

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

PREP.COM(86)W/22
28 April 1986

Special Distribution

Preparatory Committee

ARTICLE XVII

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 XVII. 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 XVII 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. It was suggested that the notification procedures in Article XVII were not working well and that action should be taken to verify and, if necessary, to ensure that state trading enterprises acted in a non-discriminatory way in accordance with commercial considerations. It was also stated that State-trading enterprises could be operated so as to create obstacles to trade. Article XVII should therefore be reviewed with a view to clarifying existing obligations of contracting parties and to strengthening its provisions, with particular reference to the principles of transparency, non-discrimination and the preservation and improvement of market access. This suggestion was widely supported, although some of this support was qualified by the suggestion that the proposed review should be part of a more general exercise covering other GATT provisions. The point was also made that it should not be necessary to renegotiate the Article since it already established procedures designed to identify and deal with problems which might arise. It was also pointed out that questions relating to government procurement would be dealt with in another context.

3. It was suggested that some of the work might be taken up as part of the normal activities of the GATT rather than in the new round.

Points for further discussion

4. Should the provisions of Article XVII be clarified and improved? Should these questions be dealt with in the normal work of GATT or in the new round? 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?