

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

PREP.COM(86)W/23

28 April 1986

Special Distribution

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Preparatory Committee

ARTICLE XXIV

Note by the Secretariat

1. This note is issued under the responsibility of the secretariat and is intended to facilitate further discussion in the Preparatory Committee. It seeks to identify, in the light of the discussions recorded in PREP.COM(86)SR/4 and earlier discussions, the main considerations which would appear to be relevant should the Committee decide to formulate recommendations on Article XXIV. The note is not intended to be a summary of the discussions. It in no way prejudices the views delegations may have as to whether and how the question of Article XXIV might figure in the Preparatory Committee's recommendations to Ministers, nor should the listing of points for further discussion be regarded as exhaustive.

Main points emerging from the discussion

2. The large number of agreements being concluded under Article XXIV and the difficulties which had been experienced were recalled. It was suggested that Article XXIV should be reviewed in the new round with a view to strengthening the m.f.n. clause and, in particular, to agreeing on the interpretation of some of Article XXIV's provisions. Reference was made in this connection to a number of specific problems, including new obstacles to the trade of third countries created by agreements presented under Article XXIV, and rules of origin. The view was, however, also expressed that Article XXIV was an essential part of the General Agreement which should remain basically as it is but that questions relating to the Article might be included in a general review of existing GATT provisions.

3. It was suggested that such a review might include the provision in Article XXIV:12 dealing with regional and local governments.

Points for further discussion

4. Should the provisions of Article XXIV be clarified and improved? Should these questions be dealt with in the normal work of GATT or in the new round? Should the examination deal both with questions relating to customs unions and free trade areas and to regional and local governments? If they are to be dealt with in the new round, should they be taken up in the context of a more general review of GATT provisions? Should specific questions relating to the Article be identified in the Declaration, e.g. rules of origin?