

lay the basis for a decision to be taken at the Brussels Ministerial Meeting in December to create a world trade organization. Second, the establishment of such an organization should be part of the package for legislative approvals to implement the MTN agreements.

The specific elements of the Canadian institutional initiative are as follows:

1. Transparency/Surveillance

GATT rules and legal obligations are applied to private activities by legislation, regulations and policies enacted by governments. To be effective, these domestic trade laws and policies must be readily apparent and easily understood by the private sector.

Monitoring of domestic trade policies and practices is also important to ensure maximum adherence to internationally-agreed trade rules. Ministers should confirm the decision taken at Montreal to establish a Trade Policy Review Mechanism. This should become a permanent feature of the GATT system.

2. Dispute Settlement

Improvements were made to the GATT dispute settlement system at the Montreal Ministerial Meeting, but further improvements are required if it is to meet the challenges of the new trading environment.

Canada is putting forward an approach on dispute settlement that emphasizes the need to develop an effective and coherent system to eliminate the fragmentation of dispute settlement procedures within the GATT. A key element of the approach is the elimination of the possibility that a country could block the adoption of a panel report or refuse to implement panel conclusions. To achieve this the approach recommends the establishment of a panel review process and appeal procedures which do not now exist in the GATT.

To eliminate recourse to unilateral retaliatory actions, the Canadian approach also suggests specific multilateral procedures for implementation of decisions and for authorized sanctions where countries fail to comply with legal rulings.

3. World Trade Organization (WTO)

The large, expected results of the Uruguay Round negotiations cannot be effectively housed in the current provisional shelter that is the GATT. The post-Uruguay Round trade policy agenda will be complex and cannot be adequately managed within the confines of the existing GATT system.