CHAPTER 17

ECONOMIC RELATIONS

17.1 Introduction

International economic law has tended to be marginalised in general works in English on public international law.[1] Clearly, any discussion of the law of the sea will need to consider the economic aspects of the management of the sea's resources and discussion of state responsibility will usually consider the issue of expropriation of foreign-owned property. But it is rare to find a chapter devoted solely to economic law. This is not to say it is not a valid subject of study nor should it be taken to suggest that there is no coherent body of international economic law. On the contrary, any effective legal system needs to provide some framework for the conduct of economic relations. If, as was suggested in Chapter 6, the majority of wars have had as their cause a dispute over territory, the desire to acquire territory has usually had an economic motive. With the realisation that the world's physical resources are not infinite there has developed a need for the existence of rules governing the exploitation and trade in such resources and the products of such resources. The attempts made by international law to conserve and manage the world's natural resources will be discussed in Chapter 18. This chapter will consider the rules of international law which pertain to trade and development. It will not refer to developments that have occurred within the European Union which can be studied in the textbooks of European law.

The rules regulating economic relations are of comparatively recent origin. During the 19th century most states operated a *laissez faire* policy towards their internal economies and accordingly there was little, if any, control of commercial and financial transactions involving foreigners. Such controls as existed were contained in provisions of municipal law and were largely confined to customs and import restrictions. A major impetus for change came with the emergence of the USSR in 1917 and its adoption of economic policies based on the state ownership of the means of production. Implementation of such policies involved the expropriation of foreign-owned property and at the Brussels Conference on Russia in 1921 a resolution was passed which stated that:

> The forcible expropriations and nationalisations without compensation or remuneration of property in which foreigners are interested is totally at variance with the practice of civilised states. Where such expropriation has taken place, a claim arises for compensation against the government of the country.

The current position regarding expropriation of foreign-owned property is discussed at 17.6.

An important aspect of international economic law is the emphasis placed on the need for free trade. During the 19th century many states had swung

1 This is not true of studies carried out in states other than Britain. The difference in approach may partly be explained by the fact that there is no real tradition within English law of studying economic law as a separate and independent subject.

between policies of free trade and polices of protectionism depending upon estimations of the relative strength of their own economies. Following the end of World War Two, with many economies in ruins, the USA saw the opportunity to expand its own economy by foreign investment. Such foreign investment undoubtedly helped in the recovery of local economies but to facilitate such investment it was necessary to keep trade barriers to a minimum. The international community also accepted the importance of international monetary stability. It was widely recognised that the extremely high inflation in Germany during the late 1920s and early 1930s had been one of the contributory factors in Hitler's rise to power. To assist in the maintenance of currency stability and the encouragement of free trade three international institutions were established. In July 1944 an international conference was held at Bretton Woods in the USA at which was established the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD). In 1947, 53 states met in Cuba and adopted the Havana Charter 1947 which established the International Trade Organisation (ITO). However the Charter was not signed by the USA and the ITO did not come into existence. Instead as a temporary measure the General Agreement on Tariffs and Trade 1947 (GATT) was signed. The role of the three institutions is discussed at 17.3 and 17.4.

The emergence of a large number of new independent states during the 1950s and 1960s resulted in new problems for international economic law. In particular, the new states argued for the recognition of a right to economic development which was not always compatible with the rules established through the work of the IMF, World Bank and GATT. Further, the principle of free trade conflicted with the new states desire to protect their own fledgling economies. In addition a number of the new states had strong reservations about foreign companies having control of important local industries and therefore adopted policies involving expropriation. In 1964 the first UN Conference on Trade and Development (UNCTAD) was attended by the overwhelming majority of states. The conference adopted a number of resolutions which set down guiding principles which should govern the law relating to economic development. The General Assembly subsequently established UNCTAD as one of its permanent institutions with a secretariat and executive body (the Trade and Development Board). The conference has met on a regular basis since then. The international law of development is discussed at 17.5.

17.1.1 The nature of international economic law and its definition

Perhaps more than is the case with other areas of international law, the definition of what should be included in the study of international economic law is itself problematic. It is heavily influenced by the role that is perceived for international law and, in a wider context, the role of states themselves:

> Let usa see how public international lawyers define their subject. Some definition is particularly essential to the English lawyer before embarking on the subject's study because he enjoys no background familiarity from national law with concepts of economic law.

