

unfair or unreasonable trade practices. One reason for the increase in the threats of unilateral action is the perceived inability of the GATT, as it is now constituted, to deal with fundamental changes in trade. It is, therefore, important that the international trading system have an institutional framework which will provide countries with a credible, multilateral alternative to unilateral action.

c) Dispute Settlement

There has been a continuing significant increase in recourse to GATT dispute settlement procedures since the beginning of the Uruguay Round. The evolution of these procedures in the GATT, as well as the improvements agreed to at the Montreal Ministerial meeting, have made the system more effective. Major outstanding problems remain, however, with adoption and implementation of panel findings. The new trading system must provide a credible, integrated mechanism for the resolution of trade disputes.

d) Fragmentation of the Trading System

There are at present a very large number of bilateral, plurilateral (e.g. Codes) and multilateral trade agreements. Significant new agreements are under negotiation in the MTN, including in areas not previously covered by the GATT. The new trading system emerging from this Round must provide a global, flexible and realistic framework for ensuring that the central principles of non-discrimination, open and secure market access, transparency and effective dispute settlement will be strengthened and not weakened.

OPPORTUNITY

These changes in the international trading environment make even more significant the importance of achieving major, substantive results in the Uruguay Round. Without such results, there would be little point in significant institutional reform. A major result in all areas, on the other hand, will make it necessary to adopt measures that will facilitate the integration, overall management and stability of the multilateral trading system. This would include the establishment of an umbrella World Trade Organization (WTO).

Specific elements of a comprehensive institutional framework should include:

1. Transparency/Surveillance

To ensure greater domestic transparency in government decision-making and lay the necessary basis for facilitating the effective enforcement of trade agreements, governments should agree: