Negotiating Group on Functioning of the GATT System

INFORMAL CONSULTATION

Note by the Secretariat

Participants in the Negotiating Group on Functioning of the GATT System are invited to an informal consultation on 2 March 1988 at 3 p.m in the Centre William Rappard, Room A.

The purpose of this consultation is to discuss the attached draft Secretariat paper on "Outline Format for country reports under Trade Policy Review Mechanism".

Please inform Mr. Tulloch (telephone 39 50 89) if your delegation will be able to attend the consultation.

PLEASE NOTE: By error, two versions of the Chairman's Note on Trade Policy Review Mechanism were sent to delegations. The English language version dated 16 February is incorrect and should be destroyed; the correct version is dated 17 February.
NOTES BY THE SECRETARIAT

1. Under the proposed new trade policy review mechanism, all contracting parties will be required to report annually to the CONTRACTING PARTIES, describing their policies and practices relating to trade. Full reports should be provided on the introduction of the review mechanism, and thereafter in years when the contracting party is subject to review. In the intervening years briefer updates will be made.

2. The function of the country reports is to be a basic input to the reviews to be carried out by the review body. Review teams travelling to capitals for discussions with trade policy officials should have the reports in hand as background for their work. It is for consideration whether the material provided in country reports should be incorporated in the reports to be drawn up by the review teams, and whether it should also be included in the final reports of the reviews which would be issued after the review body's meetings.

3. It has been proposed that reports should be structured according to an agreed format. This note attempts to suggest what headings should be included in a common format on which every contracting party could base its initial and subsequent full reports. If the proposal for a "core group" of contracting parties is adopted, major trading entities would submit full reports every [two years], other "core" countries every [four years] and "non-core" countries every [six years].

4. The note is based on the following assumptions:

(a) The format must be comprehensive enough to include all aspects of policies related to trade which might be pertinent to the major trading countries, but simple enough to be used by small administrations in developing countries without sophisticated technical means.

(b) The body of the reports would contain information on and explanations of the policies underlying the application of trade-related measures at general and sectoral levels. This may be completed by a tabular appendix showing, by sector, the full range of measures in force (Annex I). Certain information in the appendix might, where the data were available, initially be compiled for the consulting country by the GATT Secretariat, for verification, completion and inclusion on the country's own responsibility in the country report. Reference would be made to relevant notifications to GATT. It is for consideration whether and how technical assistance
should be given by the Secretariat to developing contracting parties in completing their reports.

(c) The question of the level of disaggregation of information to be supplied on trade policies should be discussed. As an illustration, the product groups currently used in the Secretariat's *International Trade* are annexed. It would obviously be useful for the sake of comparative assessment of trade policies to use the same product groups as far as possible for all countries. However, countries would be encouraged to describe any particular policies or measures which related to sub-groups of these defined or which cut across different product groups.

5. The format outlined does not seek any assessment by the reporting country of the impact of its trade policies on the multilateral trading system. In the normal course, such assessment might be made in the reports to be drawn up by review teams or by the review body itself. The intention of the country reports is to provide a factual basis for the review process.
OUTLINE FORMAT FOR COUNTRY REPORTS

A. Trade Policy Structure and Objectives

This section should aim to provide a general picture of the current structure and objectives of trade policy. Where appropriate (e.g. in the case of existing non-tariff measures or anti-dumping legislation, accession to GATT or the MTN Codes) mention should be made of the historical context and rationale for their introduction, including relevant dates.

- General description of systems for control of imports and exports and for export promotion;

- Main trade policy instruments in use. This should include a description of the use of and rationale for the main trade policy instruments listed in the tabular appendix (Annex I);

- Domestic legal structure for application of trade measures;

- Description of and summary of responsibilities and functions of any regulatory bodies concerned in the administration of trade policies;

- Objectives of trade policies in relation to overall national economic policy.

B. Developments in policies related to trade

This section should describe any changes in trade policies or measures during a recent historical period (in the case of the initial report) or the period since the last review (in the case of subsequent full reports). It might include the following elements:

- Recently enacted or pending legislation relating to trade policies;

- New measures introduced under existing legislation (to the extent these have been notified to GATT, reference need only be made to the relevant notifications);

- New bilateral, regional or preferential trading agreements, their scope, duration and expected effects;

- Programmes in existence or about to be introduced for trade liberalization overall or in any sectors.
C. Sectoral analysis of main policy instruments in use with effects on trade

- Particular features of the trade policy instruments in force for each sector. Reference should be made to the measures listed in the tabular appendix (Annex I).

