

GATT DISPUTE SETTLEMENT SYSTEM

The GATT's dispute settlement mechanism is an important element in managing trade relations between countries. It has been used by many, including Canada, to help resolve problems, especially those resulting from one country believing that another was not living up to its international commitments in the GATT. While increasing use has been made of the GATT dispute settlement provisions in recent years, weaknesses of process and procedure, including access to the panel system and the speed and willingness of member countries to implement panel findings, have demonstrated the need to strengthen and streamline the system.

Ministers agreed in 1986, when they launched the current Uruguay Round at Punta del Este, that a stronger dispute settlement mechanism as part of a revitalized, modernized GATT would be a major objective of the negotiations. Reliable procedures, equally accessible to all Contracting Parties, are especially in the interest of the smaller and medium-sized Contracting Parties. Canada has traditionally been active in promoting improvements in this area. The larger trading entities also need a better system for different reasons -- because it helps them to resist protectionist forces at home and it helps them deal with trade frictions involving other large partners.

A dispute settlement mechanism can only be as effective as the rules that it is charged with administering. In fact, about one-half of the problem cases of the last few years have been related to agricultural trade and subsidies disputes. These are areas where the rules of the GATT are clearly inadequate and where the Uruguay Round will need to make real progress on substantive policy issues if dispute resolution is to be more effective in the future.

Further, the GATT's dispute avoidance procedures, involving notification and bilateral consultation procedures aimed at keeping pressure on disputants to reach mutually satisfactory solutions, will need to be utilized on a continuing basis to enhance the effectiveness of the GATT system. It is