

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/NG14/W/16

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Special Distribution

Group of Negotiations on Goods (GATT)

Negotiating Group on the Functioning
of the GATT System

Original: English

PROPOSAL BY AUSTRALIA

The following communication has been received from the delegation of Australia with the request that it be circulated to members of the Group.

MORE ACTIVE MINISTERIAL INVOLVEMENT IN THE GATT

Introduction

In a previous communication (circulated as MTN.GNG/NG14/W/2), Australia argued that:

"More active Ministerial involvement in the GATT could be of substantial long term benefit to the effectiveness of the multilateral trading system....."

2. In particular, it was suggested that as well as continuing to have Sessions of CONTRACTING PARTIES at Ministerial level from time to time, "more effective Ministerial direction of the GATT would also require a permanent Ministerial steering group".

3. This paper aims to provide some clarification and expansion of Australia's ideas, taking into account discussion of this issue at previous meetings of the Negotiating Group on Functioning of the GATT System and proposals tabled at these meetings by other participants.

4. The basis of Australia's proposal is that effective Ministerial involvement would necessitate a "two-tiered" approach: on the first tier a small group of Ministers meeting relatively frequently; this would be supplemented by a second tier of regular, but less frequent, meetings of all Contracting Parties at Ministerial level.

5. The value of having a small representative group of Ministers meet and exchange views on current issues in an informal atmosphere is widely recognised. Trade Ministers have already participated in a number of such gatherings. The intention of the first tier in this proposal is to bring these gatherings into the framework of the GATT system and allow their work to be harnessed, at the same time maintaining their informal nature.

10. It is not intended that this Ministerial group should usurp the existing competence or authority of the CONTRACTING PARTIES or the Council of Representatives.

Operation

11. Key considerations in the operation of the small Ministerial Group are its size and composition, the frequency of its meetings, the outcome of these meetings, and its linkage with existing GATT institutions.

(i) Size and Composition: Experience has shown that a small Group is best able to operate informally, in a cohesive and efficient manner and to convene at short notice. For these reasons the Group should be kept to around 15 members. It should be representative of the broad spheres of interest of Contracting Parties in the international trading system. Composition should therefore be resolved by consultation taking into account overall trading performance of member countries, sectoral trading interests, stages of development and geographic regions.

(ii) Frequency: To meet its objectives, especially those of monitoring current developments and forestalling sudden adverse developments, this Group would need to meet frequently, although not necessarily regularly. One option is for the Group to meet as often as its members consider necessary, but at least annually. Convening of meetings could be left to a Chairman, in consultation with the membership.

(iii) Outcome: To be effective and to be seen as such internationally, the Group needs to have some recognisable product or input to the GATT system. Depending on the specific issues considered by the Group, the form of this outcome could vary, for example, from a press release to a communique, a report or a confidential recommendation to the Contracting Parties.

6. Regular and more formal sessions involving all Contracting Parties at Ministerial level would give the GATT and trade policy issues due prominence in world affairs. They would also provide a permanent mechanism for ensuring that GATT provisions are adequate to changing trade and economic circumstances.

7. The paper proposes a mix of objectives and modes of operation for the two bodies designed to ensure that Ministerial involvement achieves productive outcomes capable of transmission to the GATT system and to wider audiences.

A. MINISTERIAL CONSULTATIVE GROUP

8. The purpose of the proposed small Ministerial Group would be to provide the GATT with a continuous injection of political will and direction. Its objectives could include:

- monitoring international trade developments including surveillance of trade policies and practices;
- exploring major trade issues or disputes and forestalling sudden trade disturbances;
- considering reforms to areas of the GATT; and,
- considering the priorities for future work of GATT bodies.

9. Such gatherings would provide the opportunity for frank and free discussion and the building of better working relationships than is possible in larger formal meetings. In turn, Ministers should be more able to develop a common understanding of developments in the world trading system and related trade policy issues, together with insights into their relationship to domestic policies and practices. They would therefore be in a position to provide informed guidance to the Contracting Parties on these matters and how, if appropriate, the GATT might deal with them.

(iv) Linkage with the GATT System: The means and degree to which the Group's views or findings should influence GATT processes and procedures depends on its assigned role and objectives. No definitive solution is proffered. One mechanism which would allow the Group to play a positive role on specific issues would be the submission of brief reports or proposals to the GATT Council or, in the context of the MTN round, to the Trade Negotiations Committee. For more general or strategic issues a possible mechanism would be the submission of proposals or suggested work programs to the annual Session of CONTRACTING PARTIES (at official or Ministerial level). Other means of achieving structural linkage, such as official GATT representation in the Group (Chairman of CONTRACTING PARTIES, Director-General), could also be considered.

B. PLENARY SESSIONS OF CONTRACTING PARTIES

Objectives

12. Regular meetings of all Contracting Parties at Ministerial level, given their size and formality, would have broader and more strategic objectives. In addition to handling any appropriate functions of Sessions of CONTRACTING PARTIES, these could include:

- reinforcing the commitment of Contracting Parties to the GATT;
- assessing the world trade situation and examining trade policy trends;
- raising the profile of the GATT and its role in world economic affairs; and
- making each member's participation and commitments more 'visible', especially in the eyes of domestic constituencies.

Operation

13. To provide a stable and ongoing basis for political level exchanges on trade policy issues, full Sessions of CONTRACTING PARTIES should be held regularly at Ministerial level, perhaps at two year intervals. Regularity would allow adequate planning to be undertaken to ensure meaningful and positive outcomes.

14. The planning process could include consultations with the smaller Ministerial Group although, as in the past, detailed preparations for these Sessions, including determining agendas, could be undertaken by the Council.

15. As a Session of CONTRACTING PARTIES, these Ministerial meetings would have all the authority and powers invested in this body under the GATT. Sessions of CONTRACTING PARTIES at officials level would continue to be held annually. In the years when they coincided, Sessions of the CONTRACTING PARTIES could meet at both levels on a 'split agenda' basis.