

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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Group of Negotiations on Goods (GATT)

Negotiating Group on Functioning
of the GATT System

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COMMUNICATION FROM THE EUROPEAN COMMUNITIES

The delegation of the European Communities has submitted the following proposal for a preamble to the proposed Ministerial Decisions on Functioning of the GATT System contained in Part II of the Chairman's Report to the Group of Negotiations on Goods, with a request that it be circulated to all participants in the negotiations.¹

The decision to launch the Uruguay Round of multilateral trade negotiations was taken against a background of large external imbalances in the major industrial economies, instability in the international monetary system, and acute debt servicing difficulties in a number of countries, particularly developing countries. The stability of the multilateral trading system was being threatened, notably through the encouragement of protectionist pressures. In the process of redressing these imbalances trade policy, set in the context of coherent macro-economic policies, has a vital rôle to play in promoting conditions of growth and development.

It is recognized that a solution to imbalances affecting the functioning of the trading system will require continuing and concerted efforts to improve the stability of the international economic environment and the flow of resources to developing countries. At the same time, a trade policy solution cannot be found for imbalances whose origins lie outside the trade field. In this way, only coherence in global economic policy-making can provide the basis for effective implementation of the improved GATT rules and disciplines to be achieved in the Uruguay Round.

¹ See paragraph 13 of the Chairman's Report

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The following represent first steps in the three closely linked areas that constitute the particular responsibility of the Negotiating Group on Functioning of the GATT System. They are guided by three general orientations:

- First, the key contribution that GATT can make, through the Uruguay Round, towards greater coherence in global economic policy making will be to ensure a further expansion and liberalization of trade as well as a strengthened multilateral trading system which are of vital importance to all contracting parties and which are essential for the promotion of growth and development;
- Second, institutional relationships between the GATT and other international institutions responsible for monetary and financial matters can be developed so as to promote a dialogue which better ensures that policy elements, within the sphere of competence of each institution, do not result in contradictions detrimental to greater coherence in global economic policy making;
- Third, the institutional reinforcement of the GATT would help it to improve its rôle in contributing towards greater coherence in global economic policy making.

The package of decisions set out below covering surveillance of trade policies of contracting parties, greater involvement of Ministers in GATT affairs, and cooperation with the international monetary and financial institutions will help to maintain the rôle of GATT in global economic policy-making, and provide a basis for further work by the Negotiating Group in the second half of the Uruguay Round.