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Agenda item 77 (a)DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION: TRADE  
AND DEVELOPMENTStrengthening international organizations in the area of  
multilateral tradeNote by the Secretary-General

1. At its forty-fifth session, the General Assembly, in its resolution 45/201 of 21 December 1990, **reaffirmed** Economic and Social Council resolution 1990157 of 26 July 1990, in which the Council requested the Secretary-General to report to the Assembly at its forty-sixth session on institutional developments, taking into account all relevant proposals, related to the strengthening of international organizations in the area of multilateral trade. In preparing the report, the Secretary-General was requested to solicit the views of all Governments and the **executive** heads of the **specialized** agencies and other organizations and programmes of the United Nations system on the above-mentioned matter.

2. In the **preambular** part of General Assembly resolution 451201, the Assembly stressed the principle of free and fair global trade, which should be conducive to a significant enhancement **of** the trade and development prospects **of** all countries, in particular developing countries, and the need for strengthening institutional **arrangements** in the area of international trade with a view to **reinforcing** further the multilateral trading **system**. It also recalled the Declaration on International Economic Cooperation, in particular the Revitalization **of** Economic Growth and Development of the Developing Countries, **adopted** at its eighteenth special session (see General Assembly resolution 18/3 of 1 May 1990). Furthermore, it noted the General Agreement on Tariffs and Trade and its Protocol of Provisional Application of 30 October 1947 **1/** and General **Assembly** resolution 1995 (XIX) of 30 December 1964 on the establishment of the United Nations **Conference** on Trade and Development. *In* addition, it noted the institutional proposals made in connection with the Uruguay Round of

multilateral trade negotiations, related to the strengthening of multilateral **organizations** in the area **of** international trade.

3. On behalf of the Secretary-General **of** the United Nations, the Secretary-General **of** UNCTAD, as the first step **in** the preparation of **the** report, solicited the **views** of the executive **heads** of 25 specialized agencies and relevant organisations and **programmes of** the United Nations **system on this matter**. **Responses** have been received from such **specialized agencies, organisations and programmes of** the United Nations **system as** the General Agreement on Tariffs and Trade (GATT), the International Monetary Fund (**IMF**), **the** World Bank, the International **Labour** Organisation (**ILO**), the Food and Agriculture **Organization of the United Nations (FAO)**, the **United Nations Educational, Scientific and Cultural Organisation (UNESCO)**, the World Intellectual Property Organisation (**WIPO**), the World Health Organization (**WHO**), **the** United Nations Development Programme (**UNDP**), the United Nations Centre on **Transnational** Corporations (UNCTC), the International Civil Aviation Organization (ICAO), the United Nations Industrial Development Organisation (**UNIDO**), the United Nations Environment Programme (UNEP), the Economic Commission for Asia and the Pacific (**ESCAP**), the Economic Commission for Latin America and the Caribbean (ECLAC), and the secretariat of the United Nations International Law Commission.

4. At the second stage of this process, the Secretary-General of UNCTAD has circulated a note **verbale** to all Governments in order to receive their views on the above-mentioned **matters**, so **as** to enable him to report to the Secretary-General of the United **Nations**. This stage has yet to **be concluded**.

5. At the second regular session of the Economic and Social Council of 1991, the UNCTAD secretariat made a progress report on the status of work in implementing General Assembly resolution **45/201. 2/** There was also **some** discussion on this subject **matter**. **Somo** delegations called **for** the initiation of work towards a universal, comprehensive and democratic United Nations-based International Trade Organization, although others considered that discussion on this matter should be initiated after the results of the Uruguay Round were known.

6. Attached is the note prepared by the **UNCTAD** secretariat to initiate the second stage of the process (see annex), which was circulated to Governments in order to facilitate their consideration of the issues involved. It outlines the historical background and various proposals made by Governments **and non-governmental persons** and bodies **for** strengthening international **organizations** in the area **of** multilateral trade, beginning with those made **in** the context of the Havana Charter for an International Trade Organisation. The note also comments upon the needs and opportunities presented by the current international political and economic environment, which have **given** rise to the renewed interest in institutional **questions** affecting the world trading **system**. In addition, it takes into account the **views** expressed by the above-mentioned international organizations and reflects certain ideas that appear to merit consideration.

**Notes**

- 1/** United Nations, **Treaty Series**, vol. 55, No. **814.I(c)**.
- 2/** E/1991/98.

## ANNEX

# BACKGROUND NOTE FOR THE PREPARATION OF THE SECRETARY-GENERAL'S REPORT ON STRENGTHENING INTERNATIONAL ORGANIZATIONS IN THE AREA OF MULTILATERAL TRADE

## A. Introduction

1. The General Assembly, in its resolution 45/201 of 21 December 1990, reaffirmed Economic and Social Council resolution 1990/57 of 26 July 1990, in which the Council had requested the Secretary-General to report to the General Assembly at its forth-sixth session on institutional developments, taking into account all relevant proposals related to the strengthening of international organizations in the area of multilateral trade. The General Assembly requested the Secretary-General, in preparing such a report, to solicit the views of all Governments and the executive heads of the specialized agencies and other organizations and programmes of the United Nations system on this matter.

2. In the preambular part of the resolution, the General Assembly stressed the principle of free and fair global trade, which should be conducive to a significant enhancement of the trade and development prospects of all countries, in particular developing countries, and the need for strengthening institutional arrangements in the area of international trade with a view to reinforcing further the multilateral trading system. The General Assembly also recalled the Declaration on International Economic Co-operation, in particular the Revitalization of Economic Growth and Development of the Developing Countries, adopted at its eighteenth special session. Moreover the General Assembly noted the General Agreement on Tariffs and Trade and its Protocol of Provisional Application of 30 October 1947 and General Assembly resolution 1995 (XIX) of 30 December 1964 on the establishment of the United Nations Conference on Trade and Development. In addition it noted the institutional proposals made in connection with the Uruguay Round of multilateral trade negotiations, related to the strengthening of multilateral organizations in the area of international trade.

3. The present paper has been prepared by the UNCTAD secretariat in the hope of facilitating the consideration by Governments of a number of the issues on which, as desired by the General Assembly, they may wish to submit their views. The paper: (i) reviews proposals for the strengthening of international organizations in the area of multilateral trade, including those made in the context of past efforts towards the establishment of a comprehensive international trade organization; (ii) examines the needs and opportunity for such institutional reform in the current international political and economic environment; and (iii) identifies a number of the issues which call for consideration in strengthening institutional arrangements. In the light of the views of Governments, as well as those of the executive heads of the specialized agencies and other organizations and programmes of the United Nations system, this paper will be revised and expanded to include options and possible courses of action for submission as a report to the Economic and Social Council and the General Assembly.

