MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND

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Group of Negotiations on Goods (GATT)
Negotiating Group on Safeguards

WORK ALREADY UNDERTAKEN IN THE GATT ON SAFEGUARDS

Note by the Secretariat

1. The Negotiating Plan on Safeguards (MTN.GNG/5) calls, inter alia, for "a paper by the secretariat on relevant work already undertaken in the GATT, including in particular on the elements enumerated in the Ministerial Declaration". This paper is prepared in response to this Decision.

2. GATT safeguard clauses permit the application, subject to specific conditions, of measures not otherwise permitted under the rules. While there are other clauses of this type in the General Agreement, this note concentrates on work relating to Article XIX, which permits contracting parties to impose trade barriers, on a non-discriminatory basis, in order to protect producers suffering, or threatened by, serious injury. It deals with certain past discussions in the area without implying any judgement that all of these are directly relevant to the tasks before the Negotiating Group.

3. It is divided into the following sections:

A. Before the Tokyo Round[1]

4. At the time that Japan's accession to the GATT was under discussion in February 1953, some contracting parties wished to retain the right to apply discriminatory quantitative restrictions on imports from Japan (L/76). They suggested that an additional safeguard clause should be

[1] This section draws on two factual notes prepared by the secretariat on safeguards, documents COM.IND/W/88/Rev.1, dated 18 January 1973, and L/4679, dated 5 July 1978.

introduced into the General Agreement, arguing that a large number of Article XIX actions, which would have to be applied on a most-favoured-nation basis, might lead to a general raising of barriers to world trade. Other contracting parties felt that no additional safeguard clause was required. A suggestion was made that in order to avoid a higher general level of barriers to world trade, contracting parties might bring cases to the GATT under Article XXIII, paragraph 2, under which the CONTRACTING PARTIES could authorize the application of safeguard actions on a discriminatory basis. However, some delegations pointed out that there might be circumstances in which the procedures of Article XXIII would be too slow in operation to provide adequate safeguards, and they suggested that if the CONTRACTING PARTIES failed to reach a decision within thirty days, provisional safeguard measures might be taken pending a decision of the CONTRACTING PARTIES. In the end there was no agreement on the application of Article XXIII along these lines.

5. Japan became a contracting party in September 1955 without any new general safeguard clause being added to the General Agreement. Some contracting parties invoked Article XXXV on Japan's accession. In a number of cases, Japan negotiated bilateral trade agreements containing special safeguard clauses which were followed by the countries concerned disinvoking Article XXXV. Some countries did not invoke Article XXXV but nevertheless continued to discriminate against Japan (see for instance L/1164, page 33).

6. At the Session of the CONTRACTING PARTIES held in November 1959, some delegations stated that sharp increases in imports, over a brief period of time and in a narrow range of commodities, could have serious economic, political and social repercussions in the importing countries. The CONTRACTING PARTIES accordingly decided that the secretariat should prepare a factual study on the question of "market disruption" (BISD 8S/22). The outcome of the study showed that a wide variety of products, chiefly textiles and clothing products, were subject to import restrictions applied by a number of countries to deal with market disruption (L/1164). There were "voluntary" export restraints on the exports of certain cotton textiles from Hong Kong, India and Pakistan entering the United Kingdom. Japan also reported in the same study that, in order to avoid unnecessary frictions in the markets of the importing countries, it had applied export control on a considerable number of goods vis-à-vis Canada, the United States, Switzerland, Denmark, Benelux and Australia. Most of the export controls were applied on an individual country basis, the quantity and price of goods being the central aspects of the controls, accompanied by quality controls wherever the occasion required.

7. In a decision taken at their Seventeenth Session in November 1960 (BISD 9S/26), the CONTRACTING PARTIES agreed that "in a number of countries situations occur or threaten to occur which have been described as 'market disruption'" and that "these situations generally contain the following elements in combination:

(i) a sharp and substantial increase or potential increase of imports of particular products from particular sources;

(ii) these products are offered at prices which are substantially below those prevailing for similar goods of comparable quality in the market of the importing country;

(iii) there is serious damage of domestic producers or threat thereof;

(iv) the price differentials referred to in paragraph (ii) above do not arise from governmental intervention in the fixing or formation of prices or from dumping practices."

8. The work of the CONTRACTING PARTIES did not lead to the elaboration of any generally applicable solutions, however, but indirectly to the negotiation of a special safeguard clause relating to a single industrial sector - cotton textiles.