- The date of introduction of any existing non-tariff measures applying to imports or exports, including subsidies and countervailing or anti-dumping duties, as well as any material changes in unbound tariffs should be noted.

- An explanation should be provided of the links between policy measures taken and specific economic goals or objectives, in each sector where trade policy instruments are of significance.

D. Domestic surveillance mechanisms

This section should describe any bodies or mechanisms which are concerned with undertaking enquiries into or assessments of the economic effects of trade measures or of industry requests for government assistance and give a summary of recent cases which have been dealt with by these bodies.

E. Major external factors affecting trade policies

This section might include, inter alia, the following elements:

- Terms of trade and commodity price developments;

- Developments in imports and exports, overall balance-of-payments situation, reserves position, etc. and underlying reasons;

- Problems of market access facing exports, in particular barriers introduced by trading partners in the period since the last review, including any new VERs or OMAs concluded since the last review.

F. Relevant economic developments since the last review
ANNEX 1

Main trade policy instruments to be discussed in sections A and C and listed in the tabular appendix

(a) Border measures with effect on imports

Tariffs (average, range, scope of bindings, GSP, free-trade area/customs union, other preferential).

Quasi-tariff measures (e.g. surcharges, variable levies, tariff quotas).

Quantitative restrictions and similar measures (e.g. QRs, import licensing or prohibitions, double-checking systems for VERs, mixing requirements).

Rules of origin.

Safeguard measures; anti-dumping, countervailing measures.

Government-supported or mandatory countertrade.

Other (specify).

(b) Border measures applying to exports

Export taxes.

Export subsidies, including tax exemptions.

Free-trade zones, "in-bond" manufacture, etc.

Use of export credit guarantees, including any preferential interest rate terms or other concessionary elements.

Export restrictions (including those under VERs).

Other (specify).

Any geographical differentiation in the application of any of the measures other than tariffs listed above should be noted.

(c) Bilateral, regional or preferential agreements in force
(d) Other measures, sector-specific or general (including regional) operating directly or indirectly on imports or exports

Subsidies, including tax exemptions.

State-trading requirements.

Standards, sanitary and phytosanitary restrictions etc.

Preferential government procurement.

Other (specify).
Composition of the twelve product groups

Total primary products

1. **Food**: food and live animals; beverages and tobacco; oilseeds, oil nuts and oil kernels; animal oils and fats (sections 0, 1 and 4 and division 22).

2. **Raw materials**: hides and skins and fur skins undressed; crude rubber (natural, synthetic and reclaimed), wood, lumber and cork, pulp and paper; textile fibres and their waste; crude animal and vegetable materials n.e.s. (section 2, excluding divisions 22, 27 and 28).

3. **Ores and other minerals**: crude fertilizers and crude minerals (excluding coal, petroleum and precious stones); metallicferrous ores and metal scrap (divisions 27 and 28).

4. **Fuels**: mineral fuels, lubricants and related materials (section 3).

5. **Non-ferrous metals** (division 68).

Total manufactures

6. **Iron and steel** (division 67).

7. **Chemicals**: chemical elements and compounds; mineral tar and crude chemicals from coal, petroleum and natural gas; dyeing, tanning and colouring materials; medicinal and pharmaceutical products; essential oils and perfume materials; toilet, polishing and cleansing preparations; manufactured fertilizers; explosives and pyrotechnic products; plastic materials, regenerated cellulose and artificial resins; chemical materials and products n.e.s.; photographic and cinematographic supplies; developed cinematographic film (section 5 and groups 862 and 863).

8. **Other semi-manufactures**: leather, leather manufactures n.e.s., and dressed fur skins; rubber manufactures n.e.s.; wood and cork manufactures; paper, paper board and manufactures thereof; non-metallic mineral manufactures excluding glassware and pottery (divisions 61, 62, 63, 64 and 66 excluding groups 665 and 666).

9. **Engineering products**: machinery for specialized industries, office and telecommunications equipment and parts, road motor vehicles, other machinery and transport equipment and household appliances, for which groups the detailed description is given below (section 7, divisions 69 and 86 minus groups 862 and 863, and subgroup 891.1).

10. **Textiles**: textile yarn, fabrics, made-up articles and related products (division 65).

11. **Clothing** (division 84).

12. **Other consumer goods**: glassware, pottery, sanitary, plumbing, heating and lighting fixtures and fittings; furniture; travelgoods, handbags and similar articles; footwear and miscellaneous manufactured articles n.e.s. (groups 665 and 666, section 8, minus divisions 84 and 86 plus subgroup 891.1).