## B. Past efforts, and recent **proposals** to strengthen international organizations in the area of multilateral trade

### (a) *The Havana Charm*

4. In February 1946, the Economic and Social Council unanimously approved a resolution submitted by the United States on convening a United Nations Conference on Trade and Employment. This decision led to a meeting at Havana from 21 November 1947 to 24 March 1948 where the Conference drew up the Havana Charter for an International Trade Organization.

5. Such an International Trade Organization would have been the third major component of the post-war international economic system, the others being the organizations dealing with money and finance (i.e. the IBRD and the IMF). It was to be endowed with a wide mandate covering virtually all issues in the area of trade, employment and development, the objective being to facilitate, through the promotion of mutual understanding, consultation and co-operation, the solution of problems relating to international trade in the fields of employment, economic development, commercial policy, business practice and commodity policy.<sup>1</sup> The Havana Charter contained Chapters dealing with Purpose and Objectives (Chapter I), Employment and Economic Activity (Chapter II), Economic Development and Reconstruction (Chapter III), Commercial Policy (Chapter IV), Restrictive Business Practice (Chapter V), Intergovernmental Commodity Agreements (Chapter VI), as well as institutional aspects of the International Trade Organization (Chapter VII), Settlement of Differences (Chapter VIII) and General Provisions (Chapter IX).<sup>2</sup> In Article 96 of Chapter VIII, the Charter also foresaw the possibility of recourse to the International Court of Justice for the settlement of differences.

6. The Havana Charter was signed by 53 Member States of the United Nations in March 1948. However, for a variety of reasons, the United States Administration did not seek Congressional ratification of the Charter, thus leaving the ITO stillborn, as the other participants had made their acceptance of the Charter conditional upon ratification by the United States. The Commercial Policy provisions contained in Chapter IV provided the basis for the General Agreement on Tariffs and Trade (GATT), which was applied through acceptance of a Protocol of Provisional Application (i.e. until the Havana Charter came into force), permitting Contracting Parties to maintain existing trade legislation inconsistent with its provisions (i.e. the "grandfather clause"). The GATT is a multilateral treaty which, as a contract among and between the signatory Governments, embodies rights and obligations of a legal character. These rights and obligations bear directly on the formulation and conduct of national commercial policies. The GATT was, and continues to be, *de jure* administered by the Interim Commission for the International Trade Organization.

7. To a large extent the objective of establishing international principles, norms and rules in the areas covered by other Chapters of the Charter, such as investment, restrictive business practices, commodities, and development have been pursued within the bodies of the United Nations, mainly in the United Nations Conference on Trade and Development, but also in the United Nations Commission on International Corporations, the Food and Agriculture Organization of the United Nations, the United Nations Commission on International Trade Law, and other forums.<sup>3</sup> Several multilateral trade-related agreements, which were not covered by the Havana Charter, were also negotiated and concluded under the auspices of the United Nations.<sup>4</sup> Moreover a number of prin-

<sup>1</sup> E.CONF.2.78, Havana Charter for an International Trade Organization, Article I.6.

<sup>2</sup> *Ibid*

<sup>3</sup> In some cases, such activities and negotiations served to establish multilateral instruments, e.g. the Convention on Transit Trade of Land-locked States (1965); the Convention on a Code of Conduct for Liner Conferences (1974); the UN Convention on International Multimodal Transport of Goods (1980); the UN Convention on Contracts for the International Sale of Goods (1980); the UN Convention on Conditions for Registration of Ships (1986); the International Commodity Agreements, including the Agreement establishing the Common Fund for Commodities (1980); the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices (1981). In other cases, negotiations are still going on without certain prospects for success, e.g. on the International Code of Conduct on the Transfer of Technology or on the Code of Conduct for Transnational Corporations. The Food and Agriculture Organization of the United Nations' activities in the agricultural and commodity trade area provide a perspective useful to an understanding of these and other issues.

<sup>4</sup> For example, the UN Convention on the Law of the Sea (1982), the Convention for the Protection of the Ozone Layer (1985).

principles established and decisions taken on trade policy issues in UNCTAD were later incorporated as legal instruments under GATT.<sup>5</sup> The Bretton Woods institutions have also addressed trade-related matters in the context of their operations, as in the fashioning of structural adjustment strategies in the 1980s.

### *(b) Initiatives in GATT*

8. Some of the provisions of the Havana Charter, or at least the concepts underlying them, were subsequently incorporated into the GATT, primarily at the 1955 Review Session of the GATT Contracting Parties. At that session, a draft Agreement on an Organization for Trade Co-operation (OTC) was drawn up with the intention of providing the GATT with a more permanent institutional status. The purpose was 'to administer the General Agreement on Tariffs and Trade and generally facilitate the operation of that agreement', as well as 'to study questions of international trade and commercial policy and where appropriate make recommendations thereon.' The process was not pursued, as the United States was unable to implement the proposed agreement. Since that time no further formal attempts have been made to convert GATT into a new trade organization, although proposals were made in the context of multilateral trade negotiations to improve its legal status through the definitive application of the General Agreement (i.e. elimination of the Protocol of Provisional Application).

### *(c) Initiatives in the United Nations in the late 1950s and early 1960s*

9. In the late 1950s, the idea of setting up an international trade organization was revived in the Economic and Social Council. In 1955 at the Council's twentieth session, a draft resolution to that effect was submitted by the USSR.<sup>6</sup> This initiative subsequently received support from developing countries, particularly at the Cairo Conference of 1962. The proposals adopted by that Conference led to 'a recommendation by the Economic and Social Council, during the same year, that a United Nations Conference on Trade and Development be convened.'

10. On 30 July 1963, a memorandum on preliminary considerations regarding the main provisions for an International Trade Organization was submitted by the USSR to the Economic and Social Council at its thirty-sixth session and later to the Preparatory Committee of UNCTAD. It stressed the principles of universality, equality, MFN treatment, special treatment to developing countries, non-discrimination, etc., and also suggested that the trade organization should deal with a wide range of issues, such as the interrelationship between world trade and economic development, commodities, manufactures, commercial policy, price fluctuations, finance, disarmament, services, etc.<sup>7</sup>

11. At the same time a draft resolution on the Establishment of an International Trade Organization was also submitted by the Eastern European countries,<sup>8</sup> in which it was proposed that a single and universal international body should be established under the auspices of the United Nations to deal with the entire range of world trade questions. The draft resolution envisaged that such a trade organization should: i) be universal in character; ii) have sufficient authority to ensure compliance with its own recommendations and with those of the United Nations which relate to international trade and development; iii) be founded on principles acceptable to all countries, regardless of differences in their social systems and levels of economic development; iv) be open to participation by any country; v) be empowered to deal with all questions of international trade. Until such an organization was established, UNCTAD should continue to be convened periodically and serve in the transitional period as the highest specialized forum of the United Nations, bearing responsibility for promotion of international co-operation in the field of trade and development and drawing up appropriate recommendations to Governments, specialized agencies of the

<sup>5</sup> For example, Part IV of the GATT and decision waiver on the generalized system of preferences of 1971.

