA, 12.03.90.

⁴⁰ Brazil, China, Colombia, Cuba, Egypt, India, Indonesia, Jamaica, Kenya, Malaysia, Mexico, Nigeria, Pakistan, Peru, Singapore, Tanzania, Yugoslavia and Zimbabwe.

agree on a common negotiation strategy to include the development dimension in the round, in order to assure that results would also benefit the developing countries.⁴¹ All delegates welcomed the initiative from India and were concerned about the current situation.⁴² In the agricultural negotiations the developing countries would need special treatment and the interests of the net food importing developing countries had to be considered. The countries also expressed that establishing an International Trade Organisation (ITO), as suggested by Canada, was not part of the mandate from Punta del Este.⁴³

India gathered support for the strong criticism also voiced by the developing countries that had been more positive to the round. The statements and criticism from the developing countries were repeated several times, and this therefore could not just be brushed aside as the position of just a small group, or that India had misled the other developing countries. However, the industrialised countries did not put developing countries' demands on the agenda. India had taken much of the coordinating role among the developing countries, since the Brazilian government was showing more willingness to cooperate with the industrialised countries.⁴⁴

Text from De Zeeuws

A new text on agriculture was presented, and the NMFA considered the text to be in line with the Norwegian position. Between 19 to 20 April 1990 an informal ministerial meeting was held in Mexico with Sweden as the only Nordic participant.⁴⁵ The participating countries agreed to make efforts to try to speed up the negotiations in order to reach an agreement in December. Canada reintroduced a proposal to establish an International Trade Organisation and wanted the closing meeting in Brussels to make a decision to establish this organisation. The Norwegian Ministry of Foreign Affairs commented that if the Canadian proposal was aiming to strengthen the multilateral system, the suggestion would be in line with the principle in Norwegian trade policy.⁴⁶

⁴¹ NMFA, 562.0, fax Emb. in New Delhi, Kåre Dæhlen to NMFA, 29.03.90.

⁴² NMFA, 562.0, press statement from India Press Information Bureau, Government of India, 20.03.90, attached to fax Emb. in New Delhi, Dæhlen to NMFA, 29.03.90.

⁴³ NMFA, 562.0, Chairman's summing up, 20.03.90, attached to fax Emb. in New Delhi, Dæhlen to NMFA, 29.03.90.

⁴⁴ NMFA, 562.0, letter Emb. in Brasilia Per Harald Larsen, to NMFA, 21.06.90.

⁴⁵ Participating countries were: Argentina, Australia, Brazil, Canada, Colombia, EC, France, Hong Kong, India, Indonesia, Italy, Japan, Korea, Mexico, Netherlands, New Zealand, Nigeria, Pakistan, Spain, Sweden, Switzerland, UK, Hungary, US, Uruguay and Germany.

⁴⁶ NMFA, 562.0, memorandum Department of External Economic Affairs II NMFA, Næss, 04.05.90.

Concern regarding the lack of progress grew, and it was decided that the negotiation groups had to produce a text that should be the basis for the Ministerial meeting in Brussels.⁴⁷ The chairman of the negotiation group on agriculture, De Zeeuws, prepared a text on agriculture as a basis for discussions before and during a TNC meeting in July.⁴⁸ He suggested tariffication, but the text also underlined that measures to meet non-trade concerns were necessary. Dividing support into two boxes was suggested; support in green and support in amber box where support that could be characterized as green would have less reduction commitment than the support in the amber box. The support in the green box was support that was not linked to production, while the remaining support in the amber box should be substantial and progressively reduced through AMS. The Cairns Group and the US were in favour of De Zeeuws text, while the EC said that this put CAP under attack.⁴⁹ However, at the meeting in July it was agreed to use the text written by de Zeeuws as a basis for negotiations. The countries committed to presenting offers on reduction of support and import protection before the 15 October.⁵⁰

The Nordic countries were satisfied and found that the text constituted a realistic assessment. However, it would have been desired if reduction targets had been defined in real terms, and that non-trade concerns should influence internal support in special situations. Also, the Nordic countries expressed scepticism about tariffication.⁵¹ Thus the traditional Nordic position prevailed. The countries wanted to be flexible and positive negotiation partners, but at the same time it was important to underline central demands on the most important agricultural issues.

Increased Disagreement in Norway

De Zeeuws' text led to Norwegian reactions and an increased polarisation in Norway may be identified. The Conservative Party and the Labour Party had similar positions in the negotiations. There were few signs of change in the Norwegian positions as the Cabinet changed. The Labour Party and the Conservative Party have a long tradition for reaching consensus in foreign affairs policy. The fact that the negotiations were mainly discussed

⁴⁷ Croome 1999: 154.

⁴⁸ NMFA, 562.31-2, memorandum Department of External Economic Affairs II, NMFA, Evan C. Kittelsen, 02.07.90.

⁴⁹ Croome 1999: 204-205.

⁵⁰ NMFA, 562.31-2, fax del. in Geneva, Summing up TNC meeting to NMFA, undated.

⁵¹ NMFA, 562.31-2, fax Finnish del. in Geneva to MFA in Nordic countries and del. in Geneva Nordic countries, 09.07.90.

inside the NMFA, and that the negotiations were not politicised contributed to continuity in the Norwegian negotiations. However, in the Coalition Cabinet of Jan P. Syse that was established in October 1989, with the Conservative Party, with the Centre Party and the Christian People's Party, disagreements were more visible. The Minister of Finance, Arne Skauge from the Conservative Party, wanted to use the opportunity the negotiation presented to implement necessary structural changes in Norway, as Sweden had done.⁵² As a reaction, the Minister of Agriculture, Anne Vik from the Centre Party, wrote that the De Zeeuws text would make it impossible for Norway to have a national agricultural policy. She underlined that if central goals in the Norwegian agricultural policy were to be met, Norway would have to oppose some of the suggestions in the De Zeeuws text. She also wrote that if a disagreement within the Cabinet existed, this should be discussed among the leadership of the political parties.⁵³ Internal disagreements are easier to identify in a coalition Cabinet, and the Centre Party that had the support of the electorate consisting of farmers and people in rural areas, opposed Norwegian membership of the EC much because of the agricultural policy of the EC. It was therefore expected that a Minister of Agriculture from the Centre Party would be more concerned about Norwegian agricultural interests than a minister from the Labour Party.

The disagreement was also to be found between the Ministry of Finance, the NMFA and the Ministry of Agriculture. Different opinions existed on the extent of agricultural support reduction and the extent to which it should be defined as green. The Ministry of Finance was in favour of a small green box, which implied that the reduction commitment would be higher, while the NMFA warned against changing the Norwegian positions. In addition, the Ministry of Finance wanted to abolish all quantitative restrictions, while the Ministry of Agriculture wanted a continuation of the use of such restrictions.⁵⁴

The De Zeeuws text was discussed at a meeting with the Norwegian Farmers' Union and the Norwegian Farmers' and Smallholders' Union. They stated that the suggestions in the text would make it impossible to continue with agricultural production in Norway. Gjermund Haga from the Norwegian Farmers' and Smallholders' Union criticised the Norwegian negotiators for "giving up" on the Nordic position. The Minister of Trade, Five, said that she shared the organisations' worries regarding tariffication, but said that Norway was not in a position to block the negotiations alone. If Norway turned obstructionist it would merely be

⁵² NMFA, 562.31-2, letter Minister of Finance to Minister of Trade, 12.07.90.

⁵³ NMFA, 562.31-2, memorandum Minister of Agriculture, Anne Vik to Minister of Trade, 04.09.90.

⁵⁴ NMFA, 562.31-2, memorandum Department of External Economic Affairs II NMFA to Minister of Trade, 09.11.90.

left without influence. Five underlined that the current Cabinet, the previous Labour Cabinet and the majority in the Storting shared the same view on the positions in the negotiations.⁵⁵

The answer from the Minister underlined the Norwegian dilemma. Domestic pressure to maintain the import protection system against what it was possible to achieve in the negotiations with other countries. The farming organisations wanted the Cabinet to reject the text due to the lack of focus on non-trade concerns. For the same reason, the Cabinet wanted the text to form the basis for negotiations as it had a focus on non-economic factors. An alternative to the text might involve a compromise between the EC and the US, where the Nordic views would not be considered at all. Norway also met resistance from the Nordic countries, since Sweden and Finland wanted an overall positive evaluation of the text. The change in the Finnish position was a result of internal political processes in Finland that led to a more positive attitude to reforms and liberalisation in agricultural policy. This weakened the Norwegian position, and left Norway even more isolated.⁵⁶

Besides the involvement of the farming organisations, and to a certain extent, NHO and LO, other organisations were not involved, nor did they know much about the negotiations. NHO was satisfied with the cooperation with the Norwegian government and underlined the importance of reaching an agreement especially on agriculture, anti-dumping and trade in services.⁵⁷ LO also had a positive attitude towards the negotiations. Through the International Confederation of Free Trade Unions, LO supported the liberalisation of trade in agriculture.

A newly established ad hoc organisation, the Norwegian GATT campaign, was sceptical about many of the aspects of the negotiations and opposed liberalisation in agriculture. Together with the environmental organisation, Nature and Youth (NU), they called for more focus on environmental issues and food security.⁵⁸

The Norwegian Offer

As we have seen, the Contracting Parties committed themselves to presenting offers to reduce support and protection before the 15 October. The new Minister of Trade, Eldrid Nordbø from the Labour Party, informed the Enlarged Foreign Affairs Committee of the Norwegian offer on 12 October. The key point was to freeze the level of the total internal support in real terms

⁵⁵ NMFA, 562.31-2, minutes, meeting between the farming organisations and NMFA, 04.07.90.

⁵⁶ NMFA, 562.31-2, fax GATT section, NMFA, Neple to del. in Geneva, Brussels and Paris 16.07.90.

⁵⁷ NMFA, 562.0, letter NHO, Arve Thorvik to NMFA, Minister of Trade, 21.11.90.

⁵⁸ NMFA, 562.31-2, letter Norwegian GATT campaign and NU to Minister of Trade, Eldrid Nordbøe, 21.11.90.

at the 1988 level. Norway also accepted an import protection system based on tariffs and an elimination of quantitative import restrictions but with the exception of milk, butter and wild animals. Norway was also committed to abolishing export subsidies before 1996. Norwegian total support to agriculture was NOK 17.2 billion in 1988, the second highest sum of all OECD countries. 40 percent of total Norwegian support could be characterised as green box with no reduction commitment, while 60 percent had to be subject to reductions.⁵⁹ Together with the Common Nordic proposal, the Norwegian offer represented a change in the Norwegian policy regarding quantitative restrictions, since it was realised that this system were under strong pressure. Most important now for Norway was to get continued acceptance for restrictions on milk and game animals. The Norwegian Farmers' and Smallholders' Union was disappointed that the Norwegian offer did not maintain quantitative restrictions on grain. They also found the offer too moderate.⁶⁰

The internal EC disagreement grew, and the EC members failed to agree on the common offer from the EC commission.⁶¹ Great Britain, the Netherlands and Denmark supported the suggestion of a 30 percent reduction in internal support. France and Germany opposed the suggestion.⁶² The US presented its offer on 15 October 1990, with a commitment to reducing trade distorting domestic agricultural subsidies by 75 percent over a 10-year period.⁶³

Norway and the Developing Countries

Norway wanted to be a bridge builder between the industrialised and developing countries, but only in areas where it was possible to combine this role with national interests. In Report No. 13 to the Storting (1989-90), *Norway's cooperation with the developing countries*⁶⁴ the Norwegian position towards the developing countries in the Uruguay Round was described. The report underlined the increasingly diversity between the developing countries. It was underlined that the ASEAN countries, countries from Latin America and India had been most active in the round, while African countries had so far been passive observers. The report focused on the different interests of the net food exporting countries and the net food

⁵⁹ NMFA, 562.31-2, copy of statement made by Minister of Trade to the Enlarged Foreign Affairs Committee 12.10.90.

⁶⁰ NMFA, 562.31-2, fax the Norwegian Farmers' and Smallholders' Union, Haga to NMFA, Næss, 02.11.90.

⁶¹ Stewart 1993: 201.

⁶² NMFA, 562.31-2, fax del. in Brussels to NMFA, 22.10.90.

⁶³ Hillmann 1994: 42.

⁶⁴ Author's translation from Norwegian.

importing countries. It was important to underline the diversity between the developing countries, and for Norway it was especially important to underline that the net food importing countries had different interests from the net food exporting countries that so far had been the most active developing countries in the round. It stated that the Nordic countries traditionally were among the most active industrialised countries defending the interest of the developing countries in GATT. In the conclusion, Norway's role as a bridge builder was emphasised:

Where it is possible to combine it with central national interests, Norway and the Nordic countries are seeking a role as bridge builders between the industrialised and the developing countries. This is actively done in the group for textiles and tropical products.⁶⁵

The conclusion confirms the Norwegian dilemma that Norway wanted to work for the developing countries as long as this did not conflict with national goals and interests. In agricultural policy, this was difficult. Due to the situation in agriculture, it was important for Norway to point to other areas where Norway could give concessions and work as a bridge builder. The question was whether this was possible without giving concessions on agriculture, since this was one of the most important areas for the developing countries.

Before the Ministerial Meeting

The situation before the Ministerial Meeting was not optimal, and by the end of October 1990 there was a high degree of pessimism about the outcome of the round. The Nordic countries feared a situation where the EC, the US and Japan would agree on major points and that a package deal would be presented at the meeting. Most of the negotiations took place in green room meetings. Many developing countries expressed that an acceptable solution on agriculture was necessary if the result should be acceptable.⁶⁶ 10 days before the meeting in Brussels the negotiations were close to a crisis. The disagreement between the EC and the US over agriculture continued.⁶⁷ The NMFA feared a breakdown due to a lack of time and political willingness.

The Ministerial Meeting was to be conducted at a time at which international attention was on places other than on the GATT Uruguay Round. Important historic events happened that drew attention away from trade negotiations, and the international atmosphere was not

⁶⁵ NMFA, 562.0, memorandum, draft Report to the Storting regarding North/South policy, Department of External Economic Affairs II NMFA, Neple, 24.08.90. Author's translation from Norwegian.

⁶⁶ NMFA, 562.0, memorandum Department of External Economic Affairs II NMFA, Næss to Minister of Trade, 29.10.90.

⁶⁷ NMFA, 562.0, fax Swedish del. in Geneva to Norwegian del. in Geneva, to NMFA, 26.11.90.

optimal for holding a closing meeting of the Uruguay Round. In Europe, the fall of the Berlin Wall and the first unified all-German election took place on 2 December. This, together with the collapse of the communist regimes in Eastern Europe, diverted much of the European attention. In addition, John Major replaced Margaret Thatcher as prime minister in Great Britain. In Asia, the massacre in Tiananmen Square, the democratisation processes in South Korea and Taiwan, and deepened economic integration in East Asia were more important to Asian politicians than the GATT negotiations.⁶⁸ On 2 August, Iraq invaded Kuwait, and the following attack on Iraq drew the attention of the US president and European prime ministers.⁶⁹ The American President George Bush also intended to focus more on regionalism and free trade zones in America.⁷⁰ Together, these factors led to a lack of the political attention and will that would have been necessary to close the agreement.

The Norwegian negotiation mandate accepted that Norway should be prepared to offer tariff reductions in order to achieve increased market access for Norwegian products. The Norwegian delegation should continue to work for an acceptance of support to agriculture based on non-economic factors, and it was still important for the reductions to be in real terms. The delegation was given a mandate to support the establishment of an International Trade Organisation, as it was in Norway's interest to strengthen the multilateral trading system.⁷¹ This mandate went quite far in accepting reductions in agricultural support, and the Cabinet understood that to protect other national interests, Norway had to be prepared to give up some of its agricultural demands. This view was, however, not shared by all of Members of the Storting. Inger Dag Steen from the Socialist Left Party posted several questions in the Storting in 1990 regarding the Uruguay Round.⁷² In November 1990 she asked the Minister of Agriculture about the developments in the negotiations. She referred to the explanatory statement given by Huslid, and wondered whether Norway could continue to have a national agricultural policy.⁷³ Øyangen replied that Norway had focused on non-economic factors, and that the Nordic countries had gained acceptance for this. She also stated it would be harmful for Norway if the negotiations broke down, and that the developing countries wanted increased market access.⁷⁴ In the debate that followed, Arne Alsåker Spilde from the

⁶⁸ Preed 1995: 116.