Definitions fall into three groups; they may be determined by the source of legal authority, the content of the subject or the objective to be achieved. Once again, it must be borne in mind that the subject is under constant change; change in the international economy itself, and in the regulatory mechanisms adopted to deal with it. Definitions will inevitably alter to accommodate these changing facts.

A Source of legal authority

Writers who adopt a definition on the origin of the rules governing the topic include Schwarzenberger, Carreau, Juillard, Flory, VerLoren van Thermat, and Seidl-Hohenveldern. For them international economic law is defined as public international rules for international economic relations. VerLoren van Thermat speaks of 'the total range of norms (directly or indirectly based on treaties) of public international law with regard to transnational economic transactions'.

B Content of subject

The second group defines by reference to the content of the subject. Petersmann speaks for writers supporting this method, contrasting 'the international law of the economy' of the first method with his own preferred definition of 'the law of the international economy', 'a functional unity of the private, national and international regulations of the world economy' and consequently including private law, state law and public international law. Schwarzenberger offered, as early as 1966, a definition spanning both these methods:[2]

International economic law is the branch of public international law which is concerned with:

(i) ownership and exploitation of natural resources;

(ii) production and distribution of goods;

(iii) invisible international transactions of an economic and financial nature, currency and finance, related services;

(iv) status and organisation of those engaged in such activities.

Zamora also adopts a list approach: '... the main subject is international trade in goods and services, international financial transactions and monetary affairs, foreign investment.'[3]

Any definition on a list basis, however, can be criticised as open-ended, quickly becoming out of date and hence requiring continual additions.

C Objective

The third group, that of the objective to be achieved, is best illustrated by proponents of the New International Economic Order who see the topic as one of regulation of the international economic order to give a proper place to Third World developing states. Flory equates international economic law with '*le droit du dévelopement*', the law of development, which, as Peller phrases, concerns the third stage of the three Ds: after decolonisation and (self-) determination of Third World states the law of development will enable these states to attain economic equality with Western industrialised states.

The economic advancement of developing states is not, however, the sole goal pursued by adherents of international economic law. Some see it as a mechanism

2 G Schwarzenberger, 'The Principles and Standards of International Economic Law' (1966-I) *Hague Recueil*.

3 S Zamora, 'Is There Customary International Economic Law?' (1990) 32 *German Yearbook of International Law* 9 at p 1.

to curb the domestic protectionism of their own states, the long-term interests of which, in their view, lie in liberalisation of world trade. Others emphasise the accountability of both state and international organisations in the management of world economy to the individual and the private trader and seek to develop procedures to protect the latter's interests. Yet another school of thought would emphasise the shared use of resources for the common good; the concept of the common heritage applied to outer space and the deep sea bed, the moratorium on minerals exploitation in Antarctica, the protection of the environment by restriction of economies to sustainable growth – all these concerns would be brought within the scope of international economic law.

D Characteristics of international economic law

What are the characteristics of international economic law which these definitions seek to capture? Prosper Weil, in a well-argued paper, identified the original features of the subject. He wrote that it employed novel techniques of fact collection, monitoring of state conduct, and consultation; it abandoned the principle of equality of states in order to reflect the divergent weight which the economic policies of countries have on world development; rules of the GATT and regional economic free trade areas were applied with flexibility, hedged with safeguards and exceptions with their content expressed in vague, temporary and constantly modified terms; dispute settlement by third party adjudication was seen as too adversarial, rigid and slow to be resorted to – a convergence of viewpoints rather than a clarification of legal rights or a crystallisation of a rule, was sought. These features – lack of certainty, of formality or precision, impermanence of any general rule, absence of judicial sanctions – did not, however, in his view, entitle international economic law to qualify as an independent branch of law. They were more the marks of an immature legal system; and he explained them as due to a lack of cohesiveness in the international community which it was sought to regulate, inability to control or fully understand the economic factors at work resulting in consequent weakness in the community's sanctions, and non-justiciability of its rules.

V SOURCES OF INTERNATIONAL ECONOMIC LAW

Bearing these strictures in mind, let usa look at the definitions to see how they draw the boundaries of the subject and what source material they rely upon. All the definitions have to deal with the problems which the peculiar characteristics of the subject gave rise to. They can be dealt with by reference to the three elements which the title of the subject includes.