<sup>6</sup> E/L.677, 14 July 1955.

<sup>7</sup> E/CONF.46/51, E/CONF.46/PC.53; later this memorandum was annexed to the proceedings of UNCTAD I, E/CONF.46/141, Vol.V, pp. 428-9.

<sup>8</sup> E/CONF.46/XI Rev.1, Add.1 and Add.2; later, the draft resolution was annexed to the proceedings of UNCTAD I, for details see E/CONF.46/141, Vol.V, pp. 424-27.

United Nations, intergovernmental organizations and the Executive Council of the Conference on questions within the scope of the Conference.

**(d) Past consideration in UNCTAD**

12. Following these developments, an extensive examination of the possible establishment of an international trade organization took place at the first session of USCTAD in 1964. On the basis of a comprehensive report prepared by a group of experts on this subject matter, which considered, *inter alia*, that the GATT "was not a sufficiently dynamic instrument for the assistance of the developing countries",<sup>9</sup> the report of the Secretary-General of the Conference suggested that "a new international trade organization free of such shortcomings should be established as the body responsible for carrying out the policy emerging from this Conference and from similar successive periodic conferences".<sup>10</sup>

13. UNCTAD was accordingly mandated to "review, in the light of experience, the effectiveness and further evolution of institutional arrangements with a view to recommending such changes and improvements as might be necessary; and to study all relevant subjects, including matters relating to the establishment of a comprehensive organization based on the entire membership of the United Nations system of organizations to deal with trade and with trade in relation to development".<sup>11</sup>

14. This issue was discussed under an item relating to "institutional arrangements" at subsequent sessions of the Conference and of the Trade and Development Board. At UNCTAD III in 1972, discussion under an agenda item entitled Review of the Institutional Arrangements of USCTAD was stimulated by the circulation of a Brazilian Memorandum which suggested some guidelines for a Charter on International Trade and Development. These included an approach whereby the Trade and Development Board would formulate recommendations and proposals for the institutional transformation of UNCTAD, leading to the preparation of a draft Charter of an International Trade and Development Organization, for consideration by the General Assembly. The Charter for the new organization would be based upon the set of fundamental principles adopted by the Conference at its first session in 1964, to cover international trade; science and technology; shipping; international financing; and monetary matters in their relationship to trade and development; as well as special measures in favour of the least developed countries. The Memorandum envisaged that the secretariat of the new Organization would be formed mainly by the merger of the secretariats of USCTAD and GATT.<sup>12</sup>

15. Following discussions on the question of a comprehensive international trade organization, USCTAD II I directed the Secretary-General of UNCTAD to seek the views of Governments on this issue. His subsequent report to the Trade and Development Board stressed, *inter alia*, that while USCTAD might be seen as an attempt to fill the gap between the GATT and the Havana Charter, it had made only a partial response in this respect, and despite its broad mandate had, in practice, only dealt with trade and development problems insofar as they arose in economic relations between developing and developed countries and among developing countries.

16. Subsequently, the issue was referred to the thirteenth and fourteenth sessions and sixth special session of the Trade and Development Board in 1973, 1974 and 1975 respectively. The

<sup>9</sup> A report on Commodity and Trade Problems of Developing Countries: Institutional Arrangements, which was prepared by a group of experts in pursuance of resolution 919 (XXXIV) of the Economic and Social Council. In the report, the group examined the problems of trade and development, primary commodities export diversification, and other emerging problems; and (2) the activities of international organizations in relation to trade, particularly the General Agreement on Tariffs and Trade (GATT). It was concluded that GATT was defective from a horizontal standpoint because it was not concerned with international trade as a whole, and from a vertical standpoint because it does not regulate trade among countries at different stages of economic development. Its scope of action was therefore restricted and it was not a sufficiently dynamic instrument for the assistance of the developing countries. See E CONF.46/141, Vol.V, page 410, paragraph 212. The group also assessed the needs for UN establishment of a International Trade Organization (ITO) and, in this regard, four proposals were put forward. For details see E CONF.46/141, Vol.V.

<sup>10</sup> Towards a new trade policy for development, PM IWO, Chap.V, Sect. I, reproduced in Proceedings... (first session), E CONF.46/141, Vol.II.

<sup>11</sup> General Assembly resolution 1993 (XIX) of 30 December 1964 on the establishment of UNCTAD.

<sup>12</sup> For details see TD L.48.

**Secretary-General of USCTAD** submitted a report to the Board at its thirteenth session in which he expressed the opinion that "even if the will to establish a comprehensive trade organization were present throughout the entire membership of USCTAD, there would be no shortcut for arriving at that goal. History bears witness to basic conceptual, political and legal difficulties inherent in undertaking such a far-reaching reform. In fact a considerable amount of fact-finding and detailed analysis would be necessary, against the background of the current institutional setting and of increasingly interdependent trade flows".<sup>13</sup> The report also referred to the growing interdependence of actions in the field of international trade, payments and finance as a factor affecting the institutional framework. While focussing on the problems arising from the possible inconsistency or even incompatibility of decisions in different organizations, and looking ahead to the broader question of the characteristics of a comprehensive international trade organization, the report asked some fundamental questions which would have to be clarified before the design of such an organization could be undertaken.<sup>14</sup> The Board at its thirteenth session adopted a procedural decision referring the matter to its fourteenth session and calling for a further report by the Secretary-General of USCTAD on the basis of Governments' views (decision 105 (XIII) of 8 September 1973).