9. The Short-Term Arrangement Regarding International Trade in Cotton Textiles, or the STA (BISD 10S/18) came into force on 1 October 1961 for a twelve-month period pending a long-term solution. A year later, the STA was superseded by the Long-Term Arrangement Regarding International Trade in Cotton Textiles or the LTA (BISD 11S/25) which came into force on 1 October 1962 for a five-year period and continued into force until 31 December 1973. The stated objectives of the LTA, as of the STA, were two-fold: to promote the economic progress of developing countries by providing larger opportunities for exchange earnings, while ensuring that cotton textiles trade developed in such a way as to avoid disruptive effects in individual markets.

10. In May 1964, after two years of experience with the LTA and at the time when the Kennedy Round was under preparation, the Executive Secretary of GATT made some unofficial "preliminary suggestions" (see L/4679, page 6 and Annexes 2 and 3) which launched the idea that an understanding might be reached that discriminatory action could be taken under Article XIX, when accompanied by the introduction of stringent criteria and an international determination of compliance with the criteria. Briefly, the suggestion was that a contracting party be allowed to take discriminatory action to deal with "a situation where the injury, or threat of such injury, to domestic producers in the importing country is caused by imports from only one or a few exporting countries and is of the kind described by the CONTRACTING PARTIES in their Decision of 19 November 1960" (see paragraph 7 above). It was also suggested that such an action should be notified to the CONTRACTING PARTIES which would refer the matter to a Panel of high level experts, inviting it to make a finding as to whether or not a situation of "market disruption" in fact existed and the finding of the Panel would be binding. The view expressed by the Executive Secretary on the possibility of selective application of

Article XIX was contested by (at least) one major trading nation in informal consultations and was not pursued.

11. Modelled on the LTA, the Arrangement Regarding International Trade in Textiles, commonly known as the Multifibre Arrangement or the MFA (BISD, 21S/3), covering textile products of man-made fibre and wool on top of cotton, entered into force on 1 January 1974 for a period of four years.[1]

12. The main safeguard provision in the MFA is its Article 3 which permits members to impose discriminatory quantitative restrictions when they consider that imports cause or threaten to cause "market disruption", as defined by its Annex A. Consultations between the importing and exporting countries are provided for, but the Arrangement, unlike Article XIX, does not specify that the affected exporting countries may retaliate if agreement is not reached in the consultations. Instead, they can bring the matter for immediate attention to the Textiles Surveillance Body, a standing body which is charged with the responsibility of making recommendations to all disputes brought before it. Article 1 of the MFA recognizes that the provisions of the Arrangement do not affect the rights and obligations of participating countries under the GATT. Another important safeguard provision of the MFA is its Article 4 which permits participating countries to conclude bilateral agreements on mutually acceptable terms in order to eliminate "real risks of market disruption". It is under this Article that the great majority of bilateral agreements are concluded today.

13. Article 1 of the MFA also specifies that "measures taken under the Arrangement are intended to deal with the special problems of textiles products, such measures should be considered as exceptional, and not lending themselves to application in other fields".

B. The Tokyo Round[2]

14. During the preparatory stage before the Ministerial meeting in Tokyo, the question of the adequacy or otherwise of the existing multilateral safeguard system acquired increased importance as an issue for the negotiations.Some developed countries saw problems emerging in their markets from exports from particular sources especially Japan and certain developing countries. This led to an increasing number of "voluntary"

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[1]The MFA was extended three times by three Protocols of Extension. The present Protocol, covering certain products made of silk and vegetable fibres in addition to products made of the original three fibres, is effective until 31 July 1991.

[2]This section draws on a Report by the Director-General of GATT on the Tokyo Round of Multilateral Trade Negotiations.

export restraints or orderly marketing arrangements in products like leather, footwear, cutlery and other manufactured goods. On the other hand, countries affected by Article XIX measures wanted its provisions to be clarified and re-inforced. They stressed the need for more precise criteria for invocation of the safeguard clause, in particular what constituted "serious injury" and "critical circumstances".

15. In the Tokyo Declaration adopted in September 1973, it was stated that the negotiations should aim, inter alia, to "include an examination of the adequacy of the multilateral safeguard system, considering particularly the modalities of application of Article XIX, with a view to furthering trade liberalization and preserving its results". A negotiating group on safeguards was established by the Trade Negotiations Committee in February 1975 to carry out the task set out in the Ministerial mandate.

