Dear Participant,

At the last meeting of our Group, on 19 February, I stressed the need to define more clearly the issues on which the Group will work in the coming months. In particular I emphasized that progress on specific issues would depend on the existence of concrete proposals on which negotiations could focus. Document MTN.GNG/NG14/W/34 lists a number of issues which have been mentioned at one time or another by delegations in the Group. In my view, the time has come at which these and other proposals should either be put into a concrete form, on which serious negotiations can take place, or should be set aside. By "set aside", I do not necessarily mean that they should be regarded as abandoned. There appears to be a widespread view that certain institutional questions may best be taken up in the final months of the Uruguay Round, when the outcome of negotiations in this and other Groups on more substantive issues may be clearer. On such questions, governments may therefore have good reason to defer introduction of specific proposals until a later stage. However, the list in W/34 also includes some issues which the Group could address at its next meetings.

My own assessment of the workload facing the FOGS Group would cover the items listed below.

Under section (i) of the Punta del Este mandate:

(a) Domestic transparency. Further discussion is required of the proposal put forward in NG14/W/37, and particularly of the possibility that the envisaged endorsement of domestic transparency might form part of a broader Ministerial declaration.

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(b) **Notification procedures.** The secretariat note (NG14/W/39) provides a good basis for further discussion. Comment at the last meeting suggests support for a Brussels commitment to joint efforts in the post-Uruguay Round period aimed at improvement and streamlining of notification procedures and to establishment of a central GATT repository for notifications. Specific proposals to this effect would provide a basis for negotiations.

(c) **TPRM.** The Group needs to finalize the reporting format for reviews of the trade policies of least-developed countries. This requires an early decision. The Trade Policy Review Mechanism as a whole is currently established on a provisional basis. The Decision establishing it provides that the arrangements for the TPRM are to be reviewed, and if necessary modified, at the end of the Uruguay Round in the light of experience gained from its operation. This does not appear to be an issue for the FOGS Group at present, but will need to be borne in mind in planning the Group's work later in the year.

**Under section (ii) of the mandate:**

(a) **Domestic implementation of trade rules and enforcement of governmental decisions related to international trade.** The proposal by Switzerland (NG14/W/38) requires further discussion, to clarify both the degree of support it may command from other delegations and the best way in which it should be handled.

(b) **Institutional questions.** No concrete proposals are at present under active consideration in the Group. However, as noted above, it appears reasonable to expect that such proposals may be submitted later in the year, and the Group should be ready to take them up in due course.

**Under section (iii) of the mandate:**

The proposal just submitted by the European Communities (NG14/W/40) is wide-ranging in character, and in conjunction with the Director-General's report (NG14/W/35) on his discussions with the executive heads of the International Monetary Fund and World Bank requires further discussion in the next meetings of the FOGS Group. Issues on which it seems urgent to seek agreement in the Group are the desirability and practicability of a joint declaration as proposed in W/40 and the definition of any questions which, taking into account the proposals in W/40, the Group would wish the Director-General to discuss further with the heads of the Fund and Bank. The Group should also decide whether it has a further role to play as regards the question of negotiating credit for trade liberalization undertaken
outside the context of GATT negotiations. The Group will have taken note that the delegation of Switzerland intends to submit a proposal regarding this section of the mandate.

I propose that, during our meeting on 2 and 3 April, we should have an informal exchange of views on the content of the present letter, in order to see whether delegations agree with my assessment of the tasks facing the FOGS Group. If there are omissions I hope very much that delegations will not only draw attention to them, but be prepared to indicate when they envisage putting relevant concrete proposals before the Group.

Yours sincerely,

J. Lacarte-Muro
Chairman
Negotiating Group on the Functioning of the GATT System