⁶⁹ Preed 1995: 105-106.

⁷⁰ Preed 1995: 107-108.

⁷¹ NMFA, 562.0, Norwegian negotiation mandate 29.11.90, attached to letter NMFA to selected Embassies, 03.12.90.

⁷² Interview with Inger Dag Steen 15.10.05.

⁷³ S.tid. (1990-91) 7a: 742-744.

⁷⁴ S.tid. (1990-91) 7a: 744-746.

Conservative Party, made it clear that the Conservative Party fully supported the government and that it was surprising that the Socialist Left Party was negative to GATT.⁷⁵

The Ministerial Meeting

The Ministerial Meeting was held in Brussels from 3 to 7 December. The meeting in Brussels was extensive with 2000 delegates participating and 1000 journalists present. Several NGOs present came from developing countries and they announced their opposition to GATT.⁷⁶ The anti-GATT movement was symbolically launched during the meeting via a demonstration with some 30,000 participants in Brussels.⁷⁷

No single text existed on which to base the negotiations on agriculture, but there was still hope that it would be possible to reach an agreement.⁷⁸ Dunkel said that it would be possible to find a solution if the participating countries showed evidence of a political willingness to do so. Eight negotiation groups were established, and the Swedish Minister, Mats Hellström, chaired the group on agriculture. The Minister of Trade, Nordbø, underlined the importance of a successful outcome. She said that a good set of GATT rules and disciplines were of great importance not only to small countries but also to developing countries. The Norwegian Minister argued that sustainable development should be secured by making trade and environmental policies mutually supportive.⁷⁹

The negotiations were difficult and meetings with no progress were held. Hellström presented a text in an attempt to speed up the negotiations.⁸⁰ The paper called for a five-year reform with a 30 percent cut in internal support and border protection.⁸¹ The text also focused on commitments to reduce export subsidies, reduction in farm subsidies and barriers to market access. The EC opposed the proposal, mainly since it used 1988 and not 1986 as a basis for reduction commitments.⁸² Norway had problems with the text due to the lack of focus on non-economic factors and the level of reduction commitments. Several other countries had problems with some parts of the texts also, but most of the countries except South Korea and Japan accepted it as a platform for further negotiations. However, after some time, the EC

⁷⁵ S.tid. (1990-91) 7a: 747-748.

⁷⁶ Croome 1999: 238.

⁷⁷ Dunkley, Graham 1997. *The Free Trade Adventure. The Uruguay Round and Globalism- A Critique*. Melbourne: Melbourne University Press, p. 101.

⁷⁸ Croome 1999: 239.

⁷⁹ NMFA, 562.0, Opening statement by Nordbø, 03.12.90, attached to memorandum Department of External Economic Affairs II NMFA, Næss, 10.12.90.

⁸⁰ NMFA, 562.31-2, fax del. in Brussels to NMFA, 07.12.90.

⁸¹ Croome 1999: 240.

⁸² Stewart 1993: 203.

said that it could not accept the paper if it was not changed according to the EC's amendments. The developing countries said that this was unacceptable to them, and representatives from the Cairns Group and the US also expressed that it would be impossible to continue to negotiate if the EC presented such demands. Countries from Latin America instructed the negotiators in other negotiation groups to stop the negotiations because of the lack of results in the agricultural group.⁸³

The situations closely resembled the situation after the Mid Term Review in Montreal. The EC demands led to a reaction among the developing countries, and the Latin American countries did not want to continue negotiations on other areas if results on agriculture were not achieved. Through this action the developing countries showed not to accept any instructions from the EC on agriculture, and that the willingness to go far in order to reach agreement in agriculture was there.

The Ministerial meeting closed on 7 December without having reached any agreement, and the round had to be prolonged, since more time was needed.⁸⁴ The Contracting Parties decided that via consultations before the end of the year Dunkel should establish the basis for further negotiations. For the Nordic countries it was important to secure the negotiation results already achieved. The problems at the meeting led to increased media attention. The newspaper, *Aftenposten*, attended the meeting, and Øyangen said to the newspaper that the suggested text went too far. The newspaper feared a breakdown, which would lead to increased bilateralism.⁸⁵

From the Norwegian perspective, there were several reasons explaining the lack of results of the meeting. Firstly, the Uruguay Round was complex and complicated with many areas of negotiations. Secondly, the developments in Eastern Europe, the changes in the EC and the crisis in the Gulf drew political attention away from the negotiations. Thirdly, it was pointed out that the Ministerial Meeting was badly organised.⁸⁶

Conclusion

The negotiations went from pessimism at the Mid Term Review to optimism and then to pessimism again after the breakdown in Brussels. There were several reasons for the breakdown. However, action from developing countries, where Latin American countries

⁸³ NMFA, 562.31-2, fax del. in Brussels to NMFA, 07.12.90.

⁸⁴ Croome 1999: 241.

⁸⁵ *Aftenposten* 7.12.90 in Jakobsen 2001: 42.

⁸⁶ NMFA 562.0, memorandum Department of External Economic Affairs II NMFA, Næss, 10.12.90.

expressed that there would be no consensus if results on agriculture were not achieved, was an important factor.⁸⁷ Similar action also led to the breakdown in Montreal. This situation gave the developing countries much influence, and since it was decided that the negotiations should be conducted by the principle of a single undertaking, this action was effective. The fact that the Latin American countries decided that negotiations on issues other than agriculture also had to be put on hold if results were not achieved in agriculture implies that the Latin American countries were willing to go far to reach acceptable results for them. The influence of the developing countries was also possible due to the disagreement between the EC and the US. In earlier negotiations, and also to some extent later in the Uruguay Round, an agreement between the US and the EC left the other Contracting Parties without influence on the result. This was not the situation at the Ministerial Meetings in Brussels and Montreal since the EC and the US were in fact the main opponents.⁸⁸

The Norwegian position was put under pressure both by demands from developing countries but also because the Norwegians' allies changed their position. Gradually, a new and more flexible Norwegian position emerged. The fact that Norway was almost isolated in the negotiations, together with international pressure and development in the negotiations made it clear to the Cabinet that a new Norwegian position had to be established. Both in the common Nordic proposal and in the Norwegian offer, a new position can be identified with acceptance for a reduction in the total support to agriculture, and that quantitative restrictions should be limited. The Norwegian Cabinet had to balance the Norwegian position between what was realistic to achieve in the negotiations and domestic pressure. The Cabinet and the NMFA generally recognised the need to be flexible and were partly willing to exploit the negotiations to achieve goals on areas other than agriculture. However, in the coalition Cabinet there were disagreements in how far Norway could go in accepting liberalisations in agriculture. Also the Storting emphasised the importance of giving concessions in line with the Norwegian import protection system. The negotiators were trapped in the dilemma between the Norwegian agricultural interests in line with the farmers' organisations view, while at the same time being a constructive negotiation partner and having a common platform with the Nordic countries. The reality in the negotiations was more difficult than the internal Norwegian debate reflected, since in fact Norway was viewed as a protectionist country. This weakened the Norwegian position, but this was not obvious to the farmers' organisations and the Storting. Also the fact that the other Nordic countries had established a

⁸⁷ Ricupero 1998: 21

⁸⁸ Ricupero 1998: 22.

more flexible position was a challenge to Norway. However, it was partly in the interests of the Norwegian Cabinet to be put under high domestic pressure since this could be used as an argument for small Norwegian concessions in agriculture.

The Norwegian explanatory statement was an important strategic manoeuvre by Norway. The domestic pressure groups were satisfied that non-economic factors were being underlined, which at the same time enabled Norway not to make any reservations in the text. Another strategic step was the common Nordic proposal. The proposal was criticised by the Norwegian farming organisations, but Cabinet believed that the proposal would prevent Sweden from leaving the common Nordic positions. This would have caused severe difficulties for Norway and the Norwegian negotiation position.

CHAPTER V

From Crisis To Agreement

The last phase of the negotiations lasted from the Ministerial Meeting in Brussels to the end of 1993 when an agreement was finally reached. 1991 and 1992 were a period of transition and the negotiations were reorganised. Growth in Eastern Asia and liberalisation in Eastern Europe represented important changes in the world trade regime that had a positive influence on the negotiations.¹ But the period was also characterised by stagnation and difficulties. There were long periods when the negotiations only took place between the US and the EC, and these discussions resulted in the Blair House agreement. How this affected the negotiations shall be discussed. An agreement was reached finally and the processes that led to this agreement shall be described.

Dunkel presented a proposal, the Draft Final Act (DFA), in order to speed up the negotiations. The proposal was positively evaluated by the Norwegian Cabinet, but received negative reactions from the farming organisations. How the DFA influenced the Norwegian debate shall be analysed. Through Reports and Propositions, the Storting was briefed and involved in the negotiations. The process during which Norway gave up some of the essential demands continued. However, non-trade concerns were still underlined. The Cabinet received support in the Storting for its new agricultural position, but it was also criticised by the opposition. The polarisation in Norway and the domestic debate shall be described in this chapter.

Brazil and India relented in much of their criticism, and how this affected the negotiations and why this happened shall be discussed. This chapter will also describe how the developing countries reacted to the DFA and the Blair House Agreement.

After the Failure in Brussels

At a TNC meeting on 26 February 1991, the Contracting Parties decided that the negotiations should continue without a time frame.² It was still uncertain whether it would be possible to end the negotiations in 1991, or even before the US election in 1992.³ However, again there

¹ Croome 1999: 251.

² NMFA 562.0, memorandum Department of External Economic Affairs II NMFA, Elisabeth Roderburg, 03.04.91.

³ Preed 1995: 136.

was optimism that closure was possible. Some progress was made, but the EC and the US had the key to the solution as it was the EC and the US that disagreed the most, and there was also gradually weakened opposition from the hardliners from the developing countries.⁴ As the new governments in India and Brazil were more in favour of an open economy and liberalisation, opposition from India and Brazil reduced.⁵ Brazil changed its development strategies and started liberalising reforms in 1990,⁶ while India started with liberalisation and the dismantling of trade barriers in 1991.⁷ On agriculture, India was neutral in the dispute between the EC and the US and was willing to accept a compromise on this issue.⁸ Internal discussion and disagreements in the EC was one of the main reasons for the lack of progress. Germany supported France, and this resulted in an inflexible EC position. However, as Germany gradually changed its approach this influenced the position, and the EC became more positive towards considering deeper cuts in domestic support levels for farmers and to negotiate commitments on export subsidies.⁹

In a demarché from Canada, Japan, Korea, Norway and Switzerland, the countries expressed that “tariffication without exception should not be considered as the only way to contribute to the expansion of agricultural trade.”¹⁰ Norway found it necessary to seek alliances outside the Nordic group on the question of tariffication. This indicates that Norway regarded support from the other Nordic countries to be weakened, since Finland had changed to a more positive attitude towards liberalisation in agriculture. Canada also found it necessary to seek alliances outside of the Cairns Group. Even though Canada wanted liberalisation in agriculture, it was important to still have an import quota for products that were used to support national supply management programmes.¹¹

The Draft Final Act

On 20 December 1991, Dunkel presented a Draft Final Act with suggestions for texts within each of the negotiation areas. It was hoped that the DFA might lead to a conclusion of the

⁴ Preed 1995: 133.

⁵ NMFA 562.0, fax Danish Emb. in New Delhi to NMFA, 06.02.91.

⁶ Srinivasan 2000: 35.

⁷ NMFA 563.8, letter del. in Geneva to NMFA, 26.03.9.

⁸ NMFA 562.0, letter Emb. in New Delhi to NMFA 22.03.91

⁹ Preed 1995: 136.

¹⁰ NMFA 562.31-2, fax Del. in Geneva to NMFA, Ministry of Finance and Ministry of Agriculture, 16.12.91.

¹¹ Warley, T.K. 1994. “The Canadian Perspective”, in R.C. Hine, K.A. Ingersent and A.J. Rayner (eds.), *Agriculture in the Uruguay Round*: 110-139. Basingstoke: St. Martin’s Press, p. 125.

round.¹² Special focus was placed on agriculture, and Dunkel suggested that internal support levels be reduced by 20 percent and import barriers be cut by 36 percent. On export subsidies, a 36 percent cut in budget support and 24 percent cut in the volume of exports over six years were suggested.¹³ Dunkel also proposed creating an organisation as suggested earlier by Canada, and he proposed calling it the Multilateral Trade Organisation (MTO). Immediately France, Japan and Korea rejected the DFA since it went too far on reduction in support.¹⁴

In a written statement from the Norwegian delegation, it was expressed that Norway had serious problems with some aspects of the agricultural proposal.¹⁵ At a Nordic meeting on 22 December, the text from Dunkel was examined. The reduction in internal support would, according to the NMFA, lead to negative consequences for Norway and Finland. But since the implementation period had been increased from five to seven years, the text on agriculture was evaluated as being better than expected.¹⁶ The NMFA understood that a total rejection of the text would not be fruitful, and indeed not even possible. The initial Norwegian position to reject reductions in import barriers and internal support was now left. This came after the realisation that the original Norwegian position would have been impossible to defend, and that a more flexible position would give better overall results for Norway. It was also important to change the image that Norway did not want access for developing countries to the Norwegian market. However, Norway continued with its opposition to tariffication across board and underlined the special characteristics of agriculture. Norway got some understanding for this view, but many countries expressed that Norway had a high support level and Norway was regarded as protectionist.¹⁷

Due to the changed position, the Norwegian Cabinet started to be more offensive in the domestic debate on agriculture. This was of course important to generate support for a new position. However, in the negotiations Norway kept focusing on the special challenges for Norway and on non-trade concerns. It was important for Norway to keep the focus on the negative parts of the agreement, even though it was deemed more positive than expected. By this, the Norwegian government underlined its sacrifices, and gave domestic signals in Norway that one was striving to achieve results according to the Norwegian position. In the negotiations, the NMFA underlined the special Norwegian needs, while in the domestic

¹² NMFA 562.0, fax del. in Geneva, Næss to NMFA, Office of the Prime Minister, Ministry of Agriculture, 20.12.91.

¹³ Preed 1995:

¹⁴ Hathaway 1996: 36.

¹⁵ NMFA 562.31-2, memorandum NMFA, 17.03.92.

¹⁶ NMFA, 562.0, fax Emb. in Bonn to Department of External Economic Affairs II NMFA, Næss, 27.12.91.

¹⁷ Interview Næss 09.03.06.

debate the NMFA stressed that Norway had to give concessions on areas that would be difficult to Norway. By using this strategy, the NMFA was trying to meet both the international and domestic pressure, and to find a solution to the Norwegian dilemma. This dualism in the Norwegian position was regarded as necessary, since Norway was dependent on an open world economy, while at the same time Norway had defensive interests on agriculture. The political challenge was to balance these conflicting aspects.¹⁸

The Organisations Reactions to the DFA

The DFA led to reactions in Norway, and it resulted in increased disagreement among the Cabinet and the farming organisations. The NMFA sent a letter to a number of organisations for comments on the DFA. The media had written mostly about the agricultural negotiations and the farming organisations' scepticism. The request to other organisations to express their point of view was a strategy designed to get reactions from other organisations and institutions as well and to draw focus to views other than those coming from the farming organisations.

Nature and Youth sent a resolution adopted at their congress arguing that Norway should pull out of the Uruguay Round. The organisations stated that the agreement would make it more difficult to combat hunger in the developing countries and maintain food security. Free trade in food would not benefit the world population and poor farmers in the developing countries that were placed outside the global economy, according to the organisation.¹⁹ In an answer to the resolution, the Minister of Trade, Bjørn Tore Godal from the Labour Party, wrote that it was necessary to have clear rules in international trade, something that was important to developing countries. Godal stressed that the developing countries wanted clear results, and had participated actively in the negotiations and supported the DFA.²⁰ The dispute between NU and NMFA is an example of both the opponents and the supporters of the negotiations using the needs of developing countries in their arguments. The Cabinet's wish to improve the conditions for the developing countries was ideologically motivated, according to Godal.²¹

In a press statement, the Norwegian Farmers' Union wrote that the Dunkel text was a complete rejection of the Norwegian agricultural policy, and Norway would have to seek

¹⁸ Interview with Godal 31.01.06.

¹⁹ NMFA 562.31-2, NU, Bjørn K. Bore to NMFA, 15.01.92.

²⁰ NMFA 562.31-2, Minister of Trade, Godal to NU, 08.04.92.

²¹ Interview with Godal 31.01.06.

reservations if Dunkel's text were to be adopted. The suggested import protection system would, according to the organisation, create problems for Norway's agricultural policy and for small farms in Norway especially. It would be impossible to attain central policy goals such as food security, environmental and regional policy. Continued possibilities for quantitative restrictions and that internal support should be measured in real terms were the most important issues to the organisation.²² This was also official Norwegian policy, but the Cabinet knew that it would not be possible to get acceptance for all the Norwegian demands, and a focus on non-trade concerns and continued use of quantitative restrictions on milk and game animals was regarded as most important. The Cabinet had to focus on what was possible to achieve in the negotiations, while the role of the farming organisations was to keep constant pressure on the Cabinet for their demands. It was important for the government to show that the negotiations were about both sacrifices and achievements. The sacrifices were criticised, but it was important to have meetings with the organisations to create understanding of this situation.²³ There were frequent meeting between the farming organisations and Minister of Trade and Minister of Agriculture to get acceptance for Norwegian proposals and negotiation strategies. The farming organisations understood the dynamism in the negotiations and that access for developing countries was needed. However, this was not very clearly expressed in public according to Godal.²⁴

As a reaction to a Dunkel proposal that industrialised countries should make greater commitments to products of particular export interests for developing countries, The Norwegian Farmers' Union said that this would harm Norwegian production. They were, however, willing to give developing countries preferences on "non-sensitive" products.²⁵ This statement shows that the organisation meant there was an actual conflict between Norwegian interests and market access for developing countries. The organisation argued in line with the "accept of incompatible interests" perspective, while the opponents of a reduction in the Norwegian import protection system earlier had used the "none interest conflict" perspective.

In a press release issued by the Ministry of Foreign Affairs, Godal commented on the consequences an agreement would have for agriculture in Norway. He said that it was time to adapt to a new era and to implement structural changes in Norwegian agricultural policy. Godal stated that the consequences of the DFA as presented by the Norwegian Farmer's Union were exaggerated, and that they did not take into consideration that changes outside of

²² NMFA 562.31-2, Press-statement, The Norwegian Farmers' Union to Minister of Trade, Godal, 02.01.92.

²³ Interview with Næss 09.03.06.

²⁴ Interview with Godal, 31.01.06.

²⁵ NMFA 562.31-2, letter Norwegian Farmers' Union to NMFA, 22.07.91.

Norway that would affect Norwegian production. Changes, such as higher world market prices, would in turn have positive effects on Norway's agricultural industry. The public attention on the negotiations resulted in increased information from NMFA, underlining how important an agreement would be to Norway.²⁶ In a press release issued by the Minister of Agriculture, Øyangen stated that the Farmers' Union was interpreting the GATT document in an extremist way.²⁷ The polarisation between the Cabinet and the farming organisations grew. The Cabinet became more positive to liberalisation of trade, while the farming organisation became more confrontational in their argumentation.

The appeal from the NMFA, i.e. that organisations which did not represent farming interests should also enter the discussion, succeeded. Many of the organisations in the private sector underlined that there were areas in the negotiations more important than agricultural issues. The Federation of Norwegian Commercial and Service Enterprises stated that the DFA was in line with their expectations of the round.²⁸ The Norwegian Trade Council wrote that increased market access would lead to an increase in Norwegian exports. The Trade Council warned against Norway seeking reservations in agriculture that could harm the round as a whole.²⁹ NHO underlined that the agreement was about much more than agriculture, and that the debate in Norway was only focusing on the agricultural parts of the agreement. It was important that Norway should have a flexible approach in the negotiations, and NHO feared that the farming organisations would dictate the Norwegian positions.³⁰ NHO was not very active in the negotiations, but played a constructive role, according to Godal.³¹ LO was also positive to an agreement, and wrote in a comment that it was in Norway's interest to have free international trade and a strong set of rules.³² The backing from LO was important for the Cabinet. Deputy Minister of Foreign Affairs, John Ivar Njålsund, came from LO, and had frequent contact with the organisations.³³ The former Minister of Trade, Jan Balstad, held a central position in LO. According to Chaffey, LO at that time was dominated by private sector industry that needed market access.³⁴

²⁶ NMFA 562562.31-2, Press Release NMFA, 06.01.92.

²⁷ MFA 562.31-2, Press Release Ministry of Agriculture, 08.01.92.

²⁸ NMFA 562.0, letter The Federation of Norwegian Commercial and Service Enterprises, HSH Leif B. Bjørnstad and Thomas Angell to NMFA, 06.01.92.

²⁹ NMFA 562.0, letter Norwegian Trade Council, Fredriksen to NMFA 07.01.92..92.

³⁰ NMFA 562.0, letter NHO to Minister of Trade Godal, NMFA, 09.01.92.

³¹ Interview with Godal, 31.01.06.

³² NMFA 562.0, letter LO, Jan Balstad to NMFA, 10.01.92.

³³ Interview with Godal, 31.01.06.

³⁴ Interview with Paul Chaffey 23.09.2005.

Political Reactions to the DFA

Two days after Dunkel presented the DFA, Godal informed the Enlarged Foreign Affairs Committee about the text. He emphasised the importance of an agreement. On agriculture and services Norway's positions were not fully met, but the negotiations had been complicated and a country could not expect to reach all goals in all areas. However, Godal underlined that the Norwegian goal was to maintain the environmental and regional profile as well as food security aspects in the agricultural sector. It was difficult for Norway that the text did not open up for a reduction in real terms, only in nominal terms. As the period of reduction was seven instead of five years, however, the Minister argued that this was acceptable. Since the DFA was based only on tariffication, Norway could not continue with quantitative restrictions on milk and game animals and this was regarded as being negative for Norway. Godal also underlined the importance for the developing countries of an agreement being reached, and said that the developing countries had participated actively in the round, and were expected to judge the overall value of the results of the negotiations as positive. He also informed the Committee about the plans to create a trade organisation, and that Norway had been positive to such an organisation. The creation of an MTO would not lead to changes in Norwegian law, according to Godal.³⁵

The information presented by Godal and his statement that the DFA was acceptable to Norway, show that Norway was about to give up two important demands; first, that the reduction had to be in real terms and, secondly, continued possibilities to use quantitative restrictions. However, Norway was still working for the original Norwegian positions, especially for exemptions on tariffications, but it was important to prepare the Norwegian interest groups and the Storting for the possibility that Norway might have to give up these demands. As Putnam describes it, international negotiations are negotiated on two levels; in the actual negotiations and domestically. Norway had to balance the negotiations between these levels. In Norway, the Cabinet was criticised for giving up on central Norwegian demands, while in the negotiations Norway was criticised for being too protectionist and for giving too few concessions in agriculture.

After the meeting of the Enlarged Foreign Affairs Committee, the Centre Party and the Socialist Left Party demanded a debate about the negotiations in the Storting. This was according to a proposal from Dag Steen.³⁶ On 28 January 1992, the Minister of Trade informed the Storting about the GATT negotiations. He said that the agricultural negotiations

³⁵ NMFA 562.0, Minister of Trade to The Foreign Affairs Committee, 09.01.92.

³⁶ Interview Inger Dag Steen 15.10.05.

were difficult, and the Norwegian goal was to secure the non-economic factors in agriculture. Godal used the developing countries in his argument in favour of the agreement, saying that the developing countries had underlined the importance of reaching concrete goals in the round. He also said that the developing countries had expressed some disappointment with parts of the total package, and wanted more special treatment.³⁷ Both in the information to the Storting, and to the Enlarged Committee on Foreign Affairs, the developing countries were used in the argumentation. It was underlined that the developing countries wanted a quick end to the negotiations. This was partly correct; however, Godal did not mention the strong criticism that was coming from the developing countries regarding a lack of focus on what these countries regarded as important.

On 6 February the Storting debated the speech. Gunnar Berge from the Labour Party started by saying that he was sorry that the press was not present during the debate. Even though attention had grown, this shows that the national debate on the negotiations was still limited. Berge said that the agreement would be a challenge for the agricultural sector in Norway, but that the situation was not as bad as made out by the agricultural organisations. The draft agreement was, according to Berge, positive for the developing countries due to better market access, reform of the textile sector and reform in the agricultural sector.³⁸

Erik Solheim from the Socialist Left Party said that the traditional criticism of the market system was missing from Berge's speech. He wanted the Cabinet to support an initiative taken by hundreds of NGOs to postpone the closure of the negotiations until after the Rio meeting.³⁹ Anne Enger Lahnstein from the Centre Party said that the DFA would lead to a dramatic change in the agriculture sector and food production in Norway. She criticised the Cabinet for being passive and for not paying attention to the calculations from the farming organisations.⁴⁰ The Labour Party and the Conservative Party criticised the Socialist Left Party for only focussing on national interests, without paying attention to what was the actual demands from the developing countries were. Kirsti Kolle Grøndahl referred to a meeting with the Minister of Foreign Affairs from Indonesia, where he had expressed the need for a fast end of the negotiations.⁴¹ In his answer, Godal said that the Cabinet was not

³⁷ S.tid. (1991-92) 7b: 2188-2195. (28.01.92.)

³⁸ S.tid. (1991-92) 7b: 2317-2319. (06.02.92.)

³⁹ S.tid. (1991-92) 7b: 2320. (06.02.92.)

⁴⁰ S.tid. (1991-92) 7b: 2338-2341. (06.02.92.)

⁴¹ S.tid. (1991-92) 7b: 2343-2344. (06.02.92.)

satisfied with the agreement on agriculture, and that Norway had to continue to work for criteria for green support and quantitative restrictions.⁴²

Kaci Kullmann Five from the Conservative Party said that the Cabinet had kept the same line in the negotiations, as had her Party when she was Minister of Trade. She wanted a quick end to the negotiations and referred to the developing countries, as she stated that the developing countries wanted trade not aid.⁴³ Paul Chaffey from the Socialist Left Party said that it was strange that everyone was speaking on behalf of the developing countries, even people who had not been active in development work in the third world. He continued by saying that there were no absolute answers for the developing countries. For exporting countries the agreement might be positive, but unfavourable for importing countries. Chaffey also said that no guarantees existed that reduced food production in Norway would lead to increased imports from the developing countries.⁴⁴ As we have seen earlier, the developing countries were used both by the opponents of freer trade in agriculture, and those that wanted a continued high Norwegian import protection system. Dag Steen argued that the developing countries had to access the market with own preferences and needed food security, and that she was the only person addressing these problems. She underlined that the developing countries needed protectionism, and that farmers in the developing countries would not benefit from free trade.⁴⁵ Chaffey has stated that not many of those that used the developing countries in their arguments really knew what the actual needs of the developing countries were. Many people on the political left believed that if something benefited the agricultural sector, it also benefited the developing countries. If there were common interests between developing countries' needs and agricultural interests, this was used in the argumentation. However, it was in fact the agricultural interest that was the important issue.⁴⁶ Former Minister of International Development from the Centre Party, Tom Vraalsen, said it would be a catastrophe for the developing countries if the negotiations broke down, since it would lead to increased protectionism, trade wars and economic stagnation.⁴⁷ However, Haga from the Norwegian Farmers' and Smallholders' Union believed that an agreement would be catastrophic for the developing countries, and that the developing countries needed protectionism and not free trade.⁴⁸

⁴² S.tid. (1991-92) 7b: 2372-2376. (06.02.92.)

⁴³ S.tid. (1991-92) 7b: 2321-2323. (06.02.92.)

⁴⁴ S.tid. (1991-92) 7b: 2331-2335. (06.02.92.)

⁴⁵ *Klassekampen* 28.02.91, and interview with Dag Steen 15.19.05.

⁴⁶ Interview with Chaffey 23.09.05.

⁴⁷ *Gula tidende* 16.01.91.

⁴⁸ *Gula tidende* 26.01.91.

Even though scepticism about the negotiations among politicians grew with increased information, the majority in the Storting supported the Cabinet's position. The Labour Party and the Conservative Party shared positions and agreed on the most central elements and principles. On the other hand, awareness of and opposition to the negotiations grew locally in Norway. Several regional and local councils made official statements regarding the negotiations. They underlined the importance of a national agricultural policy and were worried about employment in the agricultural sector.⁴⁹

In March 1992 the Cabinet accepted tariffication on all agricultural products except milk and game animals. This was communicated to the parliamentary leaders, but not to the Enlarged Foreign Affairs Committee. The Farmers' Union was negative to the acceptance, and said that the Cabinet had not considered food security and non-economic concerns.⁵⁰ Dag Steen believed that Norway had departed from the opening offer from 1989 without having a mandate from the Storting.⁵¹ She stated that the Norwegian offer was used as an alibi to adapt to the EC and give up a national agricultural policy.⁵²

The Contracting Parties Reactions to the DFA

The Contracting Parties evaluated the DFA differently. The Indian government wrote that India was "extremely unhappy with several elements in the Dunkel package, especially in the areas of textiles and intellectual property rights".⁵³ Brazil supported the Dunkel text, and the government did not want to open for changes in the text.⁵⁴ The chief of the financial department at the Brazilian Ministry of Foreign Affairs said in a meeting with the Norwegian Embassy that the Dunkel agreement would imply sacrifices for Brazil, but that it also had some positive elements. Since the Brazilian government had started a liberalisation programme for Brazilian foreign trade, it was important for Brazil to have a clear set of rules.⁵⁵

The disagreement on agriculture between the EC and the US was again high. However, the countries within the EC had different opinions on how far to could go in meeting American demands. France was the clearest opponent, and the French government

⁴⁹ NMFA, 562.31-2, letter Møre og Romsdal Fylkeskommune [Country Council] to NMFA, 12.03.92.

⁵⁰ *Nationen* 18.03.92.

⁵¹ *Nationen* 19.03.92.

⁵² *Klassekampen* 14.01.93.

⁵³ NMFA 562.0, fax Emb. in New Delhi, Jon A. Gaarder to NMFA 09.01.92.

⁵⁴ NMFA 562.0, fax Emb. in Brasilia, Sigurd Endresen to NMFA 09.01.92.

⁵⁵ NMFA 562.0, fax Emb. in Brasilia, Endresen to NMFA 11.01.92.

did not accept the Dunkel document.⁵⁶ In France, internal pressure rose, and violent riots by farmers occurred.⁵⁷ The Minister of Commerce from Bangladesh wrote a letter to the Norwegian Minister of Trade, emphasising that the round did not address vital interests of the least developed countries. Bangladesh wanted therefore the following terms to be incorporated in the final act:

Least developed countries, recognised as such by the United Nations, for becoming parties to the instruments negotiated in the course of the Uruguay Round, shall not be required to make concessions or contributions and undertake any additional or new commitments and obligations which are inconsistent with their individual development, financial and trade needs, or, beyond their administrative and institutional capabilities.

The letter concluded by emphasising that the Norwegian government had always supported and understood the situation in Bangladesh, and that the government had played a leading role in promoting the interests of the least developed countries.⁵⁸ Bjørn Tore Godal responded to the letter and wrote that the Norwegian government shared the concerns of the developing countries. “Together with other North European countries we have therefore during the multilateral negotiating process supported several initiatives to improve the possibilities of the developing countries in international trade.”⁵⁹

Norway’s Cooperation with Developing Countries

In Report No. 16 to the Storting (1990-91), About Norway’s cooperation with the developing countries, the Uruguay Round was characterised as important to the developing countries so as to gain access to western markets.⁶⁰ The report went far in admitting that protectionism in industrialised countries had caused problems in the developing countries, and underlined that Norway felt a responsibility to address the problems of the developing countries in GATT. It was stated, as earlier, that Norway was seeking to be a bridge builder between industrialised and developing countries. It was however underlined that this was only the case when it did not conflict with central, national goals.⁶¹ Again the dualism in the Norwegian policy can be identified. It was realised that protectionism in the North created problems in the South, but at the same time Norway only wanted to be a bridge builder in areas not in conflict with national

⁵⁶ NMFA 562.0, fax Emb. in Paris, Ove Thorsheim to NMFA 16.01.92.

