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on 7, 8 and 13 November 1996

Chairman: Mr. W. Rossier (Switzerland)

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1. Iran - Request for observer status at the 1996 Ministerial Conference (WT/L/191)

The Chairman drew attention to the communication from Iran requesting observer status at the Singapore Ministerial Conference (WT/L/191). Regrettably, on the basis of consultations he had held on this matter, he had to inform the General Council that there was no consensus to grant this request, and he therefore intended to inform the Iranian authorities accordingly.

The General Council took note of this information.¹

2. Laos - Request for observer status at the 1996 Ministerial Conference (WT/L/192)

The Chairman drew attention to the communication from Laos requesting observer status at the Ministerial Conference (WT/L/192), and proposed, on the basis of his informal consultations, that the General Council agree to grant this request.

The General Council so agreed.

The representative of Jamaica said that the Chairman had clearly carried out informal consultations on this request as well as on that under Item 1. However, Jamaica considered it important, as the WTO held its first Ministerial Conference, to set guidelines for the conduct of business in the most transparent manner so that when Members took formal decisions, they knew precisely the basis on which these were taken. While he had no difficulty in going along with what seemed to be a silent consensus on this request, as well as on that under Item 1, he believed that the business of the WTO should be conducted in a manner such that all delegations were consulted and were therefore in a position to understand the basis upon which decisions were taken.

The Chairman said that he had held consultations on these requests, which had clearly shown that there was no consensus on the request under Item 1, and he had accordingly communicated this to the General Council. Of course, if Jamaica so wished, he would put the question once again to the General Council to see if his conclusion as to a lack of consensus on the request by Iran was correct.

¹See also the discussion under Item 2.

The representative of Jamaica said that he had merely wished to put on record that there should be some objective criteria for the basis of decisions by Members, and that these criteria should be discussed in a formal setting so that they became part of the record. He believed that this was important when Members considered requests for accession. One could not have different sets of criteria for accession requests, for observer status, for non-governmental organizations, or for one particular country or another. Members had to enumerate these criteria very clearly so that any such requests were considered on the basis of a transparent set of criteria such that no country submitting a request would feel itself disadvantaged at any time in the future.

The Chairman proposed that the General Council take note of the statements and grant the request by Laos, and that due attention be given in the forthcoming months to the matter raised by Jamaica.

The General Council so agreed.

3. Agreement on Preshipment Inspection - Review under Article 6 of the Agreement
- Establishment of a working party (WT/GC/W/41)

The Chairman said that, at its meeting on 15 October, the Council for Trade in Goods had agreed to recommend that the General Council establish a working party to conduct the review provided for under Article 6 of the Agreement on Preshipment Inspection. The working party was to be established under the Council for Trade in Goods with the following terms of reference: "To conduct the review provided for under Article 6 of the Agreement on Preshipment Inspection and to report to the General Council through the Council for Trade in Goods in December 1997." He proposed that the General Council agree to establish the working party with the terms of reference he had just read out.

The General Council so agreed (WT/L/196).

4. Extensions of waivers pursuant to Paragraph 2 of the Understanding in respect of waivers of obligations under GATT 1994
- United States - Imports of automotive products (G/L/103 and Corr.1, G/C/W/55)

The Chairman drew attention to the communication from the United States containing a request for an extension of a waiver previously granted to it under the GATT 1947 (G/L/103 and Corr.1), and to the related draft decision (G/C/W/55).

Mr. Narayanan (India), Chairman of the Council for Trade in Goods, reporting on the consideration of this request by the Council, said that the Council had considered this request at its meetings on 19 September and 15 October, and on 15 October had approved the request and forwarded the related draft decision to the General Council for adoption.

The representative of Norway said that his delegation had noted with some concern the number of requests for extensions of waivers. Stricter conditions applied for the granting of waivers and their possible extensions under WTO provisions than under the GATT 1947. In particular, Members requesting waivers had an obligation to duly describe the measures covered by the waiver, the policy objectives and the reasons which prevented the objectives being achieved in an otherwise WTO-consistent way. Given this background, a more restrictive practice should be exercised when requests for waivers were submitted and considered. By its very meaning, a waiver was meant to be an exception to the rule, and should not itself become the rule.

The General Council took note of the statements and, in accordance with the Decision-Making Procedures under Articles IX and XII of the WTO Agreement agreed in November 1995 (WT/L/93), adopted the Decision on the extension of the waiver (WT/L/198).

