

frameworks. Like the U.S.A., the EC has publicly stressed the positive side, as well as the mid-term review nature, of the Montreal Meeting.

8. Japan's role at Montreal seemed to be consistent with its position to let the U.S.A. and the EC sort out their agricultural differences. Indeed, the agricultural impasse at Montreal meant that no real pressure was put on Japan's highly restrictive import regime. Japan did show, however, that it continued to attach priority to intellectual property and services issues. Its traditional concern over consensus as an operating mode for GATT, particularly in relation to the dispute settlement process and vis-à-vis developing countries, was also evidenced at Montreal.

9. With respect to the developing countries, the most noticeable development relates to Latin American participants. A regional bloc strategy centered on Argentina, Brazil, Uruguay, Colombia and Chile clearly emerged in Montreal. The strategy related to agriculture and the new issues. It involved some flexibility on services and, to a lesser extent, on intellectual property but a firm position on the need for long term agricultural reform and a meaningful tropical products package.

10. While the Director General of the GATT, Arthur Dunkel, in his capacity as Chairman of the Trade Negotiations Committee at the officials level, carries out his series of bilateral consultations over the next three months to resolve the impasse over agriculture, intellectual property, textiles and safeguards, work in the other negotiating areas is expected to continue. The results achieved at Montreal in these other areas will be effectively preserved in whole until a review of the entire package at the April TNC. A summary presentation of the main thrust and content of these frameworks and work plans, which indicate the significant progress made on the specifics of the negotiations agenda since the September Situation Report, is contained in Annex I to this Report.

11. Briefly, the state of play on individual issues may be highlighted as follows:

**A) Market Access**

. **Tariffs:** the overall target is a reduction by at least 35% to 40%, with gradual phasing and a substantial increase in tariff bindings.

. **Non-Tariff Measures:** procedural guidelines for reduction or elimination by all participants.