

## THE TRADE POLICY REVIEW MECHANISM

### MEDIA BACKGROUNDER

- The Trade Policy Review Mechanism (TPRM) was established on a provisional basis by the GATT Contracting Parties at the Uruguay Round mid-term review and came into effect on April 12, 1989. The TPRM is to be reviewed at the end of the year, in order to confirm and make any necessary improvements to the process.

- The TPRM's two objectives are:

- (a) to enhance transparency within the multilateral trading system by improving the GATT's ability to monitor and assess its members' trade policies; and,

- (b) to enhance the credibility of the GATT by improving its surveillance of the world trading system.

- By the end of 1990, the trade policies of the four major Contracting Parties (Canada, the U.S., the EC and Japan) will have been reviewed, as well as those of eight other countries. The schedule calls for 16 countries to be reviewed each year beginning in 1991. The Canadian review was held July 30, 1990.

- The GATT will review the four major countries every two years and the remaining top twenty countries once every four years. Other countries will be reviewed once every six years.

- The establishment of the Trade Policy Review Mechanism (TPRM) has significantly enhanced the ability of the GATT to ensure transparency by providing a means of comprehensively reviewing the trade policies of each contracting party. The effectiveness of the multilateral trading system is built upon the principle of transparency of trade policy measures maintained by governments. Until recently, the GATT has primarily relied upon a system of self-notification to fulfil this objective.

- The process followed to date for the reviews has involved the preparation of two reports, one by the country to be reviewed and one based in part by the GATT Secretariat based on a visit by Secretariat officials to the country in question. Copies of the Canadian reports are being provided by the GATT Secretariat to the press on request, and will be published by the Secretariat for public consumption in the near future.