17. At the fourteenth session of the Board, the **Secretary-General of UNCTAD** reported that no significant new elements had emerged from his consultations and suggested that the Board should convey its views on the matter to the General Assembly at its special session on Development and International Economic Co-operation (seventh special session). Accordingly, in resolution 120 (XIV) of 13 September 1974, the Board referred the question to its sixth special session (March 1975), to be considered in the context of the mid-term review and appraisal of the International Development Strategy. In doing so, it requested the Secretary-General of USCTAD to submit a more detailed analysis of the issues involved,

18. The report submitted in response to this request suggested that any new institutional arrangements should respond to the following criteria: a) universality, in that all States should be allowed to participate in formulating policies and taking decisions; b) their rules should be based on agreed objectives and an agreed code of behaviour, reflecting the differing interests of all States, and should also take account of the role of transnational corporations in international economic relations; c) they should constitute a comprehensive and flexible framework for intergovernmental agreement and co-operation, with a differentiation of measures to deal with various categories of economic relations and for different types of international action, including deliberation, recommendation, negotiation, consultation and settlement of disputes; and d) their scope should be clearly defined in relation to other institutional arrangements in the economic and social sphere and they should be organically linked to interrelated arrangements in the areas of money and finance so as to ensure consistency and complementarity in approaches adopted and decisions taken. The report concluded that "neither UNCTAD nor GATT, or even the two together, satisfy all these criteria and hence new arrangements ought to be made to deal with trade and development problems in a comprehensive manner. For this purpose, an open-minded approach would be required, free of vested interests in existing institutions and inspired by an objective assessment of their strengths and weaknesses in relation to the functions to be performed. It would be no easy task, but it is a challenge which the international community should not ignore". The Board decided to transmit the report, together with views expressed thereon, to the General Assembly at its seventh special session.

19. Institutional issues were again discussed at UNCTAD IV in 1976. The Conference, in its resolution 90 (IV), recognized that the strengthening of UNCTAD would be a step towards the objective, as envisaged in General Assembly resolution 1995 (XIX), paragraphs 30 and 31, relating to the creation of a comprehensive organization to deal with international trade and related issues of international economic co-operation.<sup>15</sup>

<sup>13</sup> See TD B 455, para. 6.

<sup>14</sup> These questions were namely: a) Should a range of degrees of commitment be envisaged, ranging from legally binding agreements to non-mandatory codes of conduct; b) Should there be only one set of trading rules of universal application or should there be, in addition, separate rules for each of the main trade flows; c) To what extent should a new trade organization go beyond accepting dependence on market forces as the main equilibrating element in the international economy, and adopt a managed approach to trade expansion, containing elements of concerted planning; and d) How could the new organization deal most effectively with the particular trade and development requirements of developing countries, including those specific to least developed among them. See *Ibid.*, annex, para. 10.

<sup>15</sup> TD B 535, Add.1.

<sup>16</sup> TD 218 (Vol. I), p. 39, I, para. 1 (d).



20. A brief review of the past consideration in UNCTAD on this subject matter was conducted at UNCTAD VI in 1983.<sup>17</sup> In the light of the results of the Tokyo Round of multilateral trade negotiations and their impact on the international trading system,<sup>18</sup> CSCTAD was given the specific mandate to study developments in the international trading system and to make policy recommendations as to its strengthening and improvement, with a view to giving it a more universal and dynamic character, as well as to making it more responsive to the needs of the developing countries and supportive of accelerated economic growth and development, particularly that of developing countries.<sup>19</sup> Pursuant to this mandate UNCTAD has prepared a number of studies on developments in the trading system, including for UNCTAD VII,<sup>20</sup> in whose Final Act this mandate was confirmed and extended.

#### (e) *Proposals from the academic community*

21. Throughout this period, the subject of an International Trade Organization retained considerable interest in the academic community, particularly during the 1970s. The ideas which emerged for the strengthening of institutional arrangements fall within a spectrum which, at one end, envisages a system derived from the GATT, but which would provide a guiding role in the management of the trading system for major trading countries and those willing to accept more binding obligations. This approach was perhaps best exemplified in the Atlantic Council's proposal for a "GATT Plus"<sup>21</sup> - a two-tier system where developed countries acting within the framework of GATT and in furtherance of its objectives would conclude a supplementary agreement (Code of Trade Liberalization) among themselves to liberalize trade in accordance with trade rules tighter than those of GATT and to administer those rules themselves on a weighted-voting basis.<sup>22</sup> Relations between the developed and developing members of GATT would continue to be handled in accordance with present GATT procedures and voting arrangements and developing countries would retain all their legal trade rights under GATT.<sup>23</sup> The outcome of the Tokyo Round could be regarded as a step in the direction foreseen by the Atlantic Council.

22. The other end of the spectrum foresaw a more comprehensive institution along the lines provided for in the Havana Charter, which would attempt to cover the widest range of international economic issues and involve universal participation.<sup>24</sup>

23. Miriam Camps advocated the establishment of a comprehensive global trade organization<sup>25</sup> open to membership for any State accepting a few common principles, whose mandate would cover all "trade-related structural issues" extending beyond the areas covered by GATT. According to Camps the two biggest institutional requisites in the general area of trade policy are the need to incorporate developing countries more fully into the global trading system and the need for more

<sup>17</sup> For details of that review see TD 326 (Vol.III), United Nations Publication, Sales No.E.83.II.D.8, pp.314-316.

<sup>18</sup> See TD 274.

<sup>19</sup> Conference resolution I 59(VI).

<sup>20</sup> See TD 328 Rev.1.

<sup>21</sup> See Atlantic Council, *GATT Plus: A Proposal for Trade Reform* (Washington, 1976).

<sup>22</sup> *Ibid.*, p. 6. In the view of the Council, the effect of the one-country-one-vote rule had been to give the controlling voice in all GATT decisions, even those affecting trade among the developed countries, to countries with a smaller volume of trade and a lesser ability, at their present stage of development, to assume new trade obligations. Under these circumstances the developed countries had tended to take their commitments in GATT less and less seriously. The Council proposed that decision-making be responsive to the economic weight of the participants.

<sup>23</sup> *Ibid.*, pp. 6-7. The new agreement would be open to countries which accept common trade rules and would remain open to later accessions. Countries which were developing could join when they reached a stage of development where they were no longer in need of special privileges and when they acquired a more direct interest in shaping and contributing a tighter trading system.

<sup>24</sup> See, in particular, Camps, *Case for a New Global Trade Organization*, Council on Foreign Relations, Inc., New York, 1980, and also see S. Rosson, *Notes on Rules and Mechanisms Governing International Economic Relations* (Fantoft, Ch. Michelsen Institute, 1980) which addressed the post-Tokyo Round situation.

<sup>25</sup> It was envisaged by Camps that such a comprehensive global trade organization could have many different subsidiary bodies, such as: (i) tariff and trade code; (ii) other codes on trade-related questions; (iii) trade committee for developing countries; (iv) trade policy review board; (v) advisory council on the structure of the global economy; (vi) global trade; (vii) commodities board; and (viii) council on direct foreign investment and business practices; some of these bodies would have broad mandates while others with narrow, issue-specific tasks, and some of them should be essentially concerned with rule-making and rule enforcement, others acting simply as consultative groups.

international concern with problems related to the process of structural change.<sup>26</sup> International concern with structural change should not only focus on national policies but consideration should also be given to international action to identify areas in which change is desirable and to assist the process of adaptation to new patterns of production.<sup>27</sup> An Advisory Council of the Organization would support this process through constant study of, and dissemination of information about the changing patterns of production and trade.