A International

1 States and international organisations

Under 'international' we need to know who are the actors or subjects of this branch of law. Writers who define the subject by source of authority would reply states and international organisations. The study is consequently concerned with their acts, the agreements of states and the constitutions establishing international economic institutions. Source material will, therefore, include international agreements, universal, regional and bilateral: universal agreements include the General Agreement on Tariffs and Trade, international commodity agreements, regional agreements include the European Free Trade Area (EFTA), the Canada-USA Free Trade Area, ASEAN, ANDEAN and other agreements relevant to Central and South America and the Caribbean. (The decision to include these other regional arrangements may turn on whether the criterion is comprehensive coverage of attempts at economic co-operation or the

effectiveness of that co-operation). Bilateral agreements would include treaties of friendship, navigation and commerce, investment protection treaties and lump sum agreements settling inter-state claims. There will be some overlap with the constitutions of international economic institutions; the universal group of these will include the articles of association of the IMF, of the World Bank and its ancillary bodies, the International Development Association (IDA), the International Finance Corporation (IFC), the Centre for Settlement of Investment Disputes (ICSID), the Bank for International Settlements (BIS); among the regional constitutions would be those relating to the Organisation for Economic Co-operation (OECD), and to the European Economic Community (EEC). A further category of functional arrangements might include on a world basis UN specialised agencies such as the Food and Agriculture Organisation (FAO) and ILO, the International Atomic Energy Agency (IAEA) and the World Intellectual Property Organisation (WIPO).

If we add to this body of international agreements secondary material relating to acts of states implementing the agreements or decisions of the financial institutions, and thus include the GATT codes, the Multifibre Arrangement, decisions of IMF relating to conditionality, the extended fund facility and general agreements to borrow, we will find that we have already a considerable corpus of material to study.

2 Other actors

But supporters of the other types of definition would extend the range of materials. Petersmann, for instance, sees one of the purposes of international economic regulation as the reduction of the unilateral power of the state to control trade matters. He would extend the study to other actors who have an impact on the international economy such as multinational corporations, agencies or sub-units of governments working together, such as the Committee of Central Bankers, the Basel-Mulhouse Airport project, non-governmental organisations such as ICC and IUCN. In doing so he would extend the scope of the materials, particularly in the field of foreign investment; thus documents relating to the conduct of transnational enterprises such as the ICC Guidelines for International Investment 1972, the ILO Tripartite Declaration of Principles relating to Multinational Enterprises and Social Policy 1977, the OECD Declaration on International Enterprises and Multinational Enterprises 1976, the UN ECOSOC Draft Code of Conduct on Multinational Corporations 1987, would all become relevant. Statements of intent in communiqués of political groupings such as G7 (Canada, France, Germany, Italy, Japan, UK and USA) would also be included.

3 Objectives of international law

Supporters of a policy-orientated definition would extend the material even further. Those who see international economic law in terms of a law of development would include UN General Assembly Resolutions such as Resolution 1803 (XVII) on Permanent Sovereignty over Natural Resources, the 1974 Declaration on the Establishment of a New International Economic Order, and the Charter of Economic Rights and Duties of States, the documentation relating to the regional and functional commissions of ECOSOC, UNCTAD's establishment in 1964 and work relating to commodities, UNCITRAL's programme from 1966 for the unification of the law of international trade. Not all collections of documents of international economic law include such material. For instance such documentation is notably absent from the American Society of International Law's database of basic materials set up by its interest group in international economic law. It is presumably excluded on the ground that it is

policy not law. Its inclusion requires a consideration of the second element 'law' in the subject of our study.

B Law

1 Treaty

International lawyers are already familiar with the distinction between 'hard' and 'soft' law, and the distinction needs to be examined in relation to international economic law. International agreements between states are clearly recognised as a source of law in Article 38 of the ICJ Statute; decisions of international organisations are not specifically mentioned; some derive their legal force expressly from their member states' agreements, others may be treated as evidence of state practice and hence evidence of custom or as themselves constituting international customary law.

2 Custom

International custom is not frequently invoked as a source of international economic law, it being widely accepted that this subject today remains largely treaty-based. The international law of expropriation is perhaps one instance of customary economic law.

