

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.TNC/LD/4
13 March 1992

Special Distribution

Trade Negotiations Committee

Legal Drafting Group

MEETING OF 3 MARCH 1992

Note by the Secretariat

1. The Legal Drafting Group held its fourth meeting on 3 March 1992 under the Chairmanship of Mr. M.G. Mathur.

Understanding on Rules and Procedures governing the Settlement of Disputes

2. The Chairman drew attention to the following informal notes by the secretariat: (i) Draft Understanding on Rules and Procedures governing the Settlement of Disputes under the Multilateral Trade Organization which encompassed Sections S and T of the Draft Final Act Embodying the Results of the Uruguay Round (MTN.TNC/W/FA); (ii) revised text of the draft Ministerial Decision Regarding Application and Review of the Understanding; (iii) a compilation of dispute settlement provisions in the texts that will be governed by the Integrated Dispute Settlement Rules and Procedures.

3. In introducing the draft Understanding the representative of the secretariat stated that Section S of the Draft Final Act reproduced the "Understanding on Rules and Procedures Governing the Settlement of Disputes under Articles XXII and XXIII of the General Agreement on Tariffs and Trade." This Section also included a draft Decision with transitional and review provisions. Section T of the Draft Final Act reproduced the "Elements of an Integrated Dispute Settlement System", the purpose of which was to enlarge the scope of the dispute settlement rules and procedures to the whole MTO area. This Section included, inter alia, provisions concerning the Dispute Settlement Body and cross-retaliation. In respect of the Elements of an Integrated Dispute Settlement System, the annotations to the Draft Final Act stated, inter alia, that further work would need to be carried out in accordance with the progress made in the closing stages of the Uruguay Round negotiations and that further elaboration of the text on Suspension of Concessions might also be required. The Draft Understanding on Rules and Procedures Governing the Settlement of Disputes under the Multilateral Trade Organization which encompassed Sections S and T of the Draft Final Act was based on the premise that substantive rules concerning dispute settlement comparable to Articles XXII and XXIII of the General Agreement or references to these particular Articles appeared in the individual agreements and that this Understanding - as also indicated in the MTO Agreement - should apply to all disputes brought pursuant to the consultation and dispute settlement provisions of each agreement covered by

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the Multilateral Trade Organization, subject to any special or additional provisions on dispute settlement contained in the covered agreements. The revised text of the draft Ministerial Decision on the Application and Review of the Understanding on page S.1 of the Draft Final Act now took into account the fact that the Understanding would apply to the whole MTO system rather than only to GATT.

4. After a preliminary exchange of views on the draft Understanding, the Group agreed to proceed with its paragraph-by-paragraph examination of the text in an informal session.

Cross-cutting issues ("Other points common to a number of texts")

5. The Chairman drew attention to a non-exhaustive list of cross-cutting issues circulated informally by the secretariat which included suggestions from members of the Group. He noted that the category of "cross-cutting issues" appeared to overlap with the Group's earlier examination of the relationship between the MTO Agreement and other agreed texts. Some relevant questions had already been touched on, and perhaps even largely exhausted, in the course of the Group's previous discussion. At the suggestion of the Chairman, the Group agreed to revert to any such issues which may require examination at its next meeting.

6. The next meeting of the Group was scheduled for 23-26 March 1992.