24. Stein Rossen built up on the proposals of Camps and others,<sup>28</sup> and urged that the international community reconsider the question of the establishment of a comprehensive trade organization (CTO), "a universal organization which would • dtninjstr the world trading system and, in particular, be responsible for the management of trade-related structural change and adjustment within the framework of a broad approach to trade and development issues". This would cover "all factors of substantial relevance to industrial activity as an integral part of economic and social development", including 'factor incomes and working conditions, technological developments, prices, rates of consumption and availabilities of non-renewable raw materials and pollution and other environmental factors". The CTO *inter alia*, would keep the patterns of investment, production and trade under continuous review, and be adequately informed about relevant TNC activities and the interplay between Governments and TNCs.

25. Recently renewed attention has been given to this issue in the context of the challenges posed by the Uruguay Round. For example, John Jackson recently observed that the multilateral trade system based on the GATT was being eroded by a shift to bilateralism, rising protectionism and neglect of rules by the major trading countries. The inclusion of the complex issues of services, intellectual property rights and investment in the Uruguay Round only served to increase the strain on GATT's structure. He identified such institutional problems as its 'provisional' application, the difficulties in amending GATT Articles, the unclear relationship between the General Agreement and the MTN Codes, and the confusion with respect to the relationship between GATT and the domestic law of its contracting parties, and suggested a step-by-step reform approach addressed to each of those problems separately. While he favoured the establishment of a World Trade Organization (WTO), the model he envisaged would, unlike the ITO proposed in the Havana Charter, not contain many substantive obligations but would take the form of an Umbrella institution, with a firm constitutional basis but 'evolving substance', to administer and service GATT, the existing MTN Code, the Uruguay Round results and future multilateral trade agreements.<sup>29</sup>

*(f) Recent proposals for a multilateral trade organization in the context of the Uruguay Round*

26. Proposals have been advanced in the Uruguay Round context by some developed countries to the effect that the outcome of the negotiations should result in GATT being given a permanent institutional basis through the establishment of a new international trade organization. The European Community has formally submitted, a relatively detailed proposal to the Negotiating Group on the Functioning of the GATT System (FOGS) on 9 July 1990 advocating the Establishment of a Multilateral Trade Organization (MTO).<sup>30</sup> The principal objectives of the EC proposal were: a) to ensure the effective implementation of the results of the Uruguay Round; b) to adopt dispute settlement procedures applicable to all multilateral trade agreements; c) to establish a sound institutional framework for the GATT; and d) to provide the GATT with an adequate institutional basis to co-operate on equal terms with other organizations, in particular the IMF and the World Bank, so as to ensure greater coherence in global economic policy-making. It recommended the conclusion of a purely organizational agreement on an MTO without substantive provisions. An MTO of this kind would act as an umbrella for the administration of the GATT and other multilateral trade agreements (Tokyo Round Codes, services agreements, etc.). The

<sup>26</sup> Camps, *op. cit.*, p. 18.

<sup>27</sup> *Ibid.*, "Trade Policy Review Board", the principal trade policy body of the Organization.

<sup>28</sup> Rossen, *op.cit.*.

<sup>29</sup> See John Jackson, *Restructuring the GATT System* (London, Royal Institute of International Affairs, 1989).

<sup>30</sup> GATT MTN. GNG NG14 W 42.9 July 1990. The G7, at its London summit, noted that a successful outcome of the Uruguay Round would also call for the institutional reinforcement of the multilateral trading system and the concept of an international trade organisation should be addressed in this context.

main elements of such a MTO treaty, as foreseen by the EC, would be: (i) provisions on membership and on a common organizational structure; (ii) the legal basis for taking actions on the implementation of the results of substantive negotiations; (iii) the establishment of an International Bureau or Secretariat; (iv) budgetary provisions; and (v) provisions on the legal capacity of the organization, privileges and immunities of its staff, relations with other organizations and final provisions (amendments, entry into force, etc.).

27. The Canadian delegation had earlier informally communicated similar ideas in April 1990, stressing the need for an institutional structure adapted so as to resolve the problems arising in incorporating the agreements expected to be reached in the Uruguay Round on trade in services and trade-related aspects of intellectual property rights (TRIPs) into the multilateral framework of trade rights and obligations, in resolving the legal and procedural problems involved in introducing amendment 8 to GATT, and in revising the Tokyo Round Codes and clarifying their relationship with GATT.

28. Somewhat different ideas were communicated to the FOGS Group by Switzerland,<sup>31</sup> which proposed the strengthening of both GATT as an institution and its co-operation with the Bretton Woods institutions. The Swiss submission aims at establishing GATT as the authority with the necessary knowledge and experience to conduct a meaningful trade policy dialogue, advocating a review of the mandate, structure, size and composition of the GATT Secretariat with a view to reinforcing its independent analytical capacity. The United States also presented a formal proposal to the FOGS Group on 18 October 1990 suggesting the establishment of a GATT Management Board with a view to improving the overall effectiveness and decision-making of the General Agreement.<sup>32</sup>

29. These institutional proposals have provoked divergent reactions from other participants, both developed and developing. Some have expressed a generally positive attitude to aspects of these proposals, and others have taken the position that such institutional matters with far-reaching implications were not covered by the Uruguay Round mandate. Set others have expressed the view that these matters cannot properly be considered until the shape of the results of the Round became clear.

30. The draft Final Act presented to the Brussels Ministerial Meeting of the Trade Negotiations Committee in December 1990 envisaged that work would be initiated towards the establishment of an organizational agreement, although square brackets in the text indicated disagreement with respect to virtually all relevant aspects of this issue.<sup>33</sup> Some participants advocated the establishment of a new multilateral trade organization which would service both the GATT itself and the Uruguay Round Agreements, and would also provide the forum for the negotiation of agreements in areas related to trade and development. Other participants considered that a new organizational structure should only be considered after the completion of the Uruguay Round. Some participants also proposed that the basic elements of such an organizational agreement would be worked out by an Interim Committee to be established within two months after the date of the Final Act. The text of the draft Final Act constitutes the basic document for the resumed negotiations in the Uruguay Round in 1991.

#### *(g) Suggestions made in the context of the United Nations/Economic and Social Council*

31. The idea of a new initiative towards the establishment of an ITO has been revived in the United Nations. In a statement to the Economic and Social Council at its 1990 summer session, the UNCTAD Secretary-General drew attention to a number of issues arising from discussions at the thirty-sixth session of the Trade and Development Board about institutional questions raised during the Uruguay Round. These issues, he believed, were of concern to the Economic and Social Council in view of the role accorded to it by the United Nations Charter. The view had been advanced that proposals currently on the table were a reminder of the incompleteness of existing

<sup>31</sup> GATT MTN.GNG/NG14 W 41, 17 May 1990.