⁵⁷ Croome 1999: 293.

⁵⁸ NMFA 562.0, Minister of Commerce Bangladesh, M.K.Anwar to Minister of Trade Godal, 30.06.92, attached in letter NMFA to NORAD, 24.09.82.

⁵⁹ NMFA 562.0, NMFA, Minister of Trade Godal to Minister of Commerce Bangladesh, M.K. Anwar, 22.11.92, attached in letter NMFA to NORAD, 24.09.82.

⁶⁰ Report No. 16 to the Storting (1990-91): 15.

⁶¹ Report No. 16 to the Storting (1990-91): 17.

goals. One result of this position would be that Norway did not work for the interests of the developing countries in agriculture, but considered itself to be a bridge builder in other areas such as on textiles and tropical products. The question was whether the developing countries found that satisfactory since agriculture was one of the most important issues. However, the new Norwegian position in agriculture did accept changes in agricultural policy, such as a more liberal import protection system and increased market access, something the developing countries were demanding.

Report No. 51 to the Storting (1991-92), *Development in the North/South relationship and Norway's cooperation with developing countries*, also discussed the developing countries in GATT and how to improve their trading opportunities. The Report emphasised that it was necessary to give more access to developing countries and that it was western countries that were partly to blame for a lack of economic development in developing countries due to protectionism. "Many western countries including Norway, have been giving developing aid, while at the same time doing little to work for increased import from developing countries."⁶² It was also stated that there was no doubt that the protectionism in industrialised countries made it more difficult for the developing countries to reform the economic policy through increased focus on export.⁶³ Report No. 51 underlined that developing countries met higher tariffs than industrialised countries. The report also admitted that Norway did not always follow what it preached. "Norwegian trade barriers for textiles and agricultural goods meant that we protected ourselves against import of goods that were of central importance for the export from the developing countries."⁶⁴ It was underlined that the Cabinet was working for the best possible solution to the trade problems for the developing countries in the Uruguay Round, and that Norway wanted to improve the import of agricultural goods from developing countries.⁶⁵ However, the contradiction in Norwegian policy can still be identified in this Cabinet statement:

[...] developing countries shall be given better import conditions to the Norwegian market than industrialised countries generally have [...]. Such preferences for agricultural goods from developing countries shall be created so that it still is possible to reach the goals in the national agricultural policy.⁶⁶

⁶² Report No. 51 to the Storting (1991-92), *Om utviklingstrekk i Nord-Sør forholdet og Norges samarbeid med utviklingslandene [Development in the North/South Relationship and Norway's cooperation with the Developing Countries]*, p. 13. Author's translation from Norwegian.

⁶³ Report No. 51 to the Storting (1991-92): 123.

⁶⁴ Report No. 51 to the Storting (1991-92): 18. Author's translation from Norwegian.

⁶⁵ Report No. 51 to the Storting (1991-92): 25

⁶⁶ Report No. 51 to the Storting (1991-92): 251. Author's translation from Norwegian.

A discussion on whether this was possible or not did not take place. The Report No. 51 emphasised the “accept of incompatible interests” perspective, and that protectionism in industrialised countries was one of the reasons for the lack of economic development in developing countries. More than before, the new Norwegian position was spelled out in a Report to the Storting. However, it was still emphasised that concessions should not be given on areas that would challenge the national agricultural policy.

A new Agricultural Policy

As we have seen, the Cabinet wanted to gain acceptance for a change in the Norwegian position, to being more positive to cuts in agricultural support as well. In Recommendation No. 191 (1990-91), regarding the annual agricultural agreement, the Labour Party, the Conservative Party and the Progressive Party in a joint remark stated that Norway had to calculate with changes in the agricultural policy. The parties also noted that an overview in OECD put Norway on top with regard to protection and support to agriculture. The remarks show that the new Norwegian position including acceptance of more market orientation in agriculture had support in the Storting. However, the Socialist Left Party, the Christian Democratic Party and the Centre Party wanted an agricultural policy emphasising long-term goals and food security. They criticised the Cabinet for giving up the Norwegian position, and argued that the Cabinet was using the negotiations as an alibi for changing Norwegian agricultural policy.⁶⁷

The modified agricultural policy was clearly presented in Proposition to the Storting No. 8 (1992-93), *Agriculture under Development*. The Labour Party Cabinet emphasised that changes in the agricultural sector were necessary and that OECD had criticised Norway for high support to agriculture and too much protectionism. The main strategies for Norwegian agriculture were to create a more sustainable agricultural sector, with increased competition and reduction in expenditure.⁶⁸ Proposition No. 8 had increased focus on the market and adapting to the international situation, and the goal of an income standard for the farmers was left.⁶⁹ The Labour Party presented joint recommendations with the Conservative Party and the Progress Party.⁷⁰ This coalition was, however, not seen as anything unusual as the Labour

⁶⁷ S.tid. (1990-91) 6a I, S. Innst. No. 191: 9-23.

⁶⁸ Proposition to the Storting No. 8 (1992-93), *Landbruk i utvikling [Agriculture under Development]*, p. 11.

⁶⁹ Farsund, Arild Aurvåg 2002. “Skilleveier i norsk landbrukspolitikk” [“Crossroads in Norwegian Agricultural Policy”], in Hilmar Rommertvedt (ed.), *Matmakt, politikk, forhandling, marked [The power of Food, Politics, Negotiations, Market]*. Fagbokforlaget: Bergen, p. 66.

⁷⁰ S.tid. (1992-93) 6aIa, S. Innst. No. 92.

Party and the Conservative Party had acted together in the debate on Norwegian membership of the EC.⁷¹ The Socialist Left Party, the Centre Party and to a certain extent the Christian Democratic Party believed that the changes to the agricultural sector were neither good nor necessary. They opposed liberalisation of GATT.⁷² The discussion in the Storting led to farmers turning up to protest in Oslo, criticising the Cabinet strongly, claiming that agricultural policy was to become too market-orientated.

Standstill in the Negotiations

The disagreement between the EC and the US remained unresolved, and it was questioned whether it would be possible to reach an agreement by the end of 1992. This led to increased frustration, especially among the developing countries. The negotiations were planned to end on 15 April 1992, but no one expected this to happen.⁷³ The American presidential election was drawing closer, and Bush did not want focus on the round during the elections.⁷⁴ If Bill Clinton won the election, the outcome of the negotiations would be more uncertain, and it was predicted that it might take one more year to finalise the negotiations.⁷⁵

The Contracting Parties had still different positions on agriculture. The US, the Cairns Group and Canada wanted to abolish trade intervening support and a reduction in the general support level. The EC was willing to reduce some of the subsidies to agriculture, but did not want to reduce export subsidies. Japan, Switzerland, Austria and the Nordic countries wanted a reduction in the trade intervening support but due to non-economic concerns the need for a continuation of the support to agriculture was underlined. The net food exporting developing countries wanted liberalisation and reduction of support, while the net food importing developing countries wanted to protect national agriculture, and wanted subsidised agricultural products.⁷⁶

In a meeting between Godal and Dunkel, Dunkel said that it seemed that an agreement could not be reached by 1992. Dunkel said that he had received a lot of complaints and that countries were frustrated that the only negotiations that took place were between the EC and the US. Godal underlined the problems Norway had with the lack of focus on non-

⁷¹ Interview with Chaffey 23.09.05.

⁷² S.tid. (1992-93) 6aIa, S. Innst. No. 92.

⁷³ NMFA, 562.0, memorandum Department of External Economic Affairs II NMFA, Sivertsen 31.03.92.

⁷⁴ NMFA, 562.0, fax del in Geneva, Erik Selmer with fax from Swedish del. in Geneva, to NMFA, 09.04.92.

⁷⁵ NMFA, 562.0, memorandum Department of External Economic Affairs II NMFA, Næss, 17.09.92.

⁷⁶ NMFA 562.0, memorandum Department of External Economic Affairs II NMFA, Næss, to Ministry of Finance 06.04.92.

economic factors in agriculture.⁷⁷ At a TNC meeting on 10 November 1992 Dunkel said the round came close to a crisis, and many countries were frustrated by the lack of progress in the negotiations between the EC and the US. It was pledged that the EC and the US had to act responsibly and find a solution.⁷⁸

The Blair House Agreement

Negotiations between the EC and the US took place in Washington in November at the Blair House presidential guest quarters. On 20 November a joint statement was announced and an agreement was reached. “In agriculture we have resolved our differences on the main elements concerning domestic support, export subsidies and market access.”⁷⁹ The Blair House Agreement introduced a “blue” box, in addition to the green box and the amber box, which was support to production under production-controlled programmes that should not be subjected to cuts.

For Norway the blue box was deemed to be positive, as much of the Norwegian support that earlier had been defined in the amber box and therefore had to be reduced, could be put in this box and be exempted from reduction commitments. Also, other countries were to a large extent pleased that an agreement had been reached.⁸⁰ The French Prime Minister said, however, that the agreement between the EC and the US was unacceptable, and that he was considering vetoing it. Large demonstrations consisting of farmers took place in France.⁸¹ This coincided with the French election and all the main candidates opposed the Blair House agreement. The centre right won the election and the new prime Minister, Edouard Balladur, said he wanted to renegotiate the Blair House agreement.⁸²

The Blair House Agreement reopened the DFA and other countries also presented proposals for changes. The Nordic countries opposed this; however, the NMFA considered presenting a Norwegian suggestion on changes in tariffication, especially exemptions on the tariffication of milk. Several countries, such as Japan, Korea and Switzerland, had presented

⁷⁷ NMFA 562.0, memorandum Department of External Economic Affairs II NMFA, 22.05.92.

⁷⁸ NMFA 562.0, memorandum Department of External Economic Affairs II NMFA, 22.05.92.

⁷⁹ Preed 1995: 144.

⁸⁰ Croome 1999: 296.

⁸¹ NMFA 562.31-2, Emb. in Paris, Anne Marie Borgvad to NMFA 23.11.92.

⁸² Breen, John M. Stewart 1999. “Agriculture” in Terence P. Stewart (ed.), *The GATT Uruguay Round, A Negotiating History, (1986-1992) Volume IV: The End Game (part I)*. Boston: Kluwer Law and Taxation Publishers, p. 5.

changes and Norway feared that a defensive position would be harmful. Such a suggestion would also be positive in relation to the farm organisations.⁸³

From Breakthrough to Deadlock

The Blair House Agreement was a breakthrough. However, there was still a long way to reaching an agreement, especially because of the French position. At a green room meeting on 18 January 1993, Dunkel stated that despite the Blair House Agreement, the negotiations were not in the final stages, and a longer delay could lead to a breakdown. On behalf of the African countries, Morocco expressed frustration and disappointment that the African countries had not been involved in the consultations that had taken place. The countries in Africa had not been very active in the negotiations, and had limited bargaining power and influence over the negotiations.⁸⁴ Many countries wanted to send a signal to the new American President Bill Clinton that the round had to be finished before the American mandate expired. The American President had, however, decided to ask Congress for a new mandate, since the new administration considered that fast closure of the round was impossible.⁸⁵ The negotiations were therefore almost put on hold, since there were no longer any reasons to speed up the negotiations.⁸⁶

Arthur Dunkel resigned as the General Director of GATT in July 1993 and Peter Sutherland was elected as the new General Director. He was Irish and nominated by the EC.⁸⁷ Dunkel had negotiated through green room meetings and did not push for decisions. Sutherland was the opposite and acted more as politicians do, pushing for agreements. He was dynamic and outspoken, and this provoked renewed enthusiasm.⁸⁸ Sutherland wanted to use the TNC meetings more actively and efficiently in the negotiations, and wanted to limit the use of green rooms meetings. Sutherland said that due to the activity in the green room, some

⁸³ NMFA 562.31-2, memorandum Department of External Economic Affairs II NMFA, Næss 06.01.93, (it was written 92), attached in fax NMFA to Emb. In Washington, Tokyo, Paris, Bern, Seoul and del. in Geneva 08.01.93.

⁸⁴ 562.0, fax del. in Geneva to NMFA 19.01.93.

⁸⁵ NMFA 562.0, fax del. in Geneva to NMFA 19.01.93, attached to fax NMFA to selected Embassies, 20.01.93.

⁸⁶ NMFA 562.0, memorandum Department of External Economic Affairs II NMFA to Minister of Trade, 04.03.93, attached in fax NMFA to selected Embassies and Ministries, 08.03.93.

⁸⁷ Croome 1999: 300.

⁸⁸ Croome 1999: 301.

countries felt to be left outside the process.⁸⁹ That a new person became General Director in the last phase of the negotiations, was positive for the possibilities for achieving a result.⁹⁰

Norwegian Offer

On 14 January 1993 a Norwegian GATT offer was presented. Norway wanted to keep quantitative restrictions on milk, but accepted reductions from 15 percent up to 80 percent on other food products.⁹¹ The Norwegian Standing Committee on Agriculture met Dunkel in Geneva. He said that it was good that Norway wanted to end the round, but Norway could not at the same time present reservations on agriculture that would clearly be viewed as blocking measures that would lead to delays. He said that if it were not for the opposition from Norway, Switzerland, Canada, Japan and Korea on tariffication without exceptions, the round would already have been finished.⁹² The signal from Dunkel was clear, and the Norwegian wish to make the impression that Norway was a constructive negotiation partner did not succeed when Norway refused to accept tariffication on all areas.

A revised Norwegian offer approved by the Storting was presented in GATT on 31 August 1993. Norway considered the offer to be a good contribution to the negotiation process, and it represented a major change in the Norwegian import protection system. The offer was based on the DFA and the Blair House agreement. However, Norway still demanded exceptions for tariffication of milk and milk products.⁹³ The Norwegian demand for exceptions for tariffication was not appreciated and Norway was still considered to be protectionist. It was important for the NMFA to explain why it was necessary to keep quantitative restrictions in Norway. In a letter to Sutherland, Godal wrote that Norway was ready to contribute actively in the effort to conclude the round. He wrote however:

[...] that Norway still maintains that there should be room for carefully circumscribed exceptions to the principle of tariffication across the board. Such exceptions should be based on a clarified and strengthened art. XI. The products in question for Norway are milk and milk products which are of vital importance in a regional context in Norwegian agricultural policy.⁹⁴

⁸⁹ NMFA 562.0, fax del. in Geneva to NMFA and Nordic delegations in Geneva, 14.07.93, attached to fax NMFA to selected Embassies and Ministries 15.07.93

⁹⁰ Interview Næss, 09.03.06.

⁹¹ *Nationen* 14.01.93.

⁹² NMFA 562.31-2, fax del. in Geneva to NMFA 02.04.93, attached to fax NMFA to selected Embassies, 05.04.93.

⁹³ NMFA 562.31-2, fax del. in Geneva to NMFA, 01.09.93, attached to fax NMFA to selected Embassies, 06.09.93.

⁹⁴ NMFA 562.31-2, NMFA to GATT Director General Peter Sutherland, 30.08.93.

The Position of the Developing Countries

The developing countries were not satisfied with the situation and had suffered most from the deadlock and disagreements during the past years. The countries had to wait until the main trading countries had agreed, and had few possibilities to present demands in the negotiations. After India and Brazil became more positive to the negotiations, much of the criticism from the developing countries disappeared. The other developing countries did not have the same possibilities to address the Contracting Parties, and the opposition was not as visible as when Brazil and India were active opponents.

