

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

**RESTRICTED**

MTN.GNG/NG14/W/14/Rev.1  
30 October 1987  
Special Distribution

**Group of Negotiations on Goods (GATT)**  
**Negotiating Group on the Functioning**  
**of the GATT System**

**SUMMARY OF POINTS MADE IN THE GROUP CONCERNING "SURVEILLANCE"**

**Note by the Secretariat**

**Revision**

1. As requested by the Negotiating Group at its third meeting (MTN.GNG/NG14/3, paragraph 8), the Secretariat has compiled the attached summary tabulation of the principal points made by delegations, either in written proposals or statements or orally in the meetings, on Point (i) of the Negotiating Objectives.
2. The aim of the paper is to reflect the operational proposals and statements which have been made in the meetings of the Negotiating Group held to date.
3. Section A of the tables covers points made in written proposals by delegations: Section B contains points made during the Group meetings and reflected in the notes of the meetings.

FUNCTIONING OF THE GATT SYSTEM

Summary of Proposals

Negotiations (i) "to enhance the surveillance in the GATT to enable regular monitoring of trade policies and practices of contracting parties and their impact on the functioning of the multilateral trading system;"

A. Written proposals submitted by participants in the negotiations

<u>Proposal</u>	<u>Notification requirements and nature of surveillance</u> <u>(1)</u>	<u>Institutional arrangements for surveillance</u> <u>(2)</u>	<u>Further arrangements</u> <u>(3)</u>	<u>Review of arrangements</u> <u>(4)</u>
Australia NG14/W/1 31 March 1987	(a) All contracting parties to make annual assessments of protective effects of their trade policies (paragraph 9). Reports compiled by Secretariat (paragraph 10). Proposed format for country reports (Annex).	(a) Reports under (1)(a) would be received by annual special Council meetings devoted to review of developments in the trading system (paragraph 10).	(b) Provision of material by larger contracting parties (all developed and some developing countries) for more extensive review of their trade policies on a rotational periodic basis (paragraph 11). Reports compiled by the Secretariat (paragraph 12).	(b) Reports under (1)(b) would be examined on behalf of the Council by a small group of contracting parties with the assistance of the Secretariat (paragraph 11).

Switzerland  
NG14/W/7  
16 June 1987

Reference to Australian proposals in MTN.GNG/NG14/W/1 (paragraph 4(ii)).

Establishment of a Trade Policy Committee to monitor trade policies of contracting parties and to conduct a general exchange of views at least once a year on trade policy trends in a global economic context (paragraph 11).

<u>Proposal</u>	<u>Notification requirements and nature of surveillance</u> (1)	<u>Institutional arrangements for surveillance</u> (2)	<u>Further arrangements</u> (3)	<u>Review of arrangements</u> (4)
Japan NG14/W/8 22 June 1987	<p>(a) For each contracting party subject to review, information to be supplied on trade measures, domestic situation and current trade performance (paragraph 2).</p> <p>(b) About 30 contracting parties (and developed and major developing countries) to be subject to review on rotational basis and other contracting parties as necessary on a <u>ad hoc</u> basis (paragraph 1).</p> <p>(c) Format of review to be agreed through negotiation prior to initiation of review. Need to avoid duplication with other organizations (e.g. OECD, IMF). No judgement to be made on GATT legality.</p>	<p>(a) Review of trade policies to be conducted by two or three contracting parties selected on a rotational basis (paragraph 3).</p> <p>(b) Review based on report drafted by reviewers with assistance of Secretariat; report to be submitted to Special Council meetings for final review (paragraph 5).</p> <p>(c) Review to be conducted every three to four years for each contracting party (paragraph 4).</p>	<p>Final report by reviewing contracting parties with assistance from Secretariat.</p> <p>Final report not public, but press release issued (paragraph 6).</p>	System to be reviewed after three or four years.
United States NG14/W/9 22 June 1987	<p>(a) All notifications by contracting parties of measures subject to GATT surveillance to be made to a central repository.</p> <p>(b) Surveillance should be for multilateral monitoring of trade policies, not for judgement on GATT obligations.</p>	<p>(a) Reviews by the Secretariat of trade policies and practices of individual contracting parties.</p> <p>(b) Surveillance on a regular basis possibly by senior trade officials from capitals, of the trade regimes of contracting parties. Surveillance could be based on Secretariat reviews.</p>	<p>Enhanced economic analysis and research in the GATT to provide an adequate basis for improved surveillance.</p>	

<u>Proposal</u>	<u>Notification requirements and nature of surveillance</u> <u>(1)</u>	<u>Institutional arrangements for surveillance</u> <u>(2)</u>	<u>Further arrangements</u> <u>(3)</u>	<u>Review of arrangements</u> <u>(4)</u>
Canada NG14/W/10 2 July 1987	Member countries' trade policies need to be subject to closer surveillance; endorse expansion and improvement in GATT's responsibilities, entailing Secretariat-initiated reviews.	Need for strengthening of the Secretariat e.g. in its capacity to analyze world economic trends and implications for trade policy.		Need to assess what the follow-up to such surveillance might be - e.g. conclusions or recommendations? Relationship of trade policy surveillance with GATT rights and obligations and the rôle of dispute settlement would need to be examined.

