

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/NG12/8/Corr.1*
7 November 1988

Special Distribution

Group of Negotiations on Goods (GATT)

Negotiating Group on Trade-Related
Investment Measures

MEETING OF 5-6 OCTOBER 1988

Note by the Secretariat

Corrigendum

The following paragraph should replace paragraph 58 on pages 13-14 of MTN.GNG/NG12/8:

58. One stated that the policy instruments used by his country, which was a developing country, to regulate foreign investment were an integral and legitimate part of its development policy and were also designed to counter practices that were restrictive and discriminatory towards national resources on the part of foreign firms, especially those having monopolistic tendencies. There was a lack of balance in the Group's discussions because account was not being taken, for example, of the fact that investment commitments were approved according to criteria that were appropriate for the trade and development of developing countries. If it was only a question of imposing constraints, or a prohibition as had been suggested in the Japanese submission, on host countries to foreign investment and not on investors in order to prevent trade distortion, an opportunity would be lost to achieve a more appropriate negotiating environment for developed and developing countries. It could be said that it was not only the acts of governments which had or caused trade distorting effects, and that these acts were only responses to the economic environment created by firms. If the problem of trade distortion was to be remedied, their material cause could not be overlooked and that cause was the trade practices of enterprises. In this connection, the endeavour to analyze the measures themselves was of concern to his delegation. It was important to understand that TRIMs had an efficient cause, a material cause, a final cause and a formal cause giving rise to their existence. Their efficient cause was the activities of firms which prompted legislators to encourage or restrict them according to the effects of a firm's activities. As for their material cause it was the concern and responsibility of the state to ensure that trade effects were not discriminatory, and initially not discriminatory towards national products. For their final cause, it was sought to establish measures to promote trade and development, as provided for in Part IV of the GATT, to encourage ./.

*English only/anglais seulement/Inglés solamente

changes in internal structures and stimulate consumption of specific products whose export may be of special interest to developing countries. The formal cause was the form in which the state gave legal force to this commitment. The Group was authorized to analyze the material aspects of TRIMs, or in other words their effects, but not their other causes or the measures themselves.