16. There was little forward movement in a substantive sense in the Group Safeguards in the early years of the Tokyo round. In February 1975, some developing countries tabled their proposal on differential treatment for developing countries in the field of safeguards (MTN/3D/5). In essence, they proposed that in any new safeguard system, special rules should be provided for developing countries, including the general rule that these countries be excluded from the application of safeguard measures by developed countries. Exceptions to this exemption would require a detailed examination by a multilateral surveillance body to demonstrate that it was impossible in practice to provide the exemption. In July 1976, a proposal for an improved multilateral safeguard system was tabled by the United States as a set of principles which could be the basis for reaching agreement on a new safeguard system (MTN/SG/W/11).

17. Discussions on these two proposals did not go very far. In June 1978, a number of developed countries put forward, as a basis for further discussion, a draft integrated text on safeguards (MTN/INF/26). Intensive bilateral and plurilateral negotiations took place but positions on the major problems and in particular on the question of selectivity remained far apart. Some countries favoured an approach that permitted unilateral, selective action with ex post facto review by a Committee on Safeguard Measures. One of their arguments was that countries were far more likely to move toward further trade liberalization if there were adequate provisions for safeguard action against imports when these became disruptive and created unacceptable social costs. Some other countries were insistent that any selective action be preceded by an agreement on the part of the exporting country, or approval by the Committee. In this connection, there was also considerable discussion on the criteria under which there might be a selective application of the safeguard clause. In general, developing countries strongly favoured the continued m.f.n. application of Article XIX, and maintained that safeguard measures should be applied on a global basis without discrimination and in conformity with Articles I and XIII of the GATT. They believed that pressures in developed countries for protection against so-called low-cost

imports in sectors other than textiles made it highly likely that a modified safeguard clause would be principally used against them. While maintaining their position of principle, some developing countries stressed that before any proposal for selectivity could be considered, they would need to be satisfied that criteria and conditions were laid down providing adequate assurances against the unilateral, discriminatory application of restrictive measures.

18. In the event, in spite of intensive efforts made in the final stage of the Tokyo Round, and a narrowing of differences, it did not prove possible to reach agreement within the framework of the Round.

C. Committee on Safeguards

19. When negotiations in the summer and autumn of 1979 also failed to yield agreement, the Director-General proposed to the Council the establishment of a committee in GATT to continue the negotiations. The CONTRACTING PARTIES at their session in November 1979 adopted a decision to establish a Committee on Safeguards "to continue discussions and negotiations, taking into account the work already done, with the aim of elaborating supplementary rules and procedures regarding the application of Article XIX of the General Agreement, in order to provide greater uniformity and certainty in the implementation of its provisions" (BISD 26S/202).

20. Informal consultations started in May 1980 when a small group of industrialized countries took a new initiative. They suggested that efforts should focus on getting agreement to a broad set of guidelines governing the application of safeguards and covering key points such as criteria, modalities, coverage, etc., leaving other issues to be worked out later, the code approach being considered too ambitious. Attention was focused mainly on limiting the uncertainty created by the prolonged discussion of the subject while stimulating the search for substantive solutions, and on ensuring greater transparency, especially in relation to "voluntary" export restraints and orderly marketing arrangements.

21. At a meeting in April 1981, the Committee adopted the following conclusions (L/5151):

(i) the provisions of Article XIX of the General Agreement continue to apply fully and at the present time the rules and procedures for their application remain unchanged;

(ii) the CONTRACTING PARTIES will continue to keep the matter under examination and discussion and to this end the Committee on Safeguards will expedite its work;

(iii) All actions taken under Article XIX, and to the extent possible, other actions which serve the same purpose will be

notified to the CONTRACTING PARTIES. In addition, it will be open to contracting parties to bring up any matter in accordance with the Understanding Regarding Notification, Consultation, Dispute Settlement and Surveillance.

22. The issue of safeguards took on an additional dimension through the Decision of the CONTRACTING PARTIES adopted in November 1981 to hold their next session at Ministerial level. In the light of the relatively little use made of Article XIX and increasing resort by major trading countries to "grey-area" measures[1] covering important sectors of trade such as steel, automobiles and electronic equipment, the idea of introducing the notion of selectivity into Article XIX again became the focus of attention for formal and informal attempts to find a solution to the problem up to the Ministerial meeting in November 1982. An informal proposal permitting the concept of "consensual selectivity" was made in June 1982. That concept foresaw, in "exceptional and unusual" circumstances, the possibility of applying actions against exports of one or more contracting parties, on the basis of prior agreement between the countries concerned. The proposal provided also certain clarifications on other issues such as injury determination, transparency, duration, degressivity and surveillance. But the divergent views on the selectivity issue made it impossible to come to an agreement.