Jamaica  
NG14/W/11  
8 July 1987

Existing GATT surveillance mechanisms  
should be rationalized.

<u>Proposal</u>	<u>Notification requirements and nature of surveillance</u> (1)	<u>Institutional arrangements for surveillance</u> (2)	<u>Further arrangements</u> (3)	<u>Review of arrangements</u> (4)
New Zealand NG14/W/13 25 September 1987	<p>(a) Supports Australian proposals for comprehensive country reviews based on standard format (NG14/W/1): to be concentrated on contracting parties with dominant share of world trade.</p> <p>(b) Notifications to different GATT Committees to be simplified and standardized. Each contracting party to make an annual notification conveying the essentials of its trade policy; GATT Secretariat to ensure and assist this.</p>	Annual assessments by an appropriate body or bodies, possibly a single annual special Council meeting.		The Group should develop criteria which could assist contracting parties to establish domestic surveillance bodies with the aim of encouraging better monitoring of all measures affecting international trade, evaluation of domestic trade measures on the basis of economy-wide considerations, public debate on trade policy and a greater understanding of the consistency of measures with international obligations.

**B. Views expressed in meetings of the Negotiating Group**

<u>Notification requirements:</u>	<u>Institutional arrangements for surveillance</u>	<u>Further arrangements</u>
<u>Nature of surveillance</u>	(1)	(2)
1. <u>Notifications</u>		
(a) Proper system of notifications and full transparency would partly obviate the need for surveillance (NG14/1, paragraph 4).	(a) The asymmetry of existing surveillance arrangements (e.g. consultation obligations under balance-of-payments provisions as against others) should be addressed (NG14/1, paragraph 6; NG14/2, paragraph 7).	(a) More active rôle for Secretariat; consider staffing and budgetary implications (NG14/2, paragraph 9).
(b) A central repository of all notifications relevant to GATT obligations should be established (NG14/2, paragraph 8).	(b) Different levels of surveillance reflect the relationships between different contracting parties' trade policies and their GATT obligations (NG14/1, paragraph 6).	(b) Should reports be made public or remain restricted? (NG14/2, paragraph 9).
(c) Accountability available through surveillance cannot be ensured by notifications/transparency alone (NG14/1, paragraph 4).	(c) Primary focus should be on trade policies and practices of major trading countries; although not all participants agreed with Japanese proposals in NG14/W/8 (see page 2, col.1(b)) (NG14/2, paragraph 9).	(c) A standing surveillance body should be created (NG14/2, paragraph 8).
(d) Existing arrangements could first be improved; e.g. Special Council documentation could be classified by country rather than by measure (NG14/2, paragraph 8).		(e) Existing arrangements could first be improved; e.g. Special Council documentation could be classified by country rather than by measure (NG14/2, paragraph 8).

<u>Notification requirements:</u>	<u>Institutional arrangements for surveillance</u>	<u>Further arrangements</u>
<u>Nature of surveillance</u>		
(1)		
(2)		
(3)		

2. Surveillance

(a) Preventive surveillance as "early warning system" (NGI4/1, paragraph 4).

(b) Surveillance should be used to ensure compliance with contractual obligations (paragraph 4). Country-by-country surveillance would ensure fuller adherence to GATT obligations (NGI4/2, paragraph 6).

(c) Surveillance should be evaluation, not judgement. No additional contractual commitments should be implied (NGI4/1, paragraph 5). Collective assessment would avoid giving impression of countries "in the dock" and recognize shared responsibility for contractual arrangements. Assessment of trade policies should be qualitative, not quantitative and should include consideration of structural adjustment. Surveillance should be distinct from GATT dispute-settlement process (NGI4/2, paragraph 6).

(d) Generalized system of surveillance might undermine contracting parties' commitments to GATT obligations (NGI4/2, paragraph 6).

(e) Arrangements for surveillance should be simple (NGI4/2, paragraph 6).