A group of Latin American countries met in Montevideo in November 1993 to analyse the current status of the negotiations. The countries expressed their concerns, underlining that protectionism had increased since the start of the negotiations. Agriculture was regarded as the key priority sector for the Latin American countries, and the countries wanted substantial liberalisation of market access, a reduction of internal support and of export subsidies.⁹⁵

Minister Sayed Jamaluddin from the Bangladesh delegation in Geneva visited the Norwegian delegation with a paper he personally wanted to give to countries that were positive to the least developed countries. The least developed countries thought the DFA did not consider their needs. They wanted to demand some changes, but did not believe their demands would result in a change in DFA. However, the minister hoped that the Nordic countries would give the paper serious attention. The least developed countries wanted special and differential treatment included in more paragraphs and agreements in the DFA.⁹⁶

Towards an End of the Negotiations

At a meeting with the Norwegian reference group on agriculture in October 1993, Næss from the NMFA expressed only careful optimism that it would be possible to reach a result by 15 December. Increased activism, also from developing countries during the last weeks, was considered to be very positive. The pressure on Norway to give up the demands for exceptions regarding tariffication of milk and milk products increased and if Japan changed position and accepted tariffication on rice, it would be difficult for Norway to continue to demand quantitative restrictions on milk and milk products.⁹⁷

⁹⁵ NMFA 562.0, fax Uruguay Emb. in Stockholm to NMFA, 20.11.93.

⁹⁶ NMFA 562.0, fax del. in Geneva to NMFA, 08.10.93.

⁹⁷ NMFA 562.31-2, minutes, meeting in the Reference Group of Agriculture, NMFA, 22.10.93.

Bilateral meetings with the EU⁹⁸ and the US were held frequently in November, and the main task was to complete an agreement on agricultural tariffication.⁹⁹ France and the US became more flexible, and on 3 December the US gave up its opposition to establishing an MTO,¹⁰⁰ but wanted the name to be changed to World Trade Organisation.¹⁰¹ In a memorandum to the NMFA the Norwegian ambassador in Geneva, Erik Selmer, wrote that he believed that it would not be possible to get exceptions on tariffication across the board.¹⁰²

On 6 December 1993, the Minister of Trade gave a speech on trade issues to the Storting. He said that within a few days they would know whether the Uruguay negotiations could end. Godal said that the commitments in the agreement on agriculture would fulfil Norway's goals on non-economic concerns.¹⁰³ On 13 December, a debate followed the speech by the minister. Håkon Blankenborg from the Labour Party said that free trade was good, but could be a threat to the poor in the developing countries. However, the alternative was not better.¹⁰⁴ Lahnstein from the Centre Party said that environmental organisations and farmers in poor countries had protested against the agreement. In the discussions that followed, several MPs mentioned the developing countries, and discussed whether the developing countries would gain from an agreement or not.¹⁰⁵ Lars Sponheim from the Liberal Party asked the Minister whether Norway had supported demands from the developing countries, and what Norway had done during the negotiations to improve the result for the developing countries.¹⁰⁶ Summing up, Godal said that the issue of more rules and procedure was an area where the Nordic countries had worked hard, and this was also important to the developing countries. Godal said that Norway had to be prepared to give up the demands regarding exceptions on tariffication.¹⁰⁷ Vegard Bye from the Socialist Left Party posed a question to the Minister of Trade regarding the OECD's numbers that calculated that out of the USD 200 billion that was expected to increase in the world trade, only USD 18 billion would benefit developing countries. The differences between North and South would increase and UNCTAD had calculated that the poor countries would lose out from an agreement according to Bye. Godal replied that almost all developing countries wanted an end to the negotiations.

⁹⁸ The European Community, EC changed name to the European Union, EU in November 1993.

⁹⁹ Croome 1999: 318.

¹⁰⁰ Croome 1999: 321.

¹⁰¹ Preed 1995: 173.

¹⁰² NMFA 562.0, del. in Geneva to NMFA, 28.11.93, attached to fax NMFA to selected Embassies and Ministries, 29.11.93.

¹⁰³ S.tid. (1993-94) 7b: 1517- 1524. (06.12.93.)

¹⁰⁴ S.tid. (1993-94) 7b: 1603-1605. (13.12.93.)

¹⁰⁵ S.tid. (1993-94) 7b: 1608-1609. (13.12.93.)

¹⁰⁶ S.tid. (1993-94) 7b: 1631-1632. (13.12.93.)

¹⁰⁷ S.tid. (1993-94) 7b: 1634-1635. (13.12.93.)

There was, however, no doubt that the agreement was more positive for the most advanced developing countries, and not so positive for the less developed countries. The developing countries wanted even better market access than what would be offered in the negotiations.¹⁰⁸

The Agreement

After eight years of formal negotiation, an agreement was reached. On 7 December 1993, the EU and the US agreed on agriculture. Each country had to make commitments to market access, internal support and export support, and to present a list on how to achieve this. The revised Blair House Agreement modified the DFA, especially regarding internal and export support.¹⁰⁹ The timetable and methodology for the subsidy reduction were also modified.¹¹⁰ The delegation in Geneva wrote that Norway would have to give up the Norwegian position, since the modified DFA did not accept exemptions on tariffication.¹¹¹ In a meeting during the night prior to 13 December the text on agriculture was accepted in the informal group of heads of delegation. The Norwegian ambassador, Selmer said:

The question of tariffication across the board will be decided upon my government following a debate in the Parliament tomorrow. You will understand that I am not able to pre-empt that decision. The case of Iceland is similar. Also here a decision will be taken tomorrow. Under these circumstances I have to make a waiting reserve.¹¹²

The negotiations among the Contracting Parties continued, and after Canada, Japan and South Korea lifted their demands on exceptions on tariffication, Norway decided to do the same.¹¹³ To conclude the agreement, Sutherland gathered one person from each country in a room, with Sutherland sitting on a podium. That country that had rejections against the proposed final agreement had to state it in the meeting. This method put pressure on the head of delegations, so that an agreement was possible to be reached.¹¹⁴ On 15 December, Sutherland declared the Uruguay Round concluded.¹¹⁵ It was decided that a conference in Marrakesh would take place in mid April 1994 where the agreement would be signed by the negotiating countries. It was agreed to establish a World Trade Organisation that should reach agreements

¹⁰⁸ S.tid. (1993-94) 7b: 1636-1637. (13.12.93.)

¹⁰⁹ NMFA 562.31-2, fax del. in Geneva to NMFA and Ministry of Agriculture, 08.12.93.

¹¹⁰ Breen 1999: 15.

¹¹¹ NMFA 562.31-2, fax del. in Geneva to NMFA and Ministry of Agriculture, 09.12.93

¹¹² NMFA 562.31-2, fax del. in Geneva, Selmer to NMFA 13.12.93.

¹¹³ NMFA 562.31-2, fax del. in Geneva to NMFA 14.12.93.

¹¹⁴ Interview with Næss 09.03.06.

¹¹⁵ Preed 1995: 173.

by consensus.¹¹⁶ Malaysia, on behalf of the developing countries, underlined that the agreement lacked commitments for special treatment for developing countries, but the agreement was “a victory for international trade which set a new era for our future generations, to benefit and contribute to the increased global welfare.”¹¹⁷ In the developing countries it was emphasised that more open trade was in the interests of the developing countries. Criticism also surfaced, however, claiming that focus on issues especially important to developing countries was lacking.¹¹⁸

Conclusion

The negotiations were almost put on hold, in order to wait for an agreement between the EC and the US. The opposition from the hardliners declined since Brazil and India elected governments that were more positive towards the negotiations. However, in Europe, opposition increased; in France in particular, farmers’ riots and demonstrations took place. After the failure of the Ministerial Meeting in Brussels and the presentation of the DFA, domestic interests and attention stayed on a relative high-level throughout the negotiations. Members of the Storting wanted to be updated, the farming organisations criticised the development more loudly, the newspapers wrote more frequently about the negotiations, and other organisations expressed interests in the round. However, the debate regarding Norwegian membership of the EC was still the main trade related issue debated in Norway.

The Norwegian Cabinet agreed with the farming organisations that parts of the DFA would be difficult for Norway, but it was realised that the text could have been worse. The positive evaluation of the DFA by the Cabinet, together with the acceptance of tariffication on all agricultural products except milk and game animals marked a significant new policy within agriculture. The new position manifested itself in Proposition No.8 (1992-93) and received the necessary support from the majority in the Storting. The opposition criticised the Cabinet and said that the negotiations had been used as an excuse to liberalise Norwegian agricultural policy. However, the Cabinet stated it was necessary to adapt to the international development. We have identified that Norway worked for acceptance domestically for a revised Norwegian position, while at the same time in the negotiations it was underlined by Norway the special characteristics of Norwegian agriculture and the need for continued focus on non trade concern. In Norway, it was also important to focus on issues other than

¹¹⁶ NMFA leaflet on GATT and the Uruguay Round, NMFA 18.04.94.

¹¹⁷ Croome 1999: 331.

¹¹⁸ Preed 1995: 175.

agriculture to show that overall, Norway would benefit from the negotiations. It was a strategy to make visible to the Norwegian public that Norway was giving in agriculture but receiving on rules and procedures, and again giving in textiles but receiving in agriculture.¹¹⁹

We can still identify the dualism in the Norwegian policy. In Report No. 51 to the Storting it was underlined that agricultural protection caused problems for developing countries, but preferences given to developing countries should only be given in line with Norwegian national agricultural interests. It was however not discussed whether this was actually possible. That the Report argued in line with the “incompatible interests” perspective while at the same time underlining that Norwegian national interests should be given first priority shows the inconsistency of the Norwegian policy on this area. However, the fact that the Cabinet were about to change the agricultural policy might imply a change in what the Cabinet regarded as “national interests”. It may also be that the Cabinet underlined this mainly because of domestic reasons, since it was clear to the Cabinet that changes in the Norwegian import protection system would result from the Uruguay Round.

The developing countries’ needs were used in the Norwegian debate. Godal referred to the needs of the developing countries and that many countries wanted a quick end to the negotiations, but he did not refer to the criticism from the developing countries. However, also the opponents of the agricultural negotiations argued with the needs of the developing countries, and that the developing countries needed to have the right to protect their national markets and agricultural production, the same as Norway needed.

The Blair House Agreement between the US and the EU introduced a blue box that was welcomed by Norway. Much of the Norwegian support could be defined as blue, and the negative consequences for Norway, that earlier had been predicted as a result by the agreement, would be limited. When it was realised that an agreement would be reached, and that Japan and Korea gave up their demands for exceptions from tariffication, Norway had to do the same, since it would be impossible for Norway to veto the agreement.

When the Brussels meeting ended in failure due to the political circumstances, the finalisation of the agreement was possible due to political changes. India and Brazil had left their position as hardliners, and had implemented economic liberalisation. In addition, ASEAN had decided to create an Asian free trade agreement. The EC had started a process to reform CAP, and the liberalisation in Eastern Europe, together with economic growth in East Asia, made the process of finalising the round easier.¹²⁰

¹¹⁹ Interview with Næss 09.03.06.

¹²⁰ Report No. 51 to the Storting (1991-92): 44.

CHAPTER VI

The Closure Of The Round

In this chapter we shall describe the final agreement and analyse its consequences for Norway and the developing countries. How did the developing countries react to the final agreement? By the end of the round, it was clear that the results of the round would affect the developing countries differently, and different views concerning how the result would affect the developing countries will be discussed. It shall also be describe how Norway evaluated the round, both with regard to Norwegian interests and the interests of the developing countries.

The debate in Norway and how the Cabinet presented the results to the Storting shall be identified. In addition, the debate in the Storting and the different views the political parties in Norway had on the agreement shall be described. We shall also see that almost all the parties used the developing countries in their argument.

The Final Agreement

The negotiations concluded by agreeing to the creation of the World Trade Organisation, and an extensive agreement was reached. The member countries of WTO were committed to all parts of the agreement. On agriculture the agreement had four parts.

1. The general agreement:

The goal was to establish a more market-oriented trading system for agricultural products, and to strengthen GATT's rules and disciplines. Reduced commitments to export subsidies and internal support, together with increased market access, would lead to reforms of the agricultural sector. The developing countries gained more flexibility in implementation, had to bind fewer tariffs, and received longer transitional periods. In addition, technical assistance was offered to the developing countries. In the preamble to the agreement it was stated that developing countries needed special attention and more favourable treatment.¹

2. Commitments on market access, internal support and export support:

The member countries' import protection system was to be based on tariffs, and products earlier protected by other means should now be tarifficated. The tariffs should be reduced by

¹ GATT 1994. *Developing countries and the Uruguay Round: An overview*. Committee on Trade and Development, p. 1.

an average of 36 percent within a period of six years. For developing countries, the tariff reduction should be 24 percent on average over 10 years, while the least developed countries were not committed to reducing any tariffs. Internal support should be reduced by 20 percent over a period of six years. The developing countries were committed to reducing their support by 13.3 percent over a period of ten years. The basic period was set to 1986-1988. The internal support was divided in three boxes: amber, blue and green. Support that was subjected to reductions was support in amber box, and was support that was classified as trade affecting support and direct support. Direct budget support under production-limiting programmes was support in blue box, and did not have to take any reduction commitments. Support put in green box was not subject to reduction commitment, and that was support that did not directly affect trade, such as support to the environment, districts and direct income support. For export support, the level of the subsidies should be reduced by 36 percent within six years, and the amount of subsidised export in total should be reduced by 21 percent. The developing countries had to reduce their export subsidies by 24 percent within ten years.

3. Sanitary and Phytosanitary Regulations (SPS):

The SPS agreement was based on how possible conflicts between health interests and trade interest should be dealt with. The main rule was that countries could still decide their own level of security.

4. Action for the least developed countries and net food importing developing countries:

Since it was realised that these countries would be affected by higher food prices it was agreed that a committee should be established to control the implementation of the agreement and possible negative results for the least developed countries and the net food importing countries. The agreement had, therefore, stated goals on food support and increased developing aid.²

Consequences for the Developing Countries

An evaluation of the consequences of the agreement for the developing countries was made in the GATT Secretariat just before the final agreement was reached. The evaluation showed that the effects of the agreement varied between countries and regions, but that the developing countries would gain from increased market access and the strengthening of GATT rules and disciplines. However, figures were presented that indicated that tariff reductions were generally lower for products exported by developing countries. The evaluation was discussed

² NMFA 562.0, leaflet on GATT and the Uruguay Round, NMFA 18.04.94.

in a meeting in Geneva and the developing countries expressed disappointment that the industrialised countries were the winners of the round. The least developed countries were especially critical towards the agreement. The developing countries exporting agricultural products criticised the industrialised countries for a lack of willingness to open up their markets to agricultural products. The Latin American countries commented upon the evaluation and were concerned that the commitments made by the industrialised countries were inadequate. The African countries expressed that the evaluation only focused on what the developing countries would gain from a reduction in tariffs, without considering that the preferences given in the GSP would diminish in value. Most of the African countries were also net food importing countries and would be adversely affected by increased prices on the world market. The least developed countries said that the result of the Uruguay Round was a disappointment, especially due to little increase in market access in areas important to the poorest countries.

On behalf of the Nordic countries, Norway expressed understanding for the situation of the least developed countries. The Norwegian ambassador, Selmer, said, however, that there were many positive aspects in the agreement for the developing countries as well. He underlined the huge differences among the developing countries, and that the benefits “[...] could not be expected to be evenly distributed among this large group of countries [...]” On agriculture, Selmer said that tariffication and disciplines on subsidies and quotas would have significant effects for many developing countries, but that increased world market prices would be a problem for the net food importing countries. He concluded by saying that the Nordic countries believed that the negotiations to a large extent had taken into account the special needs of the developing countries. “All in all, it therefore seems to us that there are no real losers but that some are bigger winners than others.”³

The Norwegian statement contained a positive evaluation of the agreement for the developing countries, and it was important to Norway and other industrialised countries to create a positive impression of the round. The negative results were there, but all in all the agreement was a step forward, according to Norway. Again it can be identified that the criticism from the developing countries was not given adequate attention from the industrialised countries. The statement from the Norwegian ambassador implied a positive evaluation, even though it was realised that the industrialised countries were the countries that gained most from the round. The Department of External Economic Affairs II at the

³ NMFA 562.0, fax del. in Geneva to NMFA, 06.12.93.

