

- a) to increase transparency of decision-making on trade policies, legislation, regulations and practices;
- b) to confirm the establishment of the Trade Policy Review Mechanism, and improve it.

## 2. Dispute Settlement

Effective dispute settlement is a central pillar of a well-functioning and credible multilateral trading system. Substantial results in the rule-making areas in the Uruguay Round combined with improvements to the dispute settlement system will strengthen the credibility of the GATT as the forum for the resolution of trade disputes and eliminate the need for any country to act unilaterally, outside the trading rules, to resolve trade disputes.

There is a need to ensure increased coherence and consolidation of dispute settlement procedures. The existing fragmentation of the GATT dispute settlement system due to the existence of a number of agreements, each with its own dispute settlement mechanism, has at times resulted in not all aspects of a complaint being addressed or in "forum shopping".

A key element relates to restructuring adoption procedures. Under existing procedures, panel reports are adopted by consensus, which can have the effect of allowing parties to the dispute to block adoption.

To deal with this problem the following approach could be considered. Countries could agree to provide for a review stage within the existing panel process (and within the existing time-limits for the panel process). This would ensure that a panel was fully informed of all relevant issues and concerns. The report would then be circulated to the contracting parties and forwarded to the Council (or other appropriate body) for consideration. The addition of the review stage, coupled with the improvements agreed at the Montreal Mid-term Review, should ensure that parties to the dispute will be in a position to accept the panel's findings at the first Council meeting at which the report is presented. In rare cases, where a party to the dispute considers (despite the review by the panel and consideration by the Council) that a report is fundamentally flawed, that party could refer the report to an appellate body. A decision of the appellate body would be final.

Another key element of this approach relates to the implementation of panel reports. The objective of the GATT dispute settlement system has consistently been to secure the removal of measures which are impairing benefits through a breach of the rules or otherwise. The existing procedures regarding implementation and the actions that may be taken in the absence of implementation, however, are vague. It is proposed that