

# WORLD TRADE ORGANIZATION

RESTRICTED

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General Council

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## PREPARATIONS FOR THE 1999 MINISTERIAL CONFERENCE

### Regional Trade Agreements (Article XXIV of GATT 1994)

#### *Communication from Jamaica*

The following communication, dated 5 October 1999, has been received from the Permanent Mission of Jamaica.

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#### **Background**

1. Developing countries have for long viewed regional trade agreements (RTAs), involving the formation of custom unions and free trade areas, as pivotal instruments for advancing their economic development. Experience shows that such a process is essentially longer term in character and requires adequate transitional periods for participating countries to absorb the adjustment costs of trade liberalisation.

2. There is considerable doubt about whether the current norms and criteria applied in the interpretation of Article XXIV of GATT 1994, provide sufficient scope for achieving a successful transition. For example, this applies to the thresholds requiring that RTAs cover "substantially all the trade" (GATT Article XXIV) or have "substantial sectoral coverage" (GATS Article V).

#### **Proposal**

3. It is proposed that Ministers authorize the General Council to examine the relevant provisions of Article XXIV of GATT and Article V of GATS relating to regional trade agreements in which developing countries are participating, with a view to providing these countries with adequate scope for absorbing the adjustment costs of trade liberalization and ensuring that these agreements make a sustained contribution to their economic development.

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