Norwegian Ministry of Foreign Affairs also evaluated the results of the round as positive for the developing countries. It was underlined that global economic growth would benefit the industrialised countries the most, but the developing countries would not lose out as a result of the round, and the agreement would lead to increase imports from the developing countries and also increased development aid.⁴ From the above, we can see that the African countries did not share this view, since these countries feared losses due to increased prices of food, and losses after the effect of the preferences would lose value. The NMFA did not consider the fact that the developing countries profiting less than industrialised countries would lead to bigger differences between North and South. According to the NMFA, a strengthening of the multilateral framework for international trade, the establishment of the WTO and a more efficient dispute settlement procedure would also be in the interests of all developing countries. It was pointed out that several developing countries had expressed dissatisfaction with the level of market access for products the developing countries had exporting interests in, especially for textiles and agriculture. The NMFA stated that it was difficult to say whether this dissatisfaction “[...] is of genuine or “professional” character”. However, there was no doubt that market access for these areas were generally improved, even though the expectations were higher. It was also pointed out that the negotiations had considered the special needs of the developing countries, e.g. longer transitional periods for these countries. The Norwegian evaluation underlined that big differences existed between the developing countries, and that the developing countries did not negotiate as one group in the Uruguay Round. It was concluded that the new agreement was a step in the right direction for the developing countries.⁵

The Ministerial Meeting in Marrakech

After nine years of negotiations the negotiations had finally come to an end. On 15 April 1994, Ministers from 125 countries gathered in Marrakech, Morocco. 111 countries signed the Final Act, and the agreement to establish the World Trade Organisation was signed by 104 countries.⁶ The countries committed themselves to implementing the WTO agreement 1 January 1995.⁷ The Norwegian Minister of Trade, Grete Knudsen, underlined the challenge to

⁴ NMFA 562.0, memorandum Department of External Economic Affairs II NMFA, B Holter Eriksen, 24.01.94.

⁵ NMFA 562.0, memorandum Department of External Economic Affairs II NMFA, Holter Eriksen, 24.01.94.

⁶ NMFA 562.0, Australia, Botswana, Burundi, India, Japan, Republic of Korea and US did not sign the WTO agreement due to national legislative procedures. Information and Media Relations Divisions GATT, NUR 086, 18.04.94, attached to letter NMFA 04.05.04.

⁷ NMFA 562.0, fax NMFA to MFA in Nordic countries, 20.04.94.

connect trade and the environment, and that it was necessary to intensify the work on this issue. She expressed, however, satisfaction that trade and development were put on the agenda.⁸ In a press statement from Morocco, satisfaction with the outcome of the meeting was expressed. “The result reached in Marrakech appears balanced and cannot be considered as the fruit of pressure from industrial countries”. This statement met some of the criticism that was raised by the end of the negotiations. It was, however, underlined during the meeting by the Moroccan Minister of State of Foreign Affairs, Abdellatif Filali, that special attention had to be given to Africa, and that “[...] developing countries still were affected by various questions, including the plummeting of raw material prices, foreign debt and restrictive trade practices.” The Kenyan Minister of Trade complained “[...] that certain countries took advantage of the fact that African countries adopted macro-economic measures, to inundate African markets, without considering African countries’ welfare.”⁹ Focus on Africa had been lacking in the negotiations, and few African countries had been very active in the round. When it was realised that Africa would be the continent that would benefit least, or even might lose out as a result of the negotiations, the focus on the continent increased. It was also due to more African countries attended the meeting than before, and the fact that the Ministerial Meeting was conducted in an African country signalled that problems typical to Africa had to be addressed in the future.

Two Step Forward, one Steps Back?

In the literature available there are different opinions regarding how the agreement would influence the developing countries, and whether it would lead to an improvement or a worsening of the situation for the developing countries. Anne Krueger in her book, *Trade Policies and Developing Nations*, underlines that the developing countries are benefiting from increased trade and liberalisation.¹⁰ She states to that the developing countries were active in the Uruguay round,¹¹ and that the agreement was a compromise between developing countries and industrialised countries.¹² The Uruguay Round was viewed as a great achievement for the developing countries since these countries traditionally had limited possibilities to negotiate

⁸ NMFA 562.0, NMFA Press Statement No.: 76/94, 14.04.94.

⁹ NMFA 562.0, Press Release, Permanent Mission the Kingdom of Morocco to the United Nations, undated, attached in letter Norwegian del. in UN, New York to NMFA, 13.05.94

¹⁰ Krueger, Anne O. 1995. *Trade Policies and Developing Nations*. Washington: Brookings Institution, p. 40.

¹¹ Krueger 1995: 49.

¹² Krueger 1995: 74.

within the framework of GATT.¹³ This argument was also used by the Norwegian Cabinet underlining that it was the developing countries that wanted a fast end to the negotiations and that the agreement had to be viewed as an achievement for the developing countries.

John M. Stewart Breen points to the fact that the final agreement represented substantial progress in improving market access. Even though there were exceptions to the rules, the established regime was considered to be positive. According to Breen ambitious initial proposals to eliminate export subsidies, or to cut back domestic support to agriculture “fell victim to political realities.” But the fact that subsidies would be reduced was a major achievement.¹⁴

Kym Anderson points to that many industrialised countries set the tariffs in the basic period 1986-1988 at higher level than the actual tariffs had, and this led to a rather limited reductions in tariffs. This was later known as “dirty tariffication”. He states that the implementation of the agricultural reforms from the Uruguay round would only lead to limited liberalisation, but that it was important that agriculture be integrated into the agreement.¹⁵ Graham Dunkley also focus on this factor, and writes that many developing countries feared that western countries would manage to retain protection via loopholes.¹⁶ A common criticism was, according to Dunkley, that the agreement continued with the selective protection that benefited the industrialised countries, while at the same time opening up the developing countries to western multinational companies. The losers were Indonesia and African countries due to higher world markets price, and loss of benefits due to the erosion of the GSP system.¹⁷

Will Martin and Alan Winters write that the round was important for the integration of developing countries in the world trade regime. That agriculture was included was considered a major achievement, as was as all countries accepting tariffication. However, the way in which non-tariff barriers were converted into tariffs limited liberalisation, and exceptions weakened the results to developing countries. Martin and Winters also point to the problem of dirty tariffication, and the fact that the 1986-1988 period was chosen as basic. Due to these reasons the round was considered to be: “two steps up and one step down.”¹⁸ This is also the conclusion of a World Bank report, *Agricultural Trade Liberalization in the Uruguay Round*.

¹³ Krueger 1995: 39.

¹⁴ Breen 1999: 55-57.

¹⁵ Anderson 1998: 14-18.

¹⁶ Dunkley 1997: 55.

¹⁷ Dunkley 1997: 145-146.

¹⁸ Martin, Will and L. Alan Winters 1996. “The Uruguay Round: a Milestone for the Developing Countries”, in Will Martin and L. Alan Winters (eds.), *The Uruguay Round and the Developing Countries*: 1-29. Cambridge: Cambridge University Press, pp. 2-5.

One Step Forward, One Step Back. Merlinda D. Ingco writes: “the tariffication and binding of all tariffs on agricultural products represents a significant step forward.” However, studies showed that it would be liberalised less than expected mainly since the basic period chosen, 1986-1988, was a period with high border protection.¹⁹

Rubens Ricupero writes that it was new in international trade that it was the industrialised countries that resisted liberalisation and the developing countries that wanted more liberalisation. Ricupero points to the strengthening of the system, increased multilateral disciplines and dispute settlement as positive sides of the agreement. On the negative side, one finds that tariff reductions on products important to developing countries were limited, and that the poorest countries suffered from lost value of the preferences.²⁰

Chakravarthi Raghavan’s main view is that the Uruguay Round can best be characterised as negotiations where powerful nations were seeking to control the developing countries. Even though the agreement was critical to the developing countries, governments and NGOs in the South paid little attention to the negotiations.²¹ Raghavan is also critical of the fact that sustainable development was not included in GATT. According to the author, it was impossible to combine the view of the Brundtland commission, namely intervention with the free trade of GATT. “Brundtland has not so far carried her fight into GATT, nor have the Nordic governments who have been trying to get other organisations to adopt the WCED report”.²²

After the agreement was reached, several studies were presented that evaluated the results for the developing countries. It was difficult to foresee the benefits and costs, and models produced different results. Some models suggested that the benefits to developing countries would be limited, only a 10 percent share of the total global increase, while some models suggested a 60 percent share of the total increase in welfare gains after the agreement.²³ There were also different views on whether the developing countries would benefit from a more liberal trade regime or not. It was pointed out that African food importing countries were the biggest losers.²⁴ However, an IMF working paper referred to a study

¹⁹ Ingco, Merlinda D. 1995. *Agricultural Trade Liberalization in the Uruguay Round. One Step Forward, One Step Back?* World Bank Policy Research Working Paper No. 1500. The World Bank International Economics Department, p. 1.

²⁰ Ricupero 1998: 23- 25

²¹ Raghavan 1990: 27.

²² Raghavan 1990: 35.

²³ Whalley, John 2000. *What can the developing countries infer from the Uruguay Round Models for future negotiations. Policy issues in International Trade and Commodities*. UNCTAD report: Study session 4. New York and Geneva: United Nations, p. 1.

²⁴ Atkinson, Jeff 1994. *GATT: What do the Poor Get?* Australia: Fitzroy, p. 9.

saying that developing countries that liberalised their own trade policy would most likely benefit from the round. Cuts in subsidies might lead to increased prices, but the study concluded by stating that an increase in net food import costs was only a small proportion of the total net food import.²⁵

Proposition to the Storting

After the Ministerial meeting in Marrakech, the Norwegian Storting had to ratify the agreement. This were to be done in The Proposition to the Storting No. 65 (1993-94), *The results of the Uruguay Round (1986-1993) and acceptance of the ratification of the Agreement to establish the World Trade Organisation (WTO) etc.*, and was presented to the Storting on 30 September 1994. In the agricultural negotiations, the goal had been to improve the situation on the world market by reducing overproduction and the sale of heavily subsidised agricultural products. This overproduction had, according to the Cabinet, made it more difficult for the developing countries to export agricultural products. In addition a goal had been to implement a market orientated trading system through a reform process. Protection and support should gradually be reduced with regard to market access, internal support and export subsidies.²⁶ The Norwegian goal had been to secure national self-determination in the agricultural policy in order to secure jobs and regional development.²⁷ For Norway it had been important to underline the non-economic factors in Norwegian agricultural policy.²⁸ However, during the last negotiating phase, it was impossible to gain acceptance for the Norwegian demands on exceptions for tariffication on milk and game animals.²⁹

It was concluded that the results of the Uruguay Round made it possible to continue to have a national agricultural policy in Norway that was based on non-economic factors as well. The Cabinet underlined, however, that the agreement would lead to more efficient agriculture due to increased competition.³⁰ The overall evaluation of the round was that the result was close to the Norwegian goals for the negotiations. The Cabinet wanted to underline that it was possible to continue with a national agricultural policy, even though Norway had to give up

²⁵ IMF Working Paper 1995. *"The Uruguay Round and Net Food Importers."* IMF, Policy Development and Review Department, p. 1.

²⁶ Proposition to the Storting No. 65 (1993-94): 16.

²⁷ Proposition to the Storting No. 65 (1993-94): 10-11.

²⁸ Proposition to the Storting No. 65 (1993-94): 101.

²⁹ Proposition to the Storting No. 65 (1993-94): 104.

³⁰ Proposition to the Storting No. 65 (1993-94): 17.

some of its most important agricultural demands. Norwegian agriculture's share of Norwegian economy had declined during the last 35 years and the number of jobs had fallen. The level of costs was high compared to that of other countries, as was the level of support, which in 1993 amounted to 76 percent of the value of the production.³¹

The reduction of trade barriers and tariffs was expected to be beneficial to the OECD countries and Western Europe; EFTA and Japan in particular were expected to gain much as agricultural production would be lower and cuts in subsidies would benefit the national economies.³² But according to the proposition, the agreement would also be positive to the developing countries since the control and the dispute settlement procedure would be strengthened.³³ The Cabinet referred to a study from 1993 by the OECD and the World Bank. Calculations based on the DFA indicated that the agreement would be positive to the developing countries, especially those in Latin America and Asia. The calculation indicated that some countries in Africa would lose due to cuts in export subsidies that would lead to higher prices for products.³⁴ It was, however, not discussed in the proposition that other studies indicated more negative results for developing countries.

Despite the negative reaction that had come from the developing countries after the final agreement was reached, the Cabinet evaluated the round for the developing countries as positive. It was stated that there had been a close relationship between the Nordic countries and representatives from the developing countries in the round.³⁵ The special treatment for the developing countries and the possibilities to differentiate between developing countries was important according to the Cabinet. Tariffication would make it easier for industrialised countries to give preferential advantages to developing countries, and it was emphasised that the developing countries had increased their participation in GATT. The Uruguay Round was perhaps the most important event in the relationship between North and South for many years, according to the Cabinet.³⁶ Further, it was stated that developing countries differed and that it would not be fruitful to evaluate the outcome of the negotiations for the group as a whole.³⁷ Many of the least developed countries were food-importing countries, and for these countries increased prices for agricultural products would entail a deteriorating economic situation.³⁸ The Cabinet wrote: "The results could ideally have been better for the developing countries.

³¹ Proposition to the Storting No. 65 (1993-94): 151.

³² Proposition to the Storting No. 65 (1993-94): 138.

³³ Proposition to the Storting No. 65 (1993-94): 140.

³⁴ Proposition to the Storting No. 65 (1993-94): 141.

³⁵ Proposition to the Storting No. 65 (1993-94): 12.

³⁶ Proposition to the Storting No. 65 (1993-94): 24.

³⁷ Proposition to the Storting No. 65 (1993-94): 25.

³⁸ Proposition to the Storting No. 65 (1993-94): 32.

At the same time it is clear that the developing countries as a group will also enjoy benefits from the outcome.”³⁹ Even though Africa would experience a set back, in relative terms the solution for Africa could not be to reject trade liberalisation according to the proposition. More aid, counselling and technical aid could be the solution for those countries that would experience problems as a result of the agreement.⁴⁰ That developing countries were disappointed with parts of the agreement and had expected stronger commitments was not discussed, and the Proposition emphasised the positive results for the developing countries, without pointing to the negative results that had come up in the debate, such as higher food prices, loss of the value of preferences, disappointment with lack of commitment and that the western countries would benefit the most from the agreement.

Hearings with Norwegian Organisations

The Ministry of Foreign Affairs sent a hearing letter to organisations in Norway about the results of the Uruguay Round.⁴¹ The answers were presented in the Proposition No. 65. Two organisations opposed Norwegian ratification. The Norwegian GATT campaign wanted a mini GATT based on the Tokyo Round instead.⁴² The Norwegian Farmers’ and Smallholders’ Union would not recommend Norway ratify the agreement since the outcome of the negotiations would weaken food security and lead to a reduction in the number of jobs in agriculture. The organisation saw the need for common rules in international trade, but the negotiation result was only in the interest of the industrialised countries, and the losers were the developing countries, especially in Africa. The Norwegian Farmers’ and Smallholders’ Union did not want free trade in food, especially since Norway was a net food-importing country.⁴³ The argument against the agreement was also due to reasons for developing countries. This had, however, not been one of the The Norwegian Farmers’ and Smallholders’ Union concerns in previous contact with the Cabinet. Awareness of the situation for the developing countries, and particularly in Africa, did, as we have seen, increase. To use the interests of the developing countries was therefore an effective way to argue against the round, since reports implied that African countries would not benefit from the round.

³⁹ Proposition to the Storting No. 65 (1993-94): 127. Author’s translation from Norwegian.

⁴⁰ Proposition to the Storting No. 65 (1993-94): 128.

⁴¹ NMFA 562.0, letter NMFA, Næss and Holter Eriksen, to several Norwegian organisations, 22.02.94.

⁴² NMFA 562.0, letter, hearing answer, the Norwegian GATT campaign to NMFA, 19.03.94.

⁴³ NMFA 562.0, letter, hearing answer, Norwegian Farmers’ and Smallholders’ Union to NMFA, 20.03.94.