<sup>32</sup> This proposal recalled that the Havana Charter contained provision for the Executive Board within the ITO and suggested that the GATT Management Board would be established at the Ministerial level with wide functions, including taking primary responsibility for developing an outline, for the consideration of the Contracting Parties, of a successor organization to the CAI-I (GATT MTN.GNG/NG14 W 45, 18 October 1990).

<sup>33</sup> MTN.TNC W.33 Rev.1, 3 December 1990.

structures in the area of international trade. While the objectives that had inspired some of these proposals appeared legitimate, concerns had been expressed by some developing countries that the linkage implicit in such proposals between rights and obligations in the new areas under negotiation with those in the goods sector would, if accepted, legitimize the threat of cross-retaliation against weaker trading partners.

32. Reference had also been made to a number of systemic factors in the evolution of the world economy which would have to be taken into account in any effort to strengthen the relevant international organizations. These included the growing interactions between trade, investment, technology and services; massive capital flows unrelated to trade which have tended to generate exchange rate instability with adverse consequences for international trade, rapid technological development which is exerting a far-reaching influence on comparative advantage based on natural resource endowment, and the emergence of trading blocs involving major trading partners which, if unwisely managed, could further fragment the trading system. Finally, while the search for greater coherence in global economic policy-making appeared to command general support, fears had been expressed regarding the possibility of cross-conditionality arising from the type of collaboration envisaged between the IMF, World Bank and GATT.

33. In view of these considerations and in the light of the wide-ranging responsibilities conferred by the Charter on the United Nations in respect of the co-ordination of international economic policy, the Secretary-General of UNCTAD suggested that the time had come for the General Assembly and the Council to consider exercising appropriate oversight in relation to future institutional arrangements in the area of international trade. In his view, the United Nations is ideally situated by virtue of the Charter to promote coherent policies in such interrelated fields as investment, technology, trade, money and finance and the collective management of the world economy. These are areas in which the responsibilities of international institutions are divided and where inconsistencies are apt to occur. He recalled that many of the basic ideas underlying the Havana Charter remained valid: any new arrangements should be comprehensive in subject coverage, universal in membership, based on agreed objectives and norms of behaviour, responsive to the interests of all members, equitable in decision-making, and organically linked to related structures in the areas of money and finance.

34. At the same session, the Economic and Social Council adopted resolution 1990/57 requesting the United Nations Secretary-General to report to the General Assembly at its forty-sixth session, through the Economic and Social Council at its second regular session of 1991, on institutional developments related to strengthening of international organizations in the area of multilateral trade, taking into account the provisions of paragraph 32 of the Declaration on International Economic Co-operation, in particular the Revitalization of Economic Growth and Development of the Developing Countries, adopted by the Assembly at its eighteenth special session,<sup>34</sup> which had called for the strengthening of international institutions in the area of multilateral trade.

35. As recalled in paragraph 1 above, the Economic and Social Council resolution was reaffirmed by General Assembly resolution 45/201 of 21 December 1990, which in addition requested the Secretary-General, in preparing the report, to solicit the views of all Governments and the executive heads of the specialized agencies and other organizations and programmer of the United Nations system on this matter.

36. At the second regular session of the Economic and Social Council of 1991, UNCTAD made

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<sup>34</sup> Subsequently, the Group of 15 (a group of developing countries with major trading capacity), at its Ministerial Meeting held in New York on 28 September 1990, issued a statement which included the following observations:

• ... Participants considered that the proposals for a new Multilateral Trade Organization (MTO) to implement the results of the Uruguay Round, as presented, was limited in scope, not fully responsive to the needs of trading nations, especially the developmental aspirations of the developing countries, and could moreover serve to legitimize retaliation in the form of trade restrictions in response to developing country policies on services or technology. The participants therefore expressed the view that the time is ripe for discussion within the UN system on the establishment of a comprehensive International Trade Organization. This matter should be taken up at the current session of the G.A., as well as at UNCTAD VIII in 1991, taking advantage of the present improved climate of international relations in general, and particularly the strengthened support being given to the U.N."

a progress report on the status of work relating to the preparation of this report.<sup>35</sup> There were some discussions on this subject matter. While it was the view of some delegations that at this juncture the report of the United Nations Secretary-General to the forty-sixth session of the General Assembly would be premature and the discussion on this matter could be initiated. For achieving results in the Uruguay Round, others called for the initiation of work towards a universal, comprehensive and democratic US-based International Trade Organization that would pay special attention to the relationship between trade and development, provide equity in decision-making and also encompass commodities, transfer of technology to developing countries, issues related to sustainable development, restrictive business practices and development finance,

#### (h) Other proposals

37. The issue of reform of international institutions was discussed in the South Commission report, the *Challenge to the South*. This report argued that the pivotal role of the United Nations in the management of the international economic system should be secured. With the easing of world political and military tensions, the demands on the United Nations in its primary traditional role, to preserve international peace and security, could be expected to subside, allowing it to give a higher priority to economic and social issues. Furthermore, the increasing globalization of the world economy posed problems for the solution of which no international set of mechanisms existed. While taking into account the growth in the activity of transnational corporations and other transnational actors, and of the greater prominence of transnational issues, such as environment, the uses of outer space, etc., it further argued that there was an urgent need to strengthen the role of the United Nations in the management of the world economy. It also felt that equally essential to an improvement in global economic management and decision-making was the reform of the voting structure of the principal multilateral financial institutions. Most importantly, it seemed opportune and was suggested that a summit of leaders of a representative group of developed and developing countries should be convened periodically, under the auspices of the United Nations, to review the world economic situation, the prospects for development, and the environment with a view to exploring the interrelationship of the various components of the world economy, notably the monetary system, finance, and trade, their links with international political and security matters, and their impact on the development prospects of the developing countries. Such summits should recommend guidelines for action by various specialized agencies of the United Nations and other major actors on the global scene.<sup>36</sup>

38. The need to strengthen international institutions in general to promote multilateral co-operation in the areas of peace and security, development, environment, population, democracy and human rights and global governance has been the focus of the recent *Stockholm Initiative on Global Security and Governance*.<sup>37</sup> In particular, the latter proposed "a strengthening of the multilateral framework of trade-related agreements, reducing protectionism on all fronts, and expanding opportunities for developing countries' participation in world trade"<sup>38</sup> as a means to create a more conducive international environment for the 1990s. Some other related suggestions were also made, such as: (i) broadening of the United Nations mandate at the Security Council level to handle the security dimension of economic and ecological issues; (ii) defining a clearer division of labour between the IMF, the World Bank, the regional banks and the United Nations organizations, in particular USCTAD; (iii) expanding and strengthening of the GATT. Finally, a general policy recommendation was proposed that 'the International Monetary Fund and the World Bank be coordinated, among themselves and with the United Nations system and GATT, with the aim of a clearer division of labour, better harmony and full universality in their work.'<sup>39</sup>

<sup>35</sup> See document E/1991/98 and the introductory statement on this subject matter by the Deputy to the Secretary-General of UNCTAD.

