

PREPARATIONS FOR THE 1999 MINISTERIAL CONFERENCE

Regional Trade Agreements (RTAs)

Communication from Turkey

The following communication, dated 28 June 1999, has been received from the Permanent Mission of Turkey.

Background

1. Parallel to the trade liberalization under the GATT, the number of economic integrations among the contracting parties has increased substantially. In fact, since 1 January 1995, 60 new RTAs have been notified under Article XXIV of GATT 1994, most of which are presently in force.
2. In February 1996, the General Council established the Committee on Regional Trade Agreements (CRTA) with the mandate of examining all the RTAs notified to the relevant organs of the WTO. The mandate of the CRTA also includes the consideration of "the systemic implications of the RTAs and regional initiatives for the multilateral trading system and the relationship between them".
3. The Committee had 62 RTAs before it for examination at the end of 1998, but it was not able to complete any of them. Thus far, no report has been adopted. The main reason the CRTA has not been able to fulfill its mandate for the examinations of RTAs is due to the lack of consensus on interpretation of the so-called systemic issues originating in Article XXIV of GATT 1994.
4. The Committee has also been working on systemic issues for more than two years. Unfortunately, there is still no consensus among the Members on systemic issues as was the case when negotiators revisited certain aspects of Article XXIV, in an endeavour to clarify some of these provisions during the Uruguay Round. The only result of these negotiations is embodied in the Understanding on the Interpretation of Article XXIV of GATT 1994. However, the provisions of the Understanding are also not found satisfactory by some of the Members for interpreting certain elements of Article XXIV of GATT 1994.

Proposal

5. Turkey recognizes that there is a need to move forward in the discussion of systemic issues. However, the ongoing discussions in the Committee make it clear that it will take some time to reach a consensus on systemic issues. The only logical consequence of such an observation based on a factual situation is self-evident. The examination of the RTAs should not be slowed to reach a consensus on these issues. Therefore, the delegation of Turkey is of the view that the General Council

should recommend to the Third Session of the Ministerial Conference that the process of examination of the RTAs before the CRTA move forward pursuant to the existing WTO rules. Such a recommendation is also necessary for the credibility of the multilateral trading system.

6. On the other hand, should Members reach a consensus on systemic issues which currently lack clarity, the new rules should be applied exclusively to those RTAs which are signed after the new rules are adopted.