D. 1982 Ministerial Declaration

23. In Paragraph 7(vi) of the Ministerial Declaration adopted by the CONTRACTING PARTIES in November 1982 contracting parties undertook "individually and jointly, to bring into effect expeditiously a comprehensive understanding on safeguards to be based on the principles of the General Agreement" (BISD 29S/11). The CONTRACTING PARTIES also decided (BISD 29S/12):

> 1. That, having regard to the objectives and disciplines of the General Agreement, there is need for an improved and more efficient safeguard system which provides for greater predictability and clarity and also greater security and equity for both importing and exporting countries, so as to preserve the results of trade liberalization and avoid the proliferation of restrictive measures; and
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> 2. That to this end, effect should be given to a comprehensive understanding to be based on the principles of the General Agreement which would contain, inter alia, the following elements:

[1] See document Spec(82)18/Rev.3 and L/6087.

(i) Transparency;

(ii) Coverage;

(iii) Objective criteria for action including the concept of serious injury or threat thereof;

(iv) Temporary nature, degressivity and structural adjustment;

(v) Compensation and retaliation; and

(vi) Notification, consultation, multilateral surveillance and dispute settlement with particular reference to the role and functions of the Safeguards Committee.

24. The Council meeting held in January 1983 (C/M/165) agreed that it would be useful to employ a different method of work for the negotiation on safeguards and that the Chairman of the Council would convene informal consultations. In these informal consultations, various elements pertaining to a comprehensive understanding on safeguards were examined and discussed in great detail. It was suggested that a so-called "building-blocks" approach should be employed under which individual elements would be tackled one by one before addressing the problem in its entirety. The aim was to try to reach agreement on certain of the elements in the Ministerial Decision in the expectation that this would act as a confidence building measure by demonstrating a will to make progress in the area of safeguards.

25. In his report to the Fortieth Session of the CONTRACTING PARTIES in November 1984 (MDF/4), the Chairman of the Council listed out the various elements on which there was a convergence of opinion arising from the informal consultations. These included, inter alia, a general recognition that safeguard actions should only be taken if the criteria laid down in Article XIX were met; that safeguard actions should be temporary by definition and progressively liberalized during their period of application; that the threat of retaliation could have a deterrent effect; that retaliatory action had trade disruptive effect; and that it was desirable to have adequate transparency and surveillance in respect of all safeguard actions. There was, however, still a lack of convergence of views on the basic question of geographic coverage and the phasing-out of "grey-area" measures. Annexed to the report by the Chairman of the Council was a note submitted by the Director-General serving as an informal reference paper in these consultations by way of focussing and stimulating discussion on each of the elements that had to be addressed in a comprehensive understanding. The paper put forward suggestions concerning each of the main elements to be covered by a comprehensive understanding. It envisaged notification of all Article XIX and "grey-area" measures, actions under Article XIX being taken on an

erga omnes basis, and it called for the phasing-out of existing "grey-area" measures.

26. Intensive informal discussions continued in the first part of 1985, taking into account informal papers setting out suggestions by some participants. The report by the Chairman of the Council in July 1985 (MDF/16) stated that the main obstacle to a comprehensive understanding continued to be the difference of opinion on the question of geographic coverage and that it had not been possible to reach any clear understanding providing for the elimination of "grey-area" measures. The suggestion to implement any partial agreements in the absence of a comprehensive understanding was found to be unacceptable to certain participants.

27. In November 1985, the CONTRACTING PARTIES "directed the Safeguards Committee to review progress towards a comprehensive understanding on safeguards and to make such suggestions in the matter as would facilitate further action" (L/5927).

E. The Ministerial Declaration on the Uruguay Round

28. The Decision referred to in the previous paragraph was overtaken by the Ministerial Declaration adopted at Punte del Este in September 1986 launching a new round of multilateral trade negotiations. The elements enumerated in its paragraph on Safeguards are the same as those in the 1982 Ministerial Declaration.

29. A summary of the positions reached in discussions on the elements in the 1982 Decision is annexed.

ANNEX I

Elements Enumerated in the Ministerial Declaration

Note: The following paragraphs describe briefly some of the main points raised in past negotiations and discussions, both formal and informal, on elements enumerated in the Ministerial Declaration. As the Declaration makes clear, this list of elements is not exhaustive.