The Norwegian Farmers' Union shared many of the same views as presented by the Norwegian Farmers' and Smallholders' Union, but it did not oppose ratification. The organisation wanted an import protection system that would safeguard Norwegian agriculture, and concluded by stating that if the political will existed, it would be possible to maintain Norwegian agricultural policy, based on small-scale production, making environmental and regional considerations.⁴⁴

The North-South Coalition expressed that tariffication was a step in the right direction since it made it easier for the developing countries to access markets in the industrialised countries. The North-South Coalition criticised the agreement for not taking into consideration the fact that internal support in developing countries was an important factor in increased food production.⁴⁵

The Committee for International Questions of the Church of Norway's Council on Ecumenical and International Relations was satisfied that an agreement had been reached because a breakdown in the negotiations might harm the developing countries. The Committee expressed, however, that it was not fully satisfied with the agreement, and referred to a study by the World Bank and the OECD claiming that the Uruguay Round would lead to a USD 140 billion growths every year in the industrialised countries. Developing countries would gain USD 70 billion while Africa would lose USD 2.6 billion every year.⁴⁶

The trade unions and the private sector had many similar views on the agreement. LO was positive to the outcome and to free trade. The organisation stated that in order to make positive discrimination easier, more market mechanisms in agriculture were necessary in favour of developing countries.⁴⁷ NHO was also satisfied with the overall result of the agreement, and focused on the benefits of a strengthened set of rules and procedures. NHO supported a liberalisation that would lead to economic growth. On agriculture, the NHO was positive to removing quantitative restrictions.⁴⁸

Ratification in the Storting

The Standing Committee on Foreign Affairs discussed the proposition and presented its remarks in Recommendations No. 43 (1994-95). The Committee referred to earlier

⁴⁴ Proposition to the Storting No. 65 (1993-94): 760-761.

⁴⁵ NMFA 562.0, letter, hearing answer, the North South Coalition, Wenche Hauge to NMFA 21.03.94.

⁴⁶ NMFA 562.0, letter, hearing answer, Church of Norway's Council on Ecumenical and International Relations to NMFA 05.05.94.

⁴⁷ Proposition to the Storting No. 65 (1993-94): 756.

⁴⁸ Proposition to the Storting No. 65 (1993-94): 769-773.

Recommendations where consensus on the need to strengthen GATT with a strong set of rules based on free trade had been expressed.⁴⁹ The majority in the committee, consisting of representatives from the Labour Party, the Conservative Party and the Progress Party, welcomed the establishment of the WTO. The parties pointed to the fact that a big group of developing countries were members of GATT, and many developing countries had become members during the negotiations. This fact was used as an argument for developing countries being in favour of the WTO. The criticism from African countries was, however, not discussed. The three parties supported tariffication since it would be easier to identify hidden protection and to reduce tariffs. The Norwegian goal, to get acceptance for non-economic factors, had been successful since support to the environment, districts and direct income support and food security were not subject to reduction commitments. But it was underlined that the agricultural sector would be put under efficiency demands and be subject to increased competition. The three Parties stated that Norway had to contribute actively so that the agreement would work out positively for the developing countries, and agreed with the Cabinet in saying that increased trade, higher income and more investments would lead to growth and better welfare for developing countries. They also wrote that they were aware of the varying outcome of the negotiations for different developing countries, but few critical voices were raised during the meeting in Marrakech. The three Parties therefore supported Norwegian ratification.⁵⁰

The Norwegian Centre Party was critical of the fact that the Committee had been given little time to work on the Proposition. The Centre Party believed ratification should be postponed, also due to the debate on Norwegian membership of the EU. They were also concerned that Africa would lose as a result of the round, and that the differences between rich and poor countries would increase. On agriculture, the Centre Party stated that the net food importing countries would have fewer possibilities to produce food for their own population. The Centre Party was critical of parts of the agreement, and stated that Norway had to find a role as a bridge builder between rich and poor countries. On the basis of this, the Centre Party supported Norwegian ratification. Similar to the farming organisations, the Centre Party argued against the agreement much on the basis of the situation for the developing countries. The Centre Party is however a party with strong focus on Norwegian

⁴⁹ S.innst. (1987-88) No. 253 and S.innst. (1989-90) No. 181.

⁵⁰ S.tid. (1994-95) 6a Ia, S.innst. No. 43: 13-17.

agricultural interests, and they might therefore have used the situation for the developing countries to cover up the focus on its own interests.⁵¹

The Socialist Left Party saw the need for a committed set of rules to regulate world trade. As with the Centre Party, the Socialist Left Party wanted to postpone the ratification, but supported ratification. They were sceptical about the parts of the agreement that would weaken a country's possibility to secure its own food production. Further, the Socialist Left Party wanted the WTO to be under the control of the United Nations.⁵²

The Socialist Left Party and the Centre Party suggested postponing Norwegian ratification until the spring session in 1995. This did not get enough support when the Storting discussed the negotiations on 30 November. The Labour Party and the Conservative Party did not want to postpone ratification until 1 January 1995, and did not see the point in delaying if the agreement was going to be ratified anyway.⁵³

The Christian Democratic Party agreed to many of the remarks of the majority. The negative consequences for the net food-importing countries were, however, more underlined, and the Christian Democratic Party wrote that the industrialised countries would benefit the most from the agreement. The Christian Democratic Party focused on the situation for countries in Africa, and said that losses for the least developed countries had to be compensated.⁵⁴

We can identify that all the parties in the Storting used the situation for the developing countries in the argument whether they were in favour or sceptical about the agreement. This may be explained by a sincere interest in improving the conditions for the developing countries. However, it may also have been used to legitimise the Parties' positions, and to take away some of the focus on national agricultural interests. The strong focus on the needs of the developing countries was not in line with the previous statements, as may be seen for example in Report No. 51 (1991-92), where preferences should be given to developing countries in line with Norwegian agricultural interests.

Disagreement in Socialist Left Party

Inger Dag Steen was the person in the Socialist Left Party who had most knowledge about the negotiations. She was the spokesperson on agriculture in the Parliamentary Caucus and had to

⁵¹ S.tid. (1994-95) 6a Ia, S.innst. No. 43: 18-20.

⁵² S.tid. (1994-95) 6a Ia, S.innst. No. 43: 20-24.

⁵³ S.tid. (1994-95) 6a Ia, S.innst. No. 43: 27 and S.tid. (1994-95) 7b: 1471- 1474.

⁵⁴ S.tid. (1994-95) 6a Ia, S.innst. No. 43: 24-27.

cooperate on this issue with Paul Chaffey who was the foreign affairs spokesperson. There were disagreements between Chaffey and Dag Steen over the approach to the negotiations. Dag Steen was of the opinion that Chaffey was not contributing to the process and that Dag Steen did all the work involved in the negotiations.⁵⁵ Dag Steen created a forum to discuss the negotiations, with its base in the Farmers' and Smallholders' Union. There was a disagreement internally in the Socialist Left Party between those who wanted to give access to developing countries' goods and those who claimed that access to western markets would not solve the problems in the developing countries. Since there were disagreements on these issues a reference group was established to make a basis for the Socialist Left Party's policy on the issue.⁵⁶ Even though the group was established in January 1994 the first meeting was in November 1994, just before Proposition No. 65 was to be discussed in the Storting. Dag Steen tells that it was emphasised that the Socialist Left Party had to be united on this issue and that the Party had to be in favour of the round since it would not be strategically in the debate regarding Norwegian membership in the EU, to also oppose the WTO. Socialist Left Party issued information regarding the EU and GATT and underlined that it was important to say yes to the Uruguay agreement, especially if Norway voted against EU membership.⁵⁷ For these reasons the Party Leader, Erik Solheim and Chaffey pushed Dag Steen to become in favour of the negotiation results.⁵⁸ Chaffey believed it surprised others that the Socialist Left Party was in favour of the round. This decision came after a telephone conference of the National Executive Committee 29 November, the day before the discussions in the Storting and the same day as the referendum on Norwegian membership in the EU. Dag Steen believed that the Socialist Left Party should have voted no, especially since Norway voted no in the EU referendum.⁵⁹ The proposal to postpone the decision in the Storting was regarded as mere "play for the gallery". Those who were against got at least the voting for postponement, and it functioned as a compromise.⁶⁰

Debate in the Storting

In the debate in the Storting 30 November 1994, Five from the Conservative Party said that Norway was a small country that gained from trade with other nations. The fact that the

⁵⁵ Interview with Dag Steen, 15.10.05.

⁵⁶ Members were: Paul Chaffey, Erik Solheim, Inger Dag Steen, Aina Edelman, Haldorsen.

⁵⁷ EU argument! From Socialist Left Party, 22.11.94.

⁵⁸ Interview with Dag Steen, 15.10.05.

⁵⁹ Fax, Dag Steen to Hans Ebbing, 29.11.94.

⁶⁰ Interview with Dag Steen, 15.10.05.

Norwegian population the previous day had voted no in the referendum regarding Norwegian membership of the EU increased the need for protection in GATT, according to Five. She underlined that it was the developing countries that most wanted to end the negotiations, and that Norway had to work to ensure the agreement was positive for the developing countries. She continued by saying that agriculture was the part that had received most attention in Norway, and it would be possible to maintain current Norwegian agricultural policy.⁶¹

Ragna Berget Jørgensen from the Labour Party focused on the need Norway had to trade with other countries. She also focused on the importance of a strengthened set of rules for the developing countries, and that small and poor developing countries would eventually benefit from the agreement.⁶² Jørgensen said that the African countries would not see the effects of the new agreement. Hilde Frafjord Johnson from the Christian Democratic Party said that Africa would see the effects of the agreement, because the countries would lose as a result of the negotiation results.⁶³

Marit Arnstad said that the Centre Party would agree to ratify the agreement, but that she was sceptical about several parts of it. Liberalisation would not solve the problems in international trade, and Africa in particular would lose. She continued by saying that each country had to have the possibility to produce food for its own population. Arnstad focused on the net food importing developing countries that would suffer from the agreement.⁶⁴ This led to reactions from MP's from both the Labour Party and the Conservative Party, who questioned whether the Centre Party had changed its policy favouring developing countries' needs over Norwegian agricultural goals. She answered that trade in food was not healthy. Anders Talleraas from the Conservative Party said that the Centre Party was not concerned about the developing countries, only about Norwegian farmers.⁶⁵

Chaffey from the Socialist Left Party opened by saying that the agreement needed more attention, and that the debate had taken place in the shadow of the EU debate. He said that the Socialist Left Party wanted rules for international trade but that the Socialist Left Party did not agree with the goals of the Uruguay Round. He continued by saying that the Socialist Left Party supported national food production, and that the developing countries had

⁶¹ S.tid (1994-95) 7b: 1474-1478. (30.11.94.)

⁶² S.tid (1994-95) 7b: 1479- 1480. (30.11.94.)

⁶³ S.tid (1994-95) 7b: 1481- 1482. (30.11.94.)

⁶⁴ S.tid (1994-95) 7b: 1482- 1484. (30.11.94.)

⁶⁵ S.tid (1994-95) 7b: 1484-1486. (30.11.94.)

to have the right to protect their own markets. The agreement was not good enough and there was too much focus on free trade.⁶⁶

Kjell Magne Bondevik from the Christian Democratic Party said that it was important to have a permanent organisation, but he also underlined the special needs of the developing countries.⁶⁷ Fridtjof Frank Gundersen from the Progress Party also mentioned the developing countries in his speech.⁶⁸ The Minister of Trade, Grete Knudsen, said that the developing countries had been active in the whole process and that the agreement was one of the most important things that had happened in the relation between industrialised countries and developing countries for many years.⁶⁹ Frafjord Johnson said that the Minister of Trade erred in focusing on the consequences for developing countries. She said that that the sub-Saharan African countries would lose from the agreement due to increased food prices.⁷⁰

Red Electoral Alliance suggested that Norway continued its membership of GATT based on the Tokyo agreement. In addition, the representative suggested not ratifying the agreement. The last suggestion got 3 votes since two MP's from the Socialist Left Party supported Red Electoral Alliance's position.⁷¹ The two persons who voted against went against the decision in the party and received much attention. The Centre Party was also upset that its "unity" was broken.⁷²

Conclusion

The Norwegian Ministry of Foreign Affairs evaluated the Final Agreement as positive, both for Norway and for the developing countries. The introduction of the blue box reduced much of the negative consequences for Norway. However, Norway had to give up quantitative restrictions on milk and milk products. On the issue of the developing countries, Norway pointed to several factors that would benefit the developing countries. It was important to the industrialised countries to underlie that the developing countries would also gain from the agreement, even though the industrialised countries would benefit the most.

The special focus put on the developing countries, especially the net food importing countries and the least developed countries, came after knowledge that these countries would

⁶⁶ S.tid (1994-95) 7b: 1486- 1490. (30.11.94.)

⁶⁷ S.tid (1994-95) 7b: 1490- 1492. (30.11.94.)

⁶⁸ S.tid (1994-95) 7b: 1492. (30.11.94.)

⁶⁹ S.tid (1994-95) 7b: 1494- 1495. (30.11.94.)

⁷⁰ S.tid (1994-95) 7b: 1497 (30.11.94.)

⁷¹ S.tid (1994-95) 7b: 1507. (30.11.94.)

⁷² Interview with Chaffey, 23.09.05.

benefit less from the agreement, or might even lose due to higher world market prices on food and a reduction of the effects of the existing preferences. The developing countries expressed dissatisfaction with parts of the agreement, mainly due to lower reductions on tariffs and market access from industrialised countries than expected. Even though different studies varied with regard to how the results affected the developing countries, it was clear that the effects varied by country and region. It was, however, obvious that Africa would benefit the least of all continents.

In the literature, there are also different views on the effects on the developing countries from the agreement. The conclusions vary with regard to whether agricultural liberalisation benefits the developing countries or not. Positive effects for the developing countries pointed out in the literature are that the developing countries would benefit from a liberal trade regime with increased market access, reduction in subsidies in western countries and more effective rules and procedures. In addition, it has been pointed to the fact that the Uruguay Round integrated agriculture in the agreement, and that the developing countries are also an integrated part of the trade regime. Negative sides pointed out are that the industrialised countries received exceptions and would still be able to protect some of their agricultural sector via loopholes. In addition, it is noteworthy that 1986-88 were set as a basic period since tariffs were exceptionally high in this period, and that industrialised countries via dirty tariffication set the tariffs higher than they actual were, so that the effects of a reductions of 36 percent would only be limited. For developing countries it has been pointed to the fact that tariff reductions on productions exported by developing countries were less than products exported by industrialised countries. Higher food prices due to a reduced amount of subsidised products and an erosion of the GSP system would affect the poorest countries the most.

The proposition regarding the agreement presented to the Storting by Cabinet contained an overall positive evaluation of the agreement. Norwegian organisations underlined both positive and negative aspects but the majority supported Norwegian ratification. In the debate on the negotiations, the Labour Party, the Conservative Party and the Progress Party agreed on many points and supported ratification of the agreement. It was stated that both Norway and the developing countries would benefit from a more liberal trade regime. The Socialist Left Party and the Centre Party also used the developing countries in their argumentation, pointing to the results of the agreement that would not be beneficial to the developing countries. The relatively high focus on the developing countries in the Proposition from Cabinet, the Recommendation from the political parties and in the debate in

the Starting was not in accordance with the domestic focus on these countries during the negotiations. It may have been a result of knowledge that the developing countries and Africa especially would benefit less than the industrialised countries from the agreement. However, the developing countries may also have been used to legitimise a position and take focus away from domestic interests.

CHAPTER VII

Conclusion

The Uruguay Round was the longest and most comprehensive of all negotiations in the history of GATT. The political consequences and the impact of the round on the international trade regime, especially because of the creation of the WTO, makes the round the most significant development in international trade after World War II. As Roy MacLaren points out, the Uruguay Round coincided with one of the most remarkable periods in modern history and the establishment of the WTO was the founding of the first international post-Cold War institution.¹ The Uruguay Round was the first negotiation in GATT at which the developing countries had an significant influence. The round took place at a time of economic growth and liberalisation in East Asia, and the Uruguay Agreement was concluded at a time when developing countries in Asia had embarked on unilateral trade liberalisation reforms.² It also coincided with the fall of the Soviet Union that led to liberalisation in Eastern Europe. At the same time, however, African countries faced economic stagnation and falling prices in raw materials.