3 Soft law

Recommendations of the UN General Assembly and other international organisations, guidelines and programmes for action vary in their authority. Some may rank as declaratory or interpretative of existing law; others' persuasive force will depend on the content, the wording of the text, the voting pattern by which they are adopted, subsequent repetition and practice of states and use by other international agencies – for example, the ICJ's use of the UN General Assembly Resolutions to interpret the UN Charter in the *Nicaragua v United States of America (Merits)* case lent the authority of that tribunal to those resolutions.[4] Lawyers engaged in the study of international economic law will need to assess their sources, to be aware that much may be models, optional standards, or tentative drafts of emerging law rather than crystallised law. They should keep in mind Sir Hersch Lauterpacht's words in the *Voting Procedure* case:

> The state ... while not bound to accept the recommendations is bound to give it due consideration. If ... it disregards it, it is bound to explain its reasons.[5]

4 Private and public law

We also need to understand what is meant by an international transaction. Does it cover any commercial act which takes place across frontiers? The Third restatement of the Foreign Relations of the United States seems to be of that view, declaring the law of international economic relations to cover 'all the international law and international agreements governing economic transactions that cross state boundaries or that otherwise have implications for more than one state'. There is a division of opinion among teachers and writers whether transnational private law transactions are to be totally excluded. On one view they do not involve international actors; they relate to bilateral commercial matters between private traders adjudicated by private law courts and even where the rules are internationally harmonised by treaty they remain of private law character to be applied by national courts with, in some exceptional cases,

4 [1986] *ICJ Rep* 14 at p 99–100.

5 Voting Procedures in Questions relating to reports and petitions concerning the territory of SW Afric [1955] *ICJ Rep* 67 at p 12.

the possibility of an appeal to a regional court to provide a uniform ruling. On this view national commercial laws relating to sale, supply and transport of goods and the financing of foreign sales, and the private international law rules governing such transactions are to be excluded as also is any *lex mercatoria* or customary rules followed by merchants or any international harmonisation of such substantive rules such as the UN Uniform International Sales Convention, or international harmonised private international law rules such as the Hague Conventions on Service Abroad of Judicial Documents and on Taking Evidence Abroad and international enforcement rules such as the New York Convention on the Recognition of Foreign Arbitral Awards and the Brussels Convention on Jurisdiction and Judgments 1982. On another view, which is the view frequently adopted in USA law courses on international trade and that followed in the database of basic documents set up by the ASIL interest group in international economic law, documents governing private law commercial transactions, international litigation and arbitration are relevant to the subject. This view approximates to that noted above as the English viewpoint which considers that if the rules governing transnational operation of these private law transactions are properly drawn, the unrestricted pursuit of these transactions will be the best means to achieve international economic prosperity.

C Economic

However, to reduce the subject to manageable proportions for study, both in relating to the private law of international trade and to other branches of international law, we must remind ourselves of the third element in its title, 'economic'. Its inclusion does not require the fashioning of legal concepts to implement the latest economic theory, planned, mixed, privatised, federal, corporatist, or whatever. (Lawyers should follow Dean Collard's advice and beware of basic concepts, whether economic, mathematical or physical and confine their attention to the consequences of their application.) But it does mean that the subject is concerned with the direct legal regulation of the economy by international means. Indirect means through private law transactions or through other branches of international law which protect or balance economic interests of states as in the law of the sea, of the air, of neutrality, or as in international environmental law are therefore to be excluded.

VI CONCLUSION

To sum up, international economic law may be defined as the law of regulation of the economy by states, international organisations and other international means. Its sources are primarily the treaties and constitutions of international economic institutions which have been referred to in the preceding pages and the consequential decisions and acts implementing the objectives of these treaties and constitutions. The extent to which other material is studied will depend on its classification as a source of law, on the type of definition applied to the subject, and above all, on its suitability for legal analysis and development of legal concepts. The student should never forget his role as a lawyer in handling such material.

As a conclusion ... let me offer some suggestions as to the areas which the subject may cover.

First, the identification, examination and testing by reference to the materials identified in the preceding pages of the fundamental assumptions on which the law must be based. Those assumptions will surely include economic sovereignty and mutual interdependence. The core of the problem lies in striking a balance

between these two principles and in applying them in a uniform and fair way to the very different economic situations of large and small states, developed and developing, North and South. Account must also be taken of the position of the private individual or enterprise. This may call for recognition of freedoms of economic action exercisable by all and of internationally derived prohibitions to enforce such freedoms. Part of this enquiry will go to the extent to which such freedoms are to be vested in the state or directly in private enterprises and individuals, thereby bypassing the state.

Second, the subject must cover the manner in which the economic mechanisms and international economic institutions regulate the use of natural resources and investment. This may call for a comparative analysis of the major international economic institutions, their objectives, structure, the form and content of the legal means which they use, their co-ordination of action and resolution of disputes internally with member states, and externally with non-member states and other international institutions.