Transparency

1. There has been a general recognition that maximum transparency should be maintained and that all safeguard actions taken under Article XIX as well as "grey-area" measures should be reported or notified to GATT. In respect of the "grey-area" measures, however, a question has been raised as to the purpose and usefulness of their being notified, unless it was agreed that they would be the subject of multilateral surveillance. On the other hand, some concern has been expressed that agreement on greater transparency with respect to "grey-area" measures might result in the legitimization of such measures.

2. The secretariat has, in consultation with delegations, revised and updated the lists of measures which were taken and notified under Article XIX, as well as other measures which appear to serve the same purpose, including the "grey-area" measures. The latest list appears in L/6087.

3. Suggestions have also been made in the past that domestic procedures in the form of public notices and hearings on investigations on proposals to take safeguard actions would facilitate transparency. Some delegations, however, felt that it was difficult to unify domestic procedures because these reflected different political and constitutional systems and that public hearings might increase political pressure on governments for actions.

Coverage

4. The term "coverage" in the context of discussions on safeguards has been taken to relate to (i) the nature of a safeguard action, (ii) product coverage and (iii) geographic coverage.

(i) Nature of a safeguard action

5. Some delegations had suggested that, in the normal course of events, safeguards should take the form of tariffs rather than quantitative restrictions. It was pointed out, however, that tariff measures were not always effective in certain instances.

(ii) Product coverage

6. Some delegations suggested that any agreement on safeguards should relate to all products. Other delegations had pointed out that special problems might present themselves in the agricultural sector. Concern was also expressed about the possibility of circumventing the provisions of any agreement on safeguards through over-categorization of products.

(iii) Geographic coverage

7. The geographic coverage of safeguard measures, or the question of whether Article XIX measures should continue to be applied on a non-discriminatory basis or could be applied on a selective basis and, if so, under what conditions, has been the most difficult issue in past negotiations and discussions on safeguards. A related question is how "grey-area" measures should be brought under multilateral discipline.

8. One of the main arguments for according the right to take Article XIX action on a selective basis was that this would allow countries to deal with problems created by a few exporting countries in a way which would cause a minimum disturbance of trade. Another argument was the need to bring "grey-area" measures within the system. However, some delegations regarded the m.f.n. principle as basic to the GATT multilateral system. Many small and medium trading countries, in particular, considered that it was the m.f.n. application of Article XIX which protected their interests since a government taking such an action would come under pressure to remove it from all countries affected. They stressed that to legalize selective action would not simply be to regularize the existing situation, pointing out that only a relatively small number of governments had used "grey-area" measures but that other governments would not hesitate to use them if they were permitted to do so by the GATT.

9. Two different approaches have been made with respect to the conditions that might be attached to the selective application of Article XIX measures. One approach has been to specify additional criteria for adoption and to provide for the establishment of a mechanism to ensure that these criteria were met. Differing opinions have existed on both of these elements. Positions varied on proposals for specific time limits, degressivity and provisions designed to bring about structural adjustment (see relevant headings). On the mechanism, suggestions have included: that selective action should be taken only if prior authorization were obtained; that a surveillance body composed of independent individuals should carry out a post hoc examination of the conformity of particular selective safeguard actions with the rules; and that a post hoc review be carried out by a committee open to all contracting parties. None of these found general support.

10. A different approach, sometimes referred to as "consensual selectivity", was to suggest that selective safeguard actions be permitted

if the prior agreement of the affected exporting country were obtained. This would have amounted to a legitimization of existing "grey-area" measures. Agreement on such an approach would therefore have been one way of dealing with the problem of the "grey-area". The point was, however, made that this approach would favour governments which were large and powerful. Some governments in favour of selectivity were against "consensual selectivity" because they considered that they would not have sufficient power to make use of such provisions. Many other governments including those which have resisted requests for the adoption of "grey-area" measures to restrict their exports, considered that it would not only be contrary to the basic principles of the General Agreement but would also impair their bargaining position by removing the option which they have at the moment of relying on their GATT rights to resist requests for restraints.

