

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/NG14/W/45
18 October 1990

Special Distribution

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

Original: English

PROPOSAL BY THE UNITED STATES

The following communication was received from the delegation of the United States with the request that it be circulated to members of the Group.

GATT MANAGEMENT BOARD

International organizations rely on small, representative groups of members to carry out certain functions that can not be carried out efficiently or in a timely fashion by the full membership. Drafters of the Havana Charter of the International Trade Organization (ITO) provided for a small, executive group within the organization, as did the charters of the Bretton Woods institutions.

For reasons that are well known, the ITO did not come into existence; the commercial policy provisions of the ITO - which became the GATT - did not incorporate those creating an Executive Board. Unsuccessful efforts in the 1950s to create an Organization for Trade Co-operation (OTC) also envisaged the creation of an executive committee to improve the effectiveness of the GATT. Decision-making in the GATT has been hindered by the lack of an executive group within the organization.

The Punta del Este Ministerial Declaration calls for negotiations that:

shall aim to develop understandings and arrangements to improve the overall effectiveness and decision-making of the GATT as an institution, including, inter alia, through involvement of Ministers.

The United States believes that the establishment of a Management Board within the GATT, at the Ministerial level, is an essential element in improving the organization's overall effectiveness and decision-making.

Functions

In April 1989, in the context of the Mid-Term Review of the Uruguay Round, contracting parties agreed to meet regularly, at the Ministerial level, not less frequently than every two years, inter alia:

- to make a fuller contribution to the direction and content of GATT work;
- to reinforce the commitment of governments to the GATT system;
- to give greater prominence to the GATT in domestic political arenas;
- to assess trends in international trade and place these trends in their wider economic and political context;
- to enable the contracting parties to contribute effectively to international discussion at the policy level of the international adjustment process; and by these means
- to increase the contribution of the GATT to greater coherence in global economic policy-making.

As the body that would meet at the Ministerial level between the biennial plenary meetings of the CONTRACTING PARTIES at Ministerial level, the Management Board would perform these same functions. In addition, the Board would be assigned other specific functions:

- to serve as a forum for discussion on trade issues of common concern and to resolve issues referred to it by the Council or taken up by the Board on its own initiative;
- to assist in the development of agendas and other preparations for the biennial plenary meetings of contracting parties at the Ministerial level, including decisions to initiate trade negotiations;
- to take primary responsibility for developing an outline, for consideration by the CONTRACTING PARTIES, of a successor organization to the GATT (e.g., a World Trade Organization or a Multilateral Trade Organization);
- to serve as a nominating committee for the selection of the Director-General and Deputies Director-General; and
- to guide continuing co-operation between the GATT and the international financial institutions.

Relationship to existing GATT framework

As a management committee, the Management Board would have limited decision-making powers delegated to it by the CONTRACTING PARTIES. It could deal with any issue assigned to it by the CONTRACTING PARTIES, the Council of Representatives, or any other GATT bodies, or take up issues on its own. The CONTRACTING PARTIES might assign to the Board issues where it has been difficult in the past to obtain a consensus within the Council of Representatives.

Once the Management Board is established, the relationship of the functions of the Board and of the Consultative Group of Eighteen would need to be reviewed with a view toward eliminating duplication; the result of this review is likely to be the abolition of the Consultative Group of Eighteen.

All contracting parties would be informed about the results of the deliberations of the Management Board. The Board could also issue press communiques or other statements following its meetings.

Size and composition

The Board shall consist of 18 members, distributed among contracting parties as follows:

- Four seats shall be reserved for contracting parties undergoing biennial review under the Trade Policy Review Mechanism.
- Eight seats shall be reserved for contracting parties undergoing review under the Trade Policy Review Mechanism every four years; within this set of contracting parties, one-half would serve in alternative years.
- Six seats would be reserved for contracting parties undergoing review under the Trade Policy Review Mechanism every six years. Within this set of countries:
 - annual rotation shall be enforced; and
 - participation shall be representative of the broad geographic areas to which members belong.

Only contracting parties that have fulfilled their TPRM obligations will be eligible for participation.

Frequency of meetings

The Management Board would meet as needed, but not less than twice a year. It would also meet in emergency sessions, if needed, to address matters of great urgency.