

PREPARATIONS FOR THE 1999 MINISTERIAL CONFERENCE

Regional Trade Agreements (RTAs)

Proposal under Paragraph 9(a)(i) of the Geneva Ministerial Declaration

Communication from Romania

The following communication, dated 7 September 1999, has been received from the Permanent Mission of Romania.

Background

1. The GATT drafters recognized the desirability of increasing freedom of trade by the development, through voluntary agreements, of closer integration between the economies of the countries parties to such agreements. Both GATT and GATS allow Members to be party or to enter into such agreements, provided that certain conditions are met.
2. Ministers noted at Singapore that regional trade agreements (RTAs) can promote further liberalization and that such agreements may assist least-developed, developing and transition economies in integrating into the international trading system. They also noted the importance of existing regional arrangements involving developing and least-developed countries.
3. Currently, more than 100 RTAs are in force, half of them being notified after the entry into force of the WTO. Almost all WTO Members are parties to one or more RTAs. The functioning of RTAs has clearly contributed to a great extent to the growth of world trade, to an increased degree of transparency and predictability.
4. The General Council established the Committee on Regional Trade Agreements (CRTA) in February 1996 with the mandate to review all the RTAs notified under the relevant provisions of the WTO Agreement. It was also mandated to consider "the systemic implications of such agreements and regional initiatives for the multilateral trading system and the relationship between them".
5. The CRTA initiated the review of more than 60 RTAs. It also dedicated extensive time and resources to the work on systemic issues. After more that two years of intensive work in the Committee no result was reached so far. No report has been adopted in the area of reviewing RTAs. There is still no consensus among Members on interpretation of the so-called systemic issues originating in Article XXIV of GATT 1994 as was the case when negotiators revisited certain aspects of this Article during the Uruguay Round in an endeavor to clarify some of these provisions.

Proposal

6. Romania shares the views of other WTO Members that there is a need to move forward in completing the reviews of the RTAs before the CRTA and in the discussion of systemic issues. No link should be created between the two processes. The RTAs presently under review or notified to the WTO should be considered against GATT/WTO conformity conditions that prevailed at the time of conclusion of such agreements. Therefore, like some other Members, Romania is of the view that the General Council should recommend to the third Ministerial Conference that the process of review of the RTAs before the CRTA move rapidly forward pursuant to the existing WTO rules. Such an action is clearly necessary for the credibility of the multilateral trading system. On the other hand, should Members reach a consensus on systemic issues, supplementing the existing WTO provisions related to RTAs, the new rules should be applied exclusively to those RTAs concluded after the entry into force of the agreed new rules.
