

GENERAL AGREEMENT ON TARIFFS AND TRADE

Preparatory Committee

FUNCTIONING OF THE GATT SYSTEM

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 the functioning of the GATT system. The note is not intended to be a summary of discussions. It in no way prejudices the views delegations may have as to whether and how the functioning of the GATT system 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 functioning of the GATT system was a central theme which recurred during discussions of many matters by the Committee, and the point was repeatedly made that a basic objective of any new round would be to improve the functioning of the system and to restore its integrity and credibility. In the Committee's discussion of this matter a distinction was made between the functioning of the GATT as a system of rules and the functioning of the GATT as an institution intended to ensure the application of the rules. In the latter context reference was made, in particular, to the need to strengthen the GATT's rôle as a negotiating body and an arbiter of trade disputes, and to improve notification, surveillance and dispute settlement procedures. Since these matters have been dealt with in greater detail elsewhere, this paper concentrates on institutional questions other than those mentioned in the previous sentence.

3. Among the other matters raised, specific proposals were made that there should be greater ministerial involvement in the work of GATT and that the Consultative Group of Eighteen be strengthened and mandated to examine questions relating to the functioning of the GATT system. It was also suggested that there was a need to examine the institutional structure of the GATT with a view to improved coordination and streamlining and strengthening of the rôle of the GATT secretariat. Finally, reference was made to the importance of adequate coordination of trade issues in the GATT and work on financial and monetary relations. A further specific point raised in connection with the functioning of GATT was the suggestion that during the negotiations consideration must be given to the balance of benefits drawn by contracting parties from the GATT system.

Points for further discussion

4. The Committee should decide what recommendations, if any, it wishes to make to Ministers concerning the points in paragraph 3 above.