

# WORLD TRADE ORGANIZATION

G/L/133

1 November 1996

(96-4621)

## Committee on Trade-Related Investment Measures

### REPORT (1996) OF THE COMMITTEE ON TRADE-RELATED INVESTMENT MEASURES

#### I. General

1. This Report is submitted pursuant to Article 7.3 of the Agreement on Trade-Related Investment Measures, which requires the Committee on Trade-Related Investment Measures to report annually to the Council for Trade in Goods. The Report covers the period November 1995-October 1996 but in view of the Singapore Ministerial Conference it also contains references to work of the Committee in 1995.

2. Since the period covered by its previous annual report<sup>1</sup>, the Committee held formal meetings on 18 March, 30 September and 1 November 1996 under the Chairmanship of Mr. Vassili Notis (Greece). The minutes of these meetings have been circulated in documents G/TRIMS/M/4 and 5. Meetings of the Committee were open to all WTO Members. In addition, governments with observer status in the WTO have been invited to attend the meetings of the Committee. Pursuant to interim procedures agreed upon by the General Council in April 1995 regarding the participation of international intergovernmental organizations in meetings of WTO bodies, representatives of IMF, OECD, UN, UNCTAD and the World Bank have also attended the meetings of the Committee as observers.

#### II. Implementation

3. The work of the Committee in 1995 and 1996 has centred on the implementation of the notification and transition arrangements provided for in Article 5 of the Agreement on Trade-Related Investment Measures with regard to existing trade-related investment measures ("TRIMs") that are inconsistent with the Agreement. Article 5.1 requires Members to notify any TRIM inconsistent with the Agreement within 90 days after the entry into force of the WTO Agreement. Article 5.2 gives the benefit of a transition period for the elimination of measures notified under Article 5.1.

4. In March 1995, the Committee endorsed a standard format for notifications under Article 5.<sup>1</sup><sup>2</sup> and submitted to the General Council through the Council for Trade in Goods a recommendation in regard to the operation of the deadline for notifications under Article 5.1 in case of countries eligible to become original WTO Members that accepted the WTO Agreement after 1 January 1995. This recommendation, adopted by the General Council at its meeting on 3 April 1995, provides that such governments shall have a period of 90 days after the date of their acceptance of the WTO Agreement to make the notifications foreseen in Article 5.1 but that the period for the elimination of TRIMs notified

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<sup>1</sup>G/L/37

<sup>2</sup>G/TRIMS/1

under Article 5.1 continues to be governed by reference to the date of entry into force of the WTO Agreement itself.<sup>3</sup>

5. The Committee has received notifications of measures under Article 5.1 from Argentina, Barbados, Chile, Colombia, Costa Rica, Cuba, Cyprus, the Dominican Republic, Ecuador, Egypt, Indonesia, India, Mexico, Malaysia, Nigeria, Pakistan, Peru, Philippines, Poland, Romania, Thailand, Uruguay, Venezuela and South Africa.<sup>4</sup> In the case of some Members, notifications were submitted later than the 90-day period foreseen for them. While there is no obligation to do so, some Members notified the Committee that they did not apply any TRIM inconsistent with the Agreement.<sup>5</sup>

6. With respect to certain notifications, some delegations have sought clarification or additional information of a factual nature, including with respect to plans for the phase-out and elimination of notified measures. In addition, a number of issues have been raised at meetings of the Committee in respect of notified measures as well as certain other measures; in many cases divergent views were expressed, including in relation to concerns about certain measures in the automotive and agricultural sectors. The issues raised included:

- (1) the timing of notifications in relation to the provisions of Article 5.1;
- (2) the adequacy of information provided in notifications;
- (3) the recent introduction or modification of certain measures in relation to the provisions of Articles 2 and 5.4; and
- (4) the relationship of the provisions of the Agreement to those of other WTO Agreements, including the Agreement on Subsidies and Countervailing Measures and the Agreement on Agriculture.

Some delegations have expressed the view that these issues reflect problems of implementation of the Agreement, while others have indicated that they did not share this assessment. The Committee has been informed that proceedings have been initiated under the Dispute Settlement Understanding in 1996 in relation to measures of three Members referring, *inter alia*, to the TRIMs Agreement as reflected in G/TRIMS/4 and G/TRIMS/D/1-5. Details regarding these proceedings can be found in items 27, 51, 52, 54, 55 and 59 of Section I of the Annex to the report of the Dispute Settlement Body (WT/DSB/8).

7. Notifications under Article 5.1 circulated in 1995 have been derestricted as of 28 May 1996. Following the decision taken by the General Council on 18 July 1996 on derestriction and circulation of WTO documents, documents containing notifications submitted under Articles 5.1, 5.5. and 6.2 will be issued unrestricted, provided that pursuant to paragraph (g) of the Appendix to that decision Members may at the time of the submission of a document indicate to the Secretariat that the document should be issued as restricted.

8. The Committee adopted a standard format for notifications under Article 5.5, which deals with the conditions under which during the transition periods stipulated in Article 5.2 Members may apply

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<sup>3</sup>WT/L/64

<sup>4</sup>See Annex 1.

<sup>5</sup>See Annex 2.