Objective criteria for action including the concept of serious injury and threat thereof

11. It has been generally recognized that safeguard actions should only be taken if the criteria laid down in Article XIX were met, and that these criteria, especially the terms "serious injury" and "threat of serious injury" should be clarified. While some delegations maintained that these terms should be defined in terms of quantifiable criteria, many suggested that a checklist of factors might be drawn up which would be used when determining whether serious injury to producers was caused or threatened. It has been suggested that such factors could include output, inventories, market share, profits, domestic prices, exports, domestic employment and wages, utilization of productive capacity, productivity, and investment. On the other hand, competition among domestic producers, contraction in demand due to substitution by other products or to changes in consumer tastes, decline in domestic consumption or production, shifts in technology, structural deficiencies or loss of competitive advantage etc., have been suggested as factors not to be attibuted to imports and therefore should not feature in the determination of injury. It has also been suggested that the notion of "threat of injury" should be abolished, as injury had to be tangible and verifiable. Furthermore, it had to be demonstrated that increase in imports was the major cause, not a cause among others, of injury.

12. The question has also been raised as to who should decide whether or not the criteria had been met and safeguard actions could be taken. While some delegations believed that ultimately this rested with the importing country concerned, others supported the concept of an international surveillance mechanism.

Temporary nature

13. It has been generally agreed that safeguard actions were emergency actions which should therefore be temporary by definition and

progressively liberalized during the period of their application, unless they were maintained for such a short time as to make this impractical.

14. A time-limit for safeguard actions and the manner and conditions under which such actions could be extended have also been discussed. Developing countries suggested a time-limit of no more than one year without, in principle, any extension, on the grounds that safeguard measures were in essence temporary relief to industries and that it was essential to keep to the minimum the adverse effects of these measures to exporting countries. Some developed countries, while agreeing that all emergency actions should be of a truly short-term nature, indicated that what was short-term depended on the nature of the trade in question and the state of world markets for particular products. Durations of eighteen months, two years and four years have been suggested by various delegations.

Degressivity

15. The question of degressivity has been discussed only in general terms. A distinction was made between modalities for progressive liberalization in respect of measures taken in the form of tariffs or quantitative restrictions. Some delegations advocated degressivity while others thought that it should not be compulsory, and that practical compromises would have to be found on a case-by-case basis. It was also suggested that degressivity should be combined with a surveillance and review mechanism.

Structural Adjustment

16. It has been recognized that safeguard measures should not be used as a substitute for structural adjustment to changed conditions of fair competition and shifts in comparative advantage and that countries applying safeguard actions should take appropriate policy measures to encourage the adjustment of domestic producers to import competition. Some delegations have suggested that safeguard measures could not be an emergency action unless accompanied by adjustment programmes designed to ensure that the measures were phased out. Others considered that it was not appropriate to make the existence of domestic adjustment programmes a pre-condition for action. Some delegations considered that the best way of ensuring that structural adjustment took place was simply to set a firm date for the termination of safeguard measures and to allow market forces to operate.

Compensation and retaliation

17. There has been a convergence of views that the right of a contracting party to the General Agreement to suspend substantially equivalent concessions or other obligations under Article XIX:3(a) should be maintained. It has also been recognized that the right to retaliate could promote agreement on compensation, and that the threat of retaliation

could have a deterrent effect against the application of safeguard actions. On the other hand, there has been recognition that retaliatory action had trade disruptive effects and that therefore, whenever possible, constructive settlement should be reached involving compensation rather than the retaliatory withdrawal of benefits. Developing countries believed that the right to retaliate could be used more effectively by some contracting parties than others, and that the special situation of developing countries should therefore be taken into account in this context.

Notification and consultation

18. Some delegations believed that the notification and consultation requirements in Article XIX were adequate, so long as the procedures laid down were followed strictly. Others believed that it was necessary to strengthen the mechanisms for notification and consultation to ensure uniformity in their application. The areas where improvements could be made included some specification of the contents of the notification, the time element for consultation with interested parties in the implementation and extension of a safeguard measure, as well as the conditions that had to be fulfilled in "critical circumstances".

Multilateral surveillance and dispute settlement

19. Delegations were in general favourably inclined towards the introduction of some form of multilateral surveillance. Most preferred the establishment of a committee composed of representatives of all contracting parties to supervise the operation of an agreement. Various tasks and powers of a surveillance body, such as the assessment of injury, consultation, review of time-limits, examination of adjustment assistance measures, assessment of compensation, balance of obligations, dispute settlement, etc., have been mentioned. It has been recognized that the right of a party to avail itself of the procedures of Articles XXII and XXIII of GATT should not be impaired.