This thesis has focused on the Norwegian agricultural policy and the developing countries in the Uruguay Round, and asked how Norway combined the goal of protecting national agricultural interests with the demands of the developing countries. This appears as a dilemma to the Norwegian negotiators. Norway wanted to be viewed as a national friendly to developing countries, but at the same time it was underlined that the Norwegian agricultural interests should be maintained.

The Involvement of the Developing Countries

How successful was the involvement of the developing countries? Differences in economic development and different approaches and solutions challenged the unity of the developing countries. The informal group of developing countries therefore presented general proposals that mostly had little political content. We have seen that the industrialised countries used the

¹ MacLarsen, Roy 1998. "Globalisation and the Uruguay Round", in Jagdish Bhagwati and Mathias Hirsch (eds.), *The Uruguay Round and Beyond. Essays in Honour of Arthur Dunkel*: 154-194. Heidelberg: Springer.

² Adhikari 2002: 80.

split between the developing countries to achieve support for a new round of negotiations and to include new issues in the negotiations.

However, the developing countries also managed to influence the negotiations. By way of the Cairns Group, for the first time in GATT the developing countries joined forces with industrialised countries. About the Cairns Group, Rod Tyers writes:

For the first time in modern history of the GATT a group comprising industrial, developing and centrally planned economies worked together to advance a common aim. And it succeeded, overcoming opposition from within the EC and ensuring that agriculture would receive unprecedented attention during the remainder of the Round.³

The Cairns Group with the US managed to get agriculture included in the negotiations, and the net food exporting developing countries worked via the group to achieve liberalisation of trade in agriculture.

The hardliners did not succeed in getting support for their two main demands: that no round of negotiations should be introduced before the Working Programme from 1982 had been implemented, and to reject the inclusion of trade in services. However, the hardliners did influence the Uruguay Round since their strong opposition most likely led to more focus on special treatment for developing countries in the Punta del Este declaration. During the round, India managed to get support from the majority of developing countries in statements criticising the lacking focus on issues that were regarded as important to the developing countries. However, both India and Brazil witnessed a change of government during the negotiations. The new governments opened up the economy and were positive to trade liberalisation. Therefore, critical voices from the developing countries decreased towards the end of the round.

The final negotiations on agriculture between the EC and the US excluded the developing countries in the end stages of the round. The green room meetings, limited resources and an extensive meeting schedule made it difficult for the smaller developing countries to influence the negotiations. However, the developing countries contributed to the breakdown of the Ministerial Meetings in Brussels and Montreal. The Latin American countries refused to continue with negotiations if achievements were not reached in agriculture. These actions show that the developing countries did influence the negotiations, and managed to draw focus to issues important to them, e.g. agriculture.

³ Tyers, Rod 1994. "The Cairns Group Perspective", in R.C. Hine, K.A. Ingersent and A.J. Rayner (eds.), *Agriculture in the Uruguay Round*: 88-109. Basingstoke: St. Martin's Press, pp. 89-90.

The developing countries were disappointed by the lack of commitment from the industrialised countries on areas important to the developing countries. John Whalley points to the fact that the negotiations were a success for the developing countries on points concerning the strengthening of the GATT system and reacting against regionalism.⁴ According to him, the active participation of the developing countries was driven by a fear that the system might collapse if the round failed. “By that stage, developing countries appeared to be willing to accept almost any agreement by the end of the Uruguay Round, as long as it was a firm agreement that preserved multilateral accommodation.”⁵

The participation of the developing countries was higher than in any earlier negotiations in GATT. We have seen that the developing countries contributed in the negotiations in agriculture, especially in the Cairns Group but also through the Latin American countries at the Ministerial Meetings, and the pressure put forward by the hardliners in the first part of the negotiations. However, we have also identified that the industrialised countries, including Norway, refused some of the criticism raised by the developing countries.

Due to the liberalisations and economic growth in many of the developing countries it was important for the industrialised countries to include these countries in the world trading system. Concession in some areas important to the developing countries, such as textiles and tropical products and also in agriculture were given, however, the developing countries expressed disappointment when the Final Agreement was reached. The countries meant that the given concessions were limited and the developing countries had expected deeper cuts in subsidies and more market access. The literature identifies both negative and positive consequences for the developing countries by the agreement. Some countries and regions benefited while Africa was regarded as the continent that might lose as a result of the agreement.

Agricultural Disagreement

Which were the demands proposed by different groups and countries in the negotiations? In the agricultural negotiations mainly two groups disagreed. The US and the Cairns Group wanted significant reductions in agricultural support and increased market access for agricultural products. The EFTA countries, the EC, Korea and Japan opposed this and

⁴ Whalley 1996: 409.

⁵ Whalley 1996: 428.

underlined the special characteristics of agriculture. The US worked initially according to a zero option, and wanted to ban all import barriers and trade-distorting subsidies within ten years. Also the Cairns Group wanted a prohibition of all use of subsidies and support measures. The EC on the other hand did not want to focus on agriculture in the negotiations, and wanted to continue with export subsidies and variable import levies.

We have also identified differences between the net food importing developing countries, and the net food exporting developing countries. To a certain extent these two groups had incompatible interests, but both groups of countries demanded better access to western markets, cuts in export subsidies and reduction in agricultural support. However, the net food importing developing countries would be negatively affected by increased prices on food due to the reduction of subsidies on food. The net food importers also demanded the right to protect own agricultural production.

Norway, together with Switzerland, South Korea and Japan, were regarded as the most protectionist countries. The Nordic countries, especially Norway, wanted to maintain the national autonomy in agriculture, and the special characters in agriculture were underlined. Due to the import protection system used by these countries, with an extensive use of quantitative restrictions, tariffication across board was rejected. These countries demanded exceptions for some products, but the Final Agreement did not open for this, and Norway, as the last country, decided to accept tariffications, also on milk and game animals. Initially Norway and Switzerland opposed a reduction in agricultural support, but accepted a freeze option. But after the EC and the other Nordic countries accepted a reduction in agricultural support, Norway realised that a new Norwegian position had to be established.

We have seen that the disagreement between the EC and the US on agriculture delayed the negotiations and for a long time bilateral meetings with only the EC and the US took place. The Blair House Agreement, and a revised version of this agreement, finally settled the negotiations. For Norway the introduction of a blue box made the results better than feared, since the majority of the Norwegian support could be defined as blue, and were therefore exempted for reduction commitments.

The Norwegian Dilemma

To what extent did Norway take the developing countries' situation into consideration when establishing the Norwegian position, and to what extent did domestic agricultural interests influence the Norwegian policy? We have identified a Norwegian dilemma in the agricultural

negotiations between the demands from the developing countries wanting increased market access, cuts in subsidies and tariff reductions, yet at the same time efforts to promote Norwegian national interests in agriculture, maintaining a high level of protection. This dilemma was a challenge to the Norwegian negotiators. The international pressure, also from the developing countries, for increased commitments on the one hand, and domestic reluctance to grant concessions within agriculture on the other hand, were by the Norwegian negotiators supposed to be solved by a dualism in the Norwegian position. The Norwegian Cabinet tried to establish a Norwegian position that balanced these two demands, as a sort of a compromise. A reduction of support was eventually accepted by Norway, but the focus on non-economic factors in agriculture was strongly emphasised. The Norwegian explanatory statement is an example of the Norwegian negotiators trying to please the domestic pressure groups while at the same time wanting to be a constructive negotiation partner. However, Norway was only willing to give agricultural concessions that were in line with the Norwegian import protection system. Since Norway then had few possibilities to give important concessions to developing countries in agriculture, the Cabinet put focus on other areas that were regarded as important to developing countries, such as textiles and tropical products. On these issues Norway was willing to grant extensive concessions, and this was underlined both domestically and internationally in the negotiations. It was also pointed to areas that were regarded as important both to Norway and to the developing countries, such as strengthening rules and disciplines and an effective dispute settlement procedure.

When it was realised that a change in the Norwegian position was necessary, the Cabinet had to work domestically to get acceptance for a new line. The Norwegian Cabinet argued therefore that changes in agricultural policy were necessary in order to adapt to international developments and implement a more market orientated agricultural system in line with recommendations from OECD. We can see that even though Norwegian agricultural interests were the main priority in the negotiations, by the end of the negotiations liberalisation and increased market access was accepted. The developing countries were disappointed, however, that more concessions were not given, but the fact that agriculture was included in the agreement and that industrialised countries had accepted greater market discipline in the sector was regarded as important to the developing countries.

Conflicting Interests

Was there a conflict between Norway's desire to be viewed as a nation friendly to developing countries and at the same time protecting Norwegian agricultural interests? We have identified two different perspectives on whether the Norwegian import protection system was in conflict with the developing countries' demands. Even though the Norwegian Cabinet underlined that protecting the agricultural sector was its main priority in the negotiations it was stated, i.e. in Report No. 63 to the Storting (1986-87), that the quantitative restrictions on agriculture and textiles were in conflict with increased import from the developing countries. I have called this view the acceptance of incompatible interests perspective. By this acceptance the Cabinet stated that there existed a conflict between the interests of the developing countries and Norway in the field of agriculture. The Norwegian dilemma was therefore a political question on how much Norway was willing to give in agriculture to please the developing countries in the negotiations.

In the first phase of the negotiations, a united Storting refuted this conflict's existence and argued that the Norwegian system was not a hindrance to increased import from developing countries, mainly due to the fact that Norway and developing countries had interests in different products. This perspective I have called the none interest conflict perspective. The Storting expressed that there was no conflict between the developing countries' demands and Norwegian interests in the negotiations. Norway could therefore continue with its import protection system, without conflicting with the developing countries. Towards the end of the negotiations the majority in the Storting, involving the representatives of the Labour Party, the Conservative Party and the Progress Party, departed from the none interests conflict perspective, and agreed with the Cabinet that a conflict actually existed between Norwegian agricultural interests and access for developing countries to the Norwegian market. This coincided with the establishment of a new, more flexible Norwegian agricultural position, as seen primarily in Proposition to the Storting No. 8 (1992-93), in which a change in the Norwegian agricultural policy was agreed on. The minority believed however, that this change of policy was unnecessary, and that the Cabinet was using the negotiations to legitimise structural changes in the Norwegian agricultural sector.

It was stated by the Cabinet that Norway wanted to be a bridge builder between developing countries and the industrialised countries. This was not emphasised within the agricultural aspect, and it can be questioned whether the developing countries in fact saw Norway as a bridge builder at the same time as Norway was regarded as one of the most protectionist countries. However, the least developed countries did approach Norway during

the negotiations and Bangladesh stated that Norway was a nation regarded as understanding the situation of the least developed countries.

Even though the Cabinet acknowledged that a conflict existed between Norwegian agricultural interests and the demands of the developing countries, the Cabinet stated that preferences to developing countries should be given in line with the Norwegian national goals in agricultural policy. This is a strong indication that it was the Norwegian agricultural interests that was the first priority. However, when realising that a new position had to be established, and by acknowledging the acceptance of tariffications, it may be argued that Norway gave important concessions also to developing countries.

The Domestic Debate

What role did the Storting play, and how did interests groups influence the Norwegian position? The fact that the Storting did not discuss the Punta del Este Declaration until one year after the Ministerial Meeting may be difficult to comprehend when we know the great impact the negotiations had. However, the debate on Norway's membership of the EC drew much of the attention away from the GATT negotiations. The Storting had not been involved in earlier negotiations in GATT, and trade policy was an area within which there was broad consensus between the Labour Party and Conservative Party. This was also the case in the Uruguay Round. It was also difficult to predict the huge consequences stemming from the negotiations. In the debate regarding the Punta del Este declaration only few MP's mentioned the Uruguay Round, while by the end of the negotiations many questions were posed to especially to the Minister of Trade and Minister of Agriculture.

There was greater involvement from the Storting than in earlier GATT negotiations, especially after the Ministerial Meetings in Montreal and Brussels that ended in breakdowns. The breakdowns increased the media attention both internationally and in Norway. After these meetings, it also became clear that Norway had to give commitments in agriculture and that the negotiations would entail changes to the Norwegian import protection system. Towards the end of the negotiations, polarisation in the Storting increased. The Socialist Left Party and the Centre Party in particular, but also the Christian Democratic Party questioned the negotiations and underlined the need of having a strong Norwegian import protection system.

In the debate on Norwegian ratification of the negotiations, the developing countries were much used in the debate. It was debated what was the best strategy for economic development in developing countries, and whether the agreement benefited the developing

countries. The Conservative Party, the Labour Party and the Progress Party pointed to the fact that the developing countries wanted a quick end of the negotiations, and that all countries would benefit from strengthening rules and procedures. In addition it was underlined the importance of integrating the developing countries in the trading system. The Centre Party and the Socialist Left party that were more sceptical towards the agreement used the developing countries' situation as an argument criticising the agreement. It was pointed to the fact that Africa would not benefit from the results and that the net importing developing countries wanted to protect their agricultural sector. That almost all parties used the developing countries' situation in the argument implies that the focus on this group had increased by the end of the negotiations. However, since both sides used the developing countries in their argument it can be stated that the developing countries were used to legitimise the parties' position, and that what was the best for the developing countries was regarded as an effective argument favouring their stand in the negotiations.

The involvement of Norwegian interest groups was also at a higher stage by the end of the negotiations. The farming organisations had been involved in the agricultural negotiations throughout the round. Cooperation between these organisations and the NMFA was regarded as good. However, when Norwegian proposals were presented, the organisations criticised the NMFA for giving up the Norwegian positions. Other interests groups did not play a significant role until the last phase of the negotiations, and many did not get involved before the agreement in fact had been reached. LO and NHO had common interests and pointed to the fact that Norway did indeed have interests beyond agriculture in the negotiations.

We have identified that the Labour Party and the Conservative Party agreed on the issue of trade policy, and also on the Uruguay Round. A continuation in the Norwegian position is therefore visible and it cannot be pointed to a change in the Norwegian position, when Cabinet was changed. However, in the coalition Cabinet the disagreement have been more visible especially since the Minister of Agriculture from the Centre Party was more reluctant to give concessions that were not in line with the Norwegian import protection system. There were also some disagreement between the different Ministries, but when the Ministry of Trade was merged into the Ministry of Foreign Affairs this problem disappeared.

Just as Putnam describes international negotiations, it is necessary to negotiate at two levels. Norway had to be a constructive negotiating partner, while at the same time follow the instructions given by the Storting, and please the farming organisations that did not want the Cabinet to give up the Norwegian agricultural policy. The Norwegian win sets was a result of the Norwegian dilemma, between national agricultural interests and the pressure from other

countries in the negotiations. The new Norwegian position established in agriculture was an attempt to extend the Norwegian win sets. This succeeded since Norway was a part of the Final Agreement, and expressed that the results was in line with Norwegian interests, while at the same time acceptance that reductions in support had to be implemented. However, since it was regarded as almost impossible for a small country as Norway with high dependence on international trade, not to be a part of GATT, the Norwegian Cabinet would be quite ensured that the Storting would agree in a Norwegian ratification.

The opposition in Norway expressed that the negotiations was used as an excuse for implementing more market orientation in Norwegian agriculture. As Melchior and Victor D. Norman point out, trade agreements are necessary to create a more liberal trade regime. In Norway the new policy established in Proposition to the Storting No. 8 (1992-93) came as a result of international development, as argued in the Proposition. It would have been difficult for the Norwegian Cabinet to push for structural changes in agriculture without referring to the Uruguay negotiations, which anyway would have made Norway change the import protection system.

Further Research

Due to the extensive archive it was necessary to limit the study to the agricultural parts of the agreement. For further research it would be interesting to identify if the same dilemma to Norway is visible with regards to the negotiations in other areas, especially in the fields of services and goods. Norway had offensive interests in shipping and fisheries; areas were many developing countries had defensive interests. It would also be interesting to identify if the Norwegian dilemma continued in the WTO, and if changes in the Norwegian policy have taken place with increased focus on the WTO in Norway.

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