<sup>36</sup> *Challenge to the South*, South Commission Report, Geneva, 1990, pp. 263-265.

<sup>37</sup> The Stockholm Initiative had brought together some of the world's prominent persons, who on 20-22 April 1991 formulated a number of proposals to meet the major challenges for the 1990s by coordinated multilateral action. It continued to some extent the work of the international independent commissions of the 1980s, chaired by IV. Brandt (North-South Commission), O. Palme (Independent Commission on Disarmament and Security Issues), G.H. Brundtland (World Commission on Environment and Development) and J. Nyerere (South Commission).

<sup>38</sup> Common *Responsibility in the 1990s - the Stockholm Initiative on Global Security and Governance*, 22 April 1991, Stockholm, p. 23.

<sup>39</sup> *Ibid.*, p. 40.

### C. Need and opportunity for institutional reform in the area of multilateral trade

39. Four main themes can be identified from the various approaches advanced toward strengthening international trade organizations. They stress the need to (a) effectively address the issues arising from the growing interdependence in the world economy, including the globalization of markets and interlinkages between trade, technology, investment and services; (b) ensure universality of participation in decision-making and comprehensive subject coverage; (c) enable the developing countries to transform their economic structures and improve their levels of living in the context of accelerated and sustained world economic development; and (d) strengthen the administrative and institutional support for the implementation and enforcement of multilateral agreements.

40. Increasing interdependence among national economies encompasses greater reliance on international trade in virtually all countries, amplifying the impact of international trade Policy decisions. It is also reflected in increased international flows of finance, investment, information, labour and technology, which play a key role in competitiveness in world trade. For example, technology transfer and the incorporation of new technologies in manufacturing processes are of major importance to developing countries, as new technological developments have led to a considerable erosion of the comparative advantage enjoyed by developing countries in the production of traditional commodity exports. Efforts to establish more extensive international disciplines in a number of these areas have led to an expansion of the agenda of international economic organizations. This agenda now goes far beyond the traditional issues concerning trade in goods and transport, to include issues relating to production structures, international property rights (intellectual property, investment) and services, which itself covers a spectrum of issues, including labour movement, culture and electronic data flows.

41. No organization has the mandate to deal with these issues in a comprehensive fashion. The mandates of existing organizations overlap in some areas; in other areas responsibilities that should be carried out in their integrity are divided, and as noted, there are lacunae with respect to some issues. A key factor in this regard is the extent of which the major trading countries are willing to engage in multilateral discussion or negotiations and to enter into contractual agreements on particular subjects. Presently, however, in spite of growing economic interdependence and globalization, the necessary conditions for a comprehensive international governance of cross-border transactions are still far from being realized.

42. Growing interdependence underscores the importance of the long-sought goal of universality, in that all countries should be able fully to participate in the international decision-making process, and that their views and interests should be reflected in international arrangements. Moreover, regionalism as a force remains strong; intra-regional trade should enhance the diversity of international trade, serve as a building block for a more dynamic trading system and increase the effectiveness of international trade as a vehicle for promoting development. Ensuring free and fair trade at the regional as well as at the global level should also be an objective of efforts to strengthen international institutions in the area of trade.

43. The enlargement of the trade agenda over the years to include a variety of related development issues has been a positive trend. Set under existing arrangements, traditional trade issues (such as tariffs, and non-tariff measures), the evolving relationship between trade and development, and various functions and sectoral issues (such as, for example, the administration of contractual obligations and investment) are addressed in different institutions, from differing standpoints and in apparently disconnected fashion. While existing institutions have proved their worth, a simple enlargement of their agendas without regard to their relative technical expertise and experience as well as modes of operation and decision-making capabilities will not necessarily ensure success. The difficulties experienced by Governments with regard to the inclusion of investment, services and intellectual property issues in the Uruguay Round are illustrative of the underlying problem.

44. There is a need, too, to strengthen institutional arrangements so that a consensus on a given issue can not only be developed with due regard to its interlinkages with other issues, but also

translated into multilateral understandings as a basis for codes of conduct, contractual rules, or joint and concerted 'action by Governments. Some issues, particularly those of special interest to smaller and more vulnerable countries, may never be properly considered, while others may be only partially dealt with or reflected in multilateral agreements. The various obligations, codes of conduct and understandings developed in the existing institutions are not all equally effective, binding, enforceable or followed up in national legislation and policies. The evolution as well as the implementation of agreed understandings is necessarily fragmented because of the fragmented state of the institutional structure. For some issues, there are no effective international agreements or agreed rules; for example there is no multilateral framework for foreign direct investment. For others, existing international understandings have not evolved to reflect changes that have taken place in policy perceptions at the national level, or in the ways in which economic operators actually make decisions and effect transactions in the context of modernized corporate structures and globalized production processes.

45. Another challenge to the international trading system which has yet to be reflected in current institutional arrangements is that of ensuring the compatibility of trade policies with those for the protection of the global environment and the requirements of sustainable development. This requires a global consensus as to priorities and criteria which would counter the abuse of environmentally motivated measures for protectionist purposes, and provide a basis for any future modification of multilateral trade rules that might be required.

46. A reformed institutional framework for international trade should provide a firm political basis adequate for equitable multilateral economic co-operation. Smaller countries require effective international institutions, as well as agreed rules, to protect them against the possibility of unilateral and discriminatory action by larger trading partners. Larger entities share the same requirement, if only for the purpose of underpinning orderly economic interchange and discipline over divergent economic interests in the policy formulation process. The growing resort to unilateral decision-making and bilateralism hampers consensus-building. In the absence of consensus, negotiations of multilateral agreements on trade-related issues have tended to be marked by lack of transparency, bilateral bargaining, and the deployment of the economic weight of larger entities.

47. The evident increased confidence in the potential of the United Nations, and the signs of a revival of multilateralism, provide the international community with an unprecedented opportunity to take effective initiatives for the strengthening of international organizations dealing with multilateral trade. The universal recognition of the importance of an open trading system, and the wider acceptance of outward-looking market-oriented economic policies as a stimulus to trade and sustained economic development, underscore the timeliness of such an effort. The General Assembly and Economic and Social Council resolutions constitute a necessary starting point for the process of evolving the strong institutional arrangements required to deal with the trade and trade-related issues of the coming decade and beyond.

