

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/3

19 January 1987

Special Distribution

Group of Negotiations on Goods (GATT)

GROUP OF NEGOTIATIONS ON GOODS

Third Meeting: 18 and 21 November 1986

Agenda Item 1: Surveillance Mechanism for standstill and rollback

1. The Chairman drew the attention of the Group to its decision of 12 November (MTN.GNG/2) regarding the designation of the mechanism for surveillance of the commitments to standstill and rollback. He also referred to a proposed draft decision on this subject which had been circulated by the Delegation of Jamaica as MTN.GNG/W/3. He noted that other papers on the subject had been circulated informally by delegations. Many delegations expressed their appreciation for the Jamaican proposal, which they considered a useful contribution to the Group's consideration of this matter. Many delegations emphasized the importance they attached to the standstill and rollback commitments, and to the need to devise effective mechanisms for monitoring their implementation. The non-fulfilment of the commitments would have serious political repercussions and would adversely affect the negotiations. The commitments should be seen in a positive light, as contributing to the ability of governments to resist domestic pressures for protection.

2. A number of delegations observed that standstill and rollback commitments were essentially of a political nature and did not impinge upon existing rights and obligations of contracting parties under the General Agreement. It was therefore important to ensure that surveillance procedures for standstill and rollback were kept entirely separate from the normal dispute settlement procedures of the GATT. The surveillance mechanism was seen by some delegations as comprising three distinct stages. In the first stage, notifications were received from participants and circulated together with any additional relevant information provided by the secretariat. In the second stage, all information relating to a matter raised by a participant in relation to the commitments would be examined. Some delegations regarded this stage as being of a purely technical or factual nature, whereas others saw it as involving an element of judgement regarding compliance with the commitments. In the third phase, a political evaluation would be made of the implications of the measures in question in relation both to the standstill and rollback commitments and to the negotiations themselves.

3. It was widely agreed that a special body should be established to assist in carrying out the surveillance function. There were differing views, however, on what the responsibilities of this body should be. While some delegations thought that it should be responsible for making a factual examination of the documentation before it, others considered that a surveillance body should evaluate and review such documentation, and draw conclusions about the consistency of particular measures with the standstill and rollback commitments.

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4. As far as the membership of a surveillance body was concerned, some delegations supported the idea that a body of limited membership was essential on grounds of efficiency, whereas others wished to establish a body with open-ended membership, in order to ensure the transparency of the proceedings. Certain delegations considered that if a surveillance body was called upon to make decisions, these decisions should be taken on the basis of a majority view. Other delegations said that it was important that decisions be taken on the basis of consensus, although some of these raised the possibility that countries might abstain from participation in decisions in cases where they were directly involved. A number of delegations were of the view that the surveillance procedures should include the possibility of voluntary settlement of matters notified through bilateral or plurilateral consultations on a matter raised. Other delegations were concerned that to provide for such a possibility would lead to unwarranted delays in procedures.

5. Though it was widely felt that the Trade Negotiations Committee should have the ultimate responsibility for surveillance of the standstill and rollback commitments, some delegations considered that the Group of Negotiations on Goods should also play a significant rôle in the surveillance of the commitments, while others felt that the GNG should not be involved. All delegations however shared the view that it was important for the effectiveness of the mechanism that cumbersome procedures be avoided.

6. In regard to the rollback commitment, delegations agreed that it was necessary to hold consultations on the time-frame within which the rollback was to be implemented, as well as the manner in which it would be carried out. Some delegations considered that these questions should be examined by a working party established for that purpose, whereas others were of the view that a surveillance body responsible for all aspects of the standstill and rollback commitments should deal with them. It was suggested that proposals on the implementation of rollback commitments should be presented by the participants concerned within six months.

7. Some delegations referred to the relationship between surveillance of standstill and rollback commitments in the Ministerial Declaration and the surveillance exercise currently carried out every six months by the Council meeting in Special Session. Those delegations addressing this question agreed that it was important to avoid unnecessary duplication, but at the same time it was recognised that the Special Council Sessions dealt with certain matters which would not necessarily be covered by surveillance of the standstill and rollback commitments. It was for consideration, therefore, whether the Special Council Sessions should continue in a modified form.