Finally, the subject will concern itself with the identification of legal values (often longer-term rather than transient economic targets) which should control the exercise of economic regulatory powers; such legal values include proper notification, record-keeping and transparency of any action taken, observance of jurisdictional limits, non-retroactivity, proportionality, equity, the recognition of the individual's right or reasonable expectations relating to the action regulated. The agenda is a lengthy one, but one which by reason of its application of legal techniques to a novel and uncharted territory offers a rewarding challenge to international lawyers entering the 21st century.[6]

17.2 The sources of international economic law

The international law governing economic relations differs from many other areas of law in that customary rules play a far more limited role. Although the majority of states may practise a capitalist form of economics and, in varying degrees, support the idea of a free market and free trade, there are a number of states that vehemently oppose such views. Even among the capitalist states there can exist considerable differences of view as to the rules that should be imposed. The bulk of the rules are contained in bilateral agreements made between states to regulate such things as import and export trade, shipping, foreign investment and banking. Many of these bilateral treaties display common characteristics but their nature has not given rise to a body of state practice and *opinio juris* sufficient to create binding customary rules. There are also a number of important multilateral treaties, for example, the Articles of Agreement of the International Monetary Fund 1944, the General Agreement on Tariffs and Trade 1947 and the various international commodity agreements. A third category of treaties relevant to the international economy would include those treaties which establish a regional body with powers relating to the economy, the best known example being the Treaty of Rome 1957.

In addition to treaty law there is an ever-growing body of resolutions and declarations which, while not constituting formal sources of law, do have an

6 Hazel Fox, 'The Defintion and Sources of International Economic Law', in Hazel Fox (ed), *International Economic Law and Developing States*, 1992, London: British Institute of International and Comparative Law.

enormous impact on the economic behaviour of states. The importance of such resolutions has led to arguments that they should be considered to constitute a body of quasi-law, not binding in themselves but representing a firm plan for future legal developments. Such quasi-law is generally referred to as soft law. Among the resolutions which are claimed as soft law are the UN General Assembly's Declaration on the Establishment of a New International Economic Order 1974 and the Charter of Economic Rights and Duties of States 1974. Additionally the declarations of institutions such as the Organisation for Economic Co-operation and Development (OECD) have an important role to play in the development of the law. The Organisation for European Economic Co-operation (OEEC) was established in 1948 to help implement the Marshall aid plan for European economic recovery and to provide a forum for the harmonisation of economic policies and the exchange of information and operates through the holding of regular meetings of government ministers. In 1961 the European members of OEEC were joined by the USA, Canada and Japan and the OECD was created.

17.3 Free trade and the WTO

The emergence at the end of World War Two of the USA as the world's most economically powerful state had the consequence that there was enormous pressure on international law to adopt and reflect principles of capitalist economics. Since USA economists stressed the need for a free market at home it is not surprising that free trade should become the guiding principle for the international economy. Until 1995 the institution principally charged with the development and encouragement of free trade was GATT. In fact, as has already been indicated, GATT was not created as an international organisation and it was only agreed after the failure to establish an International Trade Organisation. The abbreviation GATT is used in two senses: to indicate the actual treaty which was drafted in 1947, and to indicate the Geneva based institution which administers the agreement. In the latter sense GATT is hard to distinguish from an international organisation, although it is one without a separate international legal personality of its own. Over 100 states are now contracting parties to the agreement and their combined trade represents 80% of total world trade. The agreement provides a framework for developing international trade rules and sets down certain fundamental principles. Instead, GATT established a framework for discussion and set down a number of important guiding principles. The work of GATT is overseen by the GATT Council and there exists a procedure for settling trade disputes between states and the possibility of imposing sanctions on those state parties who do not abide by GATT rules. The agreement contains six principal obligations:

- commitment to most-favoured-nation trade;
- reduction of tariff barriers;
- non-discrimination between imported and domestic goods;
- elimination of import quotas;
- anti-dumping;
- restriction on export subsidies.

