Modifications and rectifications to coverage: experience to date and developments in the GPA negotiations

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Types of modifications available under Article XXIV:6

- **From the most frequent to the most exceptional:**
  - **Modifications "of a purely formal or minor nature"**
  - **Withdrawal of 'privatised' entities** ***Article XXIV:6 (b)***
  - **Modifications under Article XXIV:6 (a) that are not "of a purely formal or minor nature"**

Procedures for modifications "of a purely formal or minor nature" (Article XXIV:6 (*a*))

1. **Notification of proposed change, including expected effect on mutually agreed coverage**
2. **Circulation to GPA Parties**
3. **30 days for objections:**
   a) ***No objection:***
   proposed change becomes effective (certification)
   b) ***Objection:***
   - **bilateral consultations**
   - **pending modifications may also be taken up at GPA Committee meetings**

Procedures for privatized entities under Article XXIV:6 (*b*)

"on the grounds that government control or influence [over the entity] has been effectively eliminated"

1. Notification of proposed change

2a. Becomes effective (certification)

if Committee meeting held within 30 days of notification <u>and</u> no objection by Parties

2b. *<u>Objection:</u>*

- **bilateral consultations and possibility of consultations and dispute settlement**
- **possibility of compensatory adjustment**

Procedures for modifications that are <u>not</u> "of a purely formal or minor nature"

1. **Notification of proposed change, including likely effect on mutually agreed coverage**
2. **Chairman to promptly convene a Committee meeting to consider:**
   - **proposed modification**
   - **any claim for compensatory adjustment**
3. **If no agreement reached, possibility of consultations and dispute settlement**

Example:

- **Israel's offsets (resolved through Committee decision)**

Some perceived problems

- Article XXIV:6 perceived as being insufficiently clear:
  - Which modifications under Article XXIV:6 (a) are "of a purely formal or minor nature"?
  - Lengthy withdrawal process for some privatized entities
  - Some procedural aspects for modifications also perceived as unclear

Intended solution to perceived problems: development of arbitration procedures and indicative criteria

- Draft decisions under development
- Will entail:
  - Arbitration procedures for use where Parties can't agree; and
  - Indicative criteria regarding the removal of government influence/control