JUSTIFICATION OF SUGGESTED TOPICS

Communication from the United States

Addendum

The following additional justification for topics included in the catalogue (PREP.COM/W/1/Rev.1) has been received from the delegation of the United States.

Trade-related investment issues

Since World War II, both international trade and investment have expanded dramatically. The work done within the GATT has played a major role in fostering the expansion of international trade. International investment, which reached an estimated level of US$500 billion in 1980 has also had an important effect on this growth of international trade. The continued expansion of trade, especially for developing countries will depend in large part upon increased flows of investment and the production that flows therefrom. All nations therefore have an interest in seeing that investment policies do not undermine or distort the effect of other trade liberalization rules.

Negotiations in the GATT have focused attention and effort on reducing tariffs and liberalizing non-tariff trade barriers. The GATT rules do cover certain kinds of restrictions that might otherwise be imposed on foreign investment.

There are other investment issues, however, which affect trade and which should be examined by the GATT, including such items as restrictive investment practices.

To deal with these issues, we propose that the member countries of the GATT take the following steps jointly:

A. Identify and develop an inventory of investment practices that distort or restrict trade flows of all countries, and assess the impact and relative importance of these practices on international trade.

B. Examine which GATT rules apply and analyse the way that these rules might be strengthened to deal more explicitly with direct trade-related investment practices.

At the conclusion of the work programme, contracting parties would be expected to make a determination as to how the GATT framework could be improved to assure that investment-related impediments do not distort or restrict international trade.