Most of the significant work of GATT has been achieved at the regular and sometimes protracted negotiations that are held between the parties to the agreement. In December 1993 the most recent such negotiation, the Uruguay Round, was concluded. The Uruguay Round achieved a number of important breakthroughs in the development of international law. The GATT rules were extended to several new areas of trade including agriculture, film and broadcasting and intellectual property rights. In addition, it was agreed to extend the life of the Multifibre Agreement (MFA) which regulates certain aspects of the international trade in textiles and clothing. Significantly the 117 participants at the concluding session agreed to establish the World Trade Organisation (WTO) as a true international organisation with a General Council and bi-annual ministerial meetings. The main functions of the WTO are:

- administering and implementing the multilateral and plurilateral trade agreements which together make up the WTO;
- acting as a forum for multilateral trade negotiations;
- seeking to resolve trade disputes;
- overseeing national trade policies; and
- co-operating with other international institutions in global economic policy-making.

The highest authority of the WTO is the Ministerial Conference which meets every two years – most recently in Singapore in December 1996. The day-to-day work of the WTO is carried out by the General Council which also convenes as the Dispute Settlement Body and the Trade Policy Review Body. The General Council delegates responsibility to three other major bodies – the Council for Trade in Goods; the Council for Trade in Services; and the Council for Trade-related Aspects of intellectual Property Rights. In addition there are three other bodies which report to the General Council: the Committee on Trade and Development, the Committee on Balance of Payments and the Committee on Budget, Finance and Administration.

THE WTO AGREEMENT

Marrakesh agreement establishing the World Trade Organisation 15 April 1994

The Parties to this Agreement,

Recognising that their relations in the field of trade and economic endeavour should be conducted with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, and expanding the production of and trade in goods and services, while allowing for the optimal use of the world's resources in accordance with the objective of sustainable development, seeking both to protect and preserve the environment and to enhance the means for doing so in a manner consistent with their respective needs and concerns at different levels of economic development,

Recognising further that there is need for positive efforts designed to ensure that developing countries, and especially the least developed among them, secure a share in the growth in international trade commensurate with the needs of their economic development,

Being desirous of contributing to these objectives by entering into reciprocal and mutually advantageous arrangements directed to the substantial reduction of tariffs and other barriers to trade and to the elimination of discriminatory treatment in international trade relations,

Resolved, therefore, to develop an integrated, more viable and durable multilateral trading system encompassing the General Agreement on Tariffs and Trade, the results of past trade-liberalisation efforts, and all of the results of the Uruguay Round of Multilateral Trade Negotiations,

Determined to preserve the basic principles and to further the objectives underlying this multilateral trading system,

Agree as follows:

Article I Establishment of the Organisation

The World Trade Organisation (hereinafter referred to as 'the WTO') is hereby established.

Article II Scope of the WTO

1 The WTO shall provide the common institutional framework for the conduct of trade relations among its members in matters related to the agreements and associated legal instruments included in the Annexes to this Agreement.

2 The agreements and associated legal instruments included in Annexes 1, 2 and 3 (hereinafter referred to as 'Multilateral Trade Agreements') are integral parts of this Agreement, binding on all members.

3 The agreements and associated legal instruments included in Annex 4 (hereinafter referred to as 'Plurilateral Trade Agreements') are also part of this Agreement for those members that have accepted them, and are binding on those members. The Plurilateral Trade Agreements do not create either obligations or rights for members that have not accepted them.

4 The General Agreement on Tariffs and Trade 1994 as specified in Annex 1A (hereinafter referred to as 'GATT 1994') is legally distinct from the General Agreement on Tariffs and Trade, dated 30 October 1947, annexed to the Final Act Adopted at the Conclusion of the Second Session of the Preparatory Committee of the United Nations Conference on Trade and Employment, as subsequently rectified, amended or modified (hereinafter referred to as 'GATT').

Article III Functions of the WTO

1 The WTO shall facilitate the implementation, administration and operation, and further the objectives, of this Agreement and of the Multilateral Trade Agreements, and shall also provide the framework for the implementation, administration and operation of the Plurilateral Trade Agreements.

2 The WTO shall provide the forum for negotiations among its members concerning their multilateral trade relations in matters dealt with under the agreements in the Annexes to this Agreement. The WTO may also provide a forum for further negotiations among its members concerning their multilateral trade relations, and a framework for the implementation of the results of such negotiations, as may be decided by the Ministerial Conference.

3 The WTO shall administer the Understanding on Rules and Procedures Governing the Settlement of Disputes (hereinafter referred to as the 'Dispute Settlement Understanding' or 'DSU') in Annex 2 to this Agreement.

4 The WTO shall administer the Trade Policy Review Mechanism (hereinafter referred to as the 'TPRM') provided for in Annex 3 to this Agreement.