TRIMs notified under Article 5.1 to new investments.<sup>6</sup> The Committee also adopted a proposal for implementation of Article 6.2, which provides for notification to the Secretariat of publications in which information on TRIMs can be found.<sup>7</sup>

### **III. Built-In Agenda**

9. Article 9 of the TRIMs Agreement provides that not later than five years after the entry into force of the WTO Agreement, the Council for Trade in Goods shall review the operation of the TRIMs Agreement and, as appropriate, propose amendments to its text. In the course of this review, the Council shall consider whether the Agreement needs to be complemented with provisions on investment policy and competition policy. Some Members have drawn attention to the importance of work pursuant to this mandate.

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<sup>6</sup>G/TRIMS/3

<sup>7</sup>G/TRIMS/5

ANNEX 1

NOTIFICATIONS RECEIVED UNDER ARTICLE 5.1 OF THE AGREEMENT  
ON TRADE-RELATED INVESTMENT MEASURES

<u>Member</u>	<u>Document Symbol</u>	<u>Date of Communication</u>
Argentina	G/TRIMS/N/1/ARG/1	30 March 1995
Barbados	G/TRIMS/N/1/BRB/1	31 March 1995
Chile	G/TRIMS/N/1/CHL/1	14 December 1995
Colombia	G/TRIMS/N/1/COL/1	31 March 1995
Colombia	G/TRIMS/N/1/COL/Add.1	4 June 1995
Colombia	G/TRIMS/N/1/COL/2	31 July 1995
Costa Rica	G/TRIMS/N/1/CRI/1	30 March 1995
Cuba	G/TRIMS/N/1/CUB/1	18 July 1995
Cyprus	G/TRIMS/N/1/CYP/1	29 June 1995
Cyprus	G/TRIMS/N/1/CYP/2	30 October 1995
Dominican Republic	G/TRIMS/N/1/DOM/1	26 April 1995
Egypt	G/TRIMS/N/1/EGY/1	29 September 1995
Ecuador	G/TRIMS/N/1/ECU/1	20 March 1996
Indonesia	G/TRIMS/N/1/IDN/1 <sup>8</sup>	23 May 1995
India	G/TRIMS/N/1/IND/1	31 March 1995
India	G/TRIMS/N/1/IND/1/Add. 1	22 December 1995
India	G/TRIMS/N/1/IND/1/Add. 1/Corr. 1	18 March 1996
India	G/TRIMS/N/1/IND/1/Add.2	11 April 1996
Mexico	G/TRIMS/N/1/MEX/1	31 March 1995

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<sup>8</sup>In a communication dated 28 October 1996 the Permanent Mission of Indonesia advised the Committee that Indonesia was withdrawing the portion of the notification made on 23 May 1995 which concerned motor vehicles.

<u><b>Member</b></u>	<u><b>Document Symbol</b></u>	<u><b>Date of Communication</b></u>
Mexico	G/TRIMS/N/1/MEX/1/Rev.1 <sup>9</sup>	31 March 1995
Malaysia	G/TRIMS/N/1/MYS/1	31 March 1995
Malaysia	G/TRIMS/N/1/MYS/1/Rev.1	14 March 1996
Nigeria	G/TRIMS/N/1/NGA/1	17 July 1996
Pakistan	G/TRIMS/N/1/PAK/1	30 March 1995
Peru	G/TRIMS/N/1/PER/1	30 March 1995
Philippines	G/TRIMS/N/1/PHL/1	31 March 1995
Poland	G/TRIMS/N/1/POL/1	28 September 1995
Romania	G/TRIMS/N/1/ROM/1	31 March 1995
Thailand	G/TRIMS/N/1/THA/1	30 March 1995
Uruguay	G/TRIMS/N/1/URY/1	31 March 1995
Uruguay	G/TRIMS/N/1/URY/1/Add.1	30 August 1995
Venezuela	G/TRIMS/N/1/VEN/1	31 March 1995
South Africa	G/TRIMS/N/1/ZAF/1	19 April 1995

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<sup>9</sup>English only

ANNEX 2

NOTIFICATIONS INDICATING THAT NO TRIMS INCONSISTENT WITH THE  
AGREEMENT ON TRADE-RELATED INVESTMENT MEASURES  
ARE MAINTAINED

<u>Member</u>	<u>Document Symbol</u>	<u>Date of Communication</u>
Switzerland	G/TRIMS/N/1/CHE/1	8 August 1995
Israel	G/TRIMS/N/1/ISR/1	24 October 1996
Honduras	G/TRIMS/N/1/HND/1	7 July 1995
Saint Lucia	G/TRIMS/N/1/LCA/1	14 February 1996
Mauritius	G/TRIMS/N/1/MUS/1	27 March 1995
Nicaragua	G/TRIMS/N/1/NIC/1	18 July 1996
Singapore	G/TRIMS/N/1/SGP/1	9 October 1996
Slovenia	G/TRIMS/N/1/SVN/1	27 March 1995
Trinidad & Tobago	G/TRIMS/N/1/TTO/1	1 April 1996
Zambia	G/TRIMS/N/1/ZMB/1	13 April 1995