

PREPARATIONS FOR THE 1999 MINISTERIAL CONFERENCE

Agreement on Trade-Related Investment Measures

Communication from Mexico

The following communication, dated 1 October 1999, has been received from the Permanent Mission of Mexico.

Introduction

1. The Agreement on Trade-Related Investment Measures regulates the application of the TRIMs that are considered to be incompatible with Articles III (National Treatment) and XI (General Elimination of Quantitative Restrictions) of the GATT 1994. The TRIMs considered to be incompatible with those provisions are set out in an Illustrative List attached to the Agreement.
2. The Agreement on TRIMs established different transitional periods for maintaining certain TRIMs and deciding on their dismantling, provided that they have been notified to the Committee on TRIMs. The transitional periods originally established were of five years as from the entry into force of the WTO for developing countries and seven years for the least developed countries.
3. When the Agreement on TRIMs was negotiated, many doubts were raised as to whether the established transitional periods were sufficient, both for practical reasons as well as for reasons of balance and equity with regard to other WTO Agreements in which developed countries insisted on and obtained transitional periods in their interests of up to ten years.
4. From a practical standpoint, when the Agreement on TRIMs was being negotiated, there was no guarantee that the original transitional periods would be enough for carrying out the structural adjustments that would enable developing countries, including the least developed, to eliminate the use of the TRIMs notified to the Committee, without thereby causing developmental dislocations and problems in sensitive areas of their economy.
5. Hence, unlike other agreements, the Agreement on TRIMs clearly and explicitly made provision for:
 - (a) The right to request that the Council for Trade in Goods prolong the transitional period initially envisaged (see Article 5.3 of the Agreement), and

- (b) The review of the Agreement based on experience, leaving open the possibility of proposing amendments to any of its provisions (see Article 9).

6. In the preparatory work for the Third Ministerial Conference a large number of developing countries have spoken out in favour of a review of the substance of the Agreement on TRIMs, including its transitional periods, and a number of developing countries have expressed their interest in extending their TRIMs.

7. In the light of the foregoing, Mexico believes that rather than having to agree on the way of going about granting the extensions envisaged in Article 5.3 of the Agreement and determining how those extensions would relate to the review envisaged in Article 9 of that same Agreement, it would be best for the Ministerial Conference to decide to extend the original transitional periods by a further five years.

Proposal

8. Mexico proposes that the Ministerial Declaration of Seattle should include the following decision:

Ministers agree that the original transitional periods for all the TRIMs which were notified to the Committee on TRIMs and are still in force will be automatically extended for a further period of five years as from 1 January 2000.