#### **D. Issues to be considered in strengthening institutional arrangements**

48. The strengthening of international organizations in the area of multilateral trade should be seen as an integral part of efforts to revitalize the central role of the United Nations in providing a stable economic basis for the maintenance of world peace and security, and for the effective pursuit of the objective of sustainable world economic development. As indicated above, the failure of the Havana Charter to enter into force led to a fragmentation of institutional structures dealing with trade and trade-related issues. The inclusion in the constituent instrument of UNCTAD (General Assembly resolution 1995 (XIX)) of a mandate as far back as 1964 to work towards the establishment of a comprehensive organization to deal with trade and with trade in relation to development suggests that the international community has long been concerned to remedy this shortcoming.

49. To be successful, efforts to strengthen international organizations in the area of multilateral trade must be adapted to the realities of the 1990s, which are the result of rapid political, economic and technological changes of the preceding decade. There is now virtually universal acceptance of the merits of an open, competitive and non-discriminatory international trading system. If such

a trading system is to provide a stimulus to the development process, good national and international economic management, adequate financial resources and secure and non-discriminatory access to markets among other things remain essential. However, these conditions are not sufficient to provide countries with the means of competing in an open trading system and thus to improve their position in the international division of labour. This would require that international organizations address a wider range of issues, including access to technology and to information, capital and labour flows, as well as competition law and the elimination of anti-competitive practices. In addition, there is the need to ensure that international trade does not result in an exacerbation of disparities in standards of living or in the marginalization of countries in the trading system and that trade policies and related development strategies conform to the global public interest in sustainable development.

50. Furthermore, not all countries will be able to derive effective benefit from a more competitive trading environment in the short or medium term. Many countries, particularly the least developed among them, are burdened with handicaps of a structural geographical or historical nature, and will require the assistance of the international community as a whole, if they are to participate effectively in the trading system.

51. The GATT, as a multilateral treaty, has served as the mechanism for the translation of the general principles of the international trading system into rights and obligations of a legal character as between and among contracting parties which bear directly on the formulation and conduct of national policies with respect to trade in goods. The Uruguay Round may well result in multilateral agreements in other areas, including intellectual property rights and trade in services (the latter aimed at a multilateral contractual framework for concessions in such diverse areas as labour movement and electronic data flows). This expectation has stimulated initiatives for possible new institutional arrangements to administer and implement these various instruments. The question that has arisen in this context, namely whether and to what extent the establishment of a common institutional framework would imply a link between the rights and obligations contained in those various instruments, is particularly relevant for future decisions to negotiate contractual multilateral agreements in other areas of trade and economic relations.

52. As experience has amply illustrated, problems are apt to arise if negotiations of contractual multilateral agreements are launched without the prior establishment of a firm international consensus as to objectives, and without *inter alia* a clear recognition of the specific problems and needs of countries, particularly the smaller and more vulnerable developing countries. One lesson of this experience is that any new institutional mechanism should embody sufficient flexibility in its functioning so that, as issues become ripe for the negotiation of contractual multilateral agreements, the relevant negotiations would not necessarily have to await global rounds of MTNs based on a perception of the need for an overall package deal. Moreover, in many cases the solution to the trade and trade-related development concerns of particular countries or groups of countries may lie in the adoption of specific, concerted policies and measures by the international community, rather than in longer-term negotiation of contractual agreements.

53. The international agenda for the 1990s includes a number of emerging issues which, while not yet ripe for negotiation of contractual agreements, demand urgent policy analysis, substantive multilateral dialogue, and the development of common perceptions. Some of these issues, such as those mentioned in paragraph 30 above, could lead to a review and enlargement of the principles of the trading system to adapt them to the current realities. While the basic principles of unconditional MFN treatment, access to markets and trade liberalization retain their validity, there may be need to consider specific principles concerning (i) the rights of all countries to compete in an open trading environment; (ii) the special cases of poor and vulnerable countries, which are unable to compete normally in the trading system and therefore require supportive international policies and actions; (iii) the relationship between trade and factor flows (investment, technology, labour movement); (iv) access to technology and information, safeguards against anti-competitive practices and related aspects of the activities of private operators; and (v) the protection of non-trade concerns related to trade, such as social security and global environment.

54. In addition, institutional reform aimed at strengthening international organizations in the area of multilateral trade would have to address several questions on which little consensus exists as yet, taking into account past experience, the revealed inadequacies of the present institutional structures, particularly in dealing with matters going beyond the traditional multilateral trade agenda, and the new political, economic and social realities of the 1990s. These questions include:



- (a) **Enabling the international community more effectively to set objectives with respect to international trade and development, within a framework designed to facilitate consideration of interrelated issues, including trade, finance and investment, technology, anti-competitive practices, information, access to networks and distribution channels, and services including labour migration, taking fully into account their implications for sustainable development;**
- (b) **Ensuring maximum transparency and the full participation of all countries in the international decision-making process and contributing to greater coherence in global economic policy-making, through the formulation of broad guidelines and effective co-ordination among relevant international organizations;**
- (c) **Providing a source of intellectual support and a forum for international consensus building in pursuance of those objectives, and thus providing a solid basis for decision-making;**
- (d) **Establishing processes for translating those objectives and emerging consensus into concerted action by member countries through the acceptance of general principles, programmes of action tailored to particular situations and the negotiation of contractual multilateral agreements;**
- (e) **Providing an improved mechanism for the administration of contractual multilateral agreements on trade in goods, agreements which may arise from the Uruguay Round on trade in services and trade-related intellectual property rights, and future agreements which may be negotiated (e.g. competition law, environment, investment, TNCs, technology, etc.);**
- (f) **Providing a framework for the implementation and surveillance of the principles, programmes and agreements mentioned in (d) above, and an independent mechanism for the reconciliation of different positions and conflicting interests in that regard, as well as for the systematic monitoring of trade policies and practices of individual countries or groups of countries and their impact on the functioning of the trading system;**
- (g) **Strengthening secretariat support capacities, including capacities for independent research and policy analysis, for initiatives and for the provision of technical assistance and expertise to enable smaller and more vulnerable countries effectively to take part in and advance their interests in consensus-building and negotiating processes;**
- (h) **Strengthening and streamlining mechanisms for mutual support, collaboration and co-ordination between programmes and agencies of the United Nations system, particularly to enhance the contribution of relevant specialized agencies and organs of the United Nations, including regional commissions, to the process of consensus-building, negotiation and implementation.**

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