5. Committee on Balance-of-Payments Restrictions

- (a) Consultation with Hungary (WT/BOP/R/17)
- (b) Consultation with Nigeria (WT/BOP/R/18)
- (c) Ad hoc observer status for international intergovernmental organizations
- (a) Consultation with Hungary (WT/BOP/R/17)

Mr. Witt (Germany), Chairman of the Committee, introducing the report on the consultation with Hungary (WT/BOP/R/17), said that the Committee had welcomed the marked improvement in Hungary's balance-of-payments situation between 1995 and the first half of 1996, stemming from export growth and an improvement in the services balance. Other contributory factors included a large increase in FDI and a considerable decline in the savings-investment imbalance. The ratio of net international debt to GDP had also been reduced. The Committee had noted that at end-June 1996, gross official reserves stood at approximately eight months of imports of goods and services. The Committee had recognized that Hungary was pursuing a strong adjustment programme, which had led to a considerable improvement in the budgetary position, and that the authorities were committed to further fiscal consolidation and structural reform in 1997. Hungary had considered its BOP situation still fragile and had pointed to the interrelationships among different elements of macroeconomic and structural policies which, in its view, had made it necessary at this point to retain the import surcharge in order to avoid an unmanageable situation. It had, however, confirmed its firm intention to eliminate the surcharge and disinvoke BOP provisions by 1 July 1997 at the latest. The Committee had concluded that there was no longer an imminent threat of a serious decline in the level of Hungary's monetary reserves, as set out in Article XII of GATT 1994. While welcoming the reductions in the surcharge made in July and planned for October 1996, the Committee had considered that present conditions showed no BOP reasons why Hungary should not continue its progressive phase-out and eliminate the surcharge more rapidly.

The General Council took note of the statement and adopted the report on the consultation with Hungary (WT/BOP/R/17).

- (b) Consultation with Nigeria (WT/BOP/R/18)

Mr. Witt (Germany), Chairman of the Committee, introducing the report on the consultation with Nigeria (WT/BOP/R/18), recalled that the Committee had consulted with Nigeria in February 1996, and had taken note of certain positive macroeconomic developments, such as a decline in inflation, an improvement in the current account balance and an increase in international reserves to roughly four months of imports in June 1996. On the other hand, the external prospects had remained precarious, and Nigeria had still been confronted with serious economic challenges, such as low GDP growth, weak export performance, and very high levels of external debt. The Committee had supported the IMF's analysis that a bold and credible programme for economic and trade reforms was essential to achieve lasting improvements in Nigeria's balance-of-payments position. The Committee had considered that the import prohibitions currently in force in Nigeria could no longer be justified on BOP grounds. It had recalled Nigeria's commitments to make all restrictive trade measures price-based and to eliminate them by disinvoking Article XVIII:B. The Committee had taken note of Nigeria's statement that technical and legislative processes had been initiated with a view to eliminating the import prohibitions based on BOP grounds as of 1 January 1997. The Committee had requested Nigeria to notify the relevant decisions to the Committee as soon as they were taken. If all measures were removed by the 1997

Budget, there would be no need for further consultations; if not, the Committee would resume its consultation with Nigeria in February 1997.

The General Council took note of the statement and adopted the report on the consultation with Nigeria (WT/BOP/R/18).

(c) Ad hoc observer status for international intergovernmental organizations

Mr. Witt (Germany), Chairman of the Committee, said that at its meeting on 23-25 September, the Committee had recognized the *ad hoc* observer status of the following international intergovernmental organizations: ACP Secretariat, EBRD, EFTA, OECD, World Bank and UNCTAD.

The General Council took note of this information.

6. Salaries and pensions of WTO staff (WT/GC/W/44)

The Chairman drew attention to a draft decision on conditions of service applicable to the staff of the WTO Secretariat (WT/GC/W/44), that had been prepared in the light of his consultations on this matter. The draft decision had been considered at a meeting of Heads of Delegations on 4 November with a view to submitting it for adoption by the General Council at the present meeting.

The representative of Norway expressed regret at the current situation. Despite the numerous efforts by the Chairman and the Director-General, the main aim of fixing salaries and making the relevant stipulations on pensions for Secretariat staff had not been achieved. His delegation hoped however that it would soon be possible to do so. Today, Members were being asked to prolong until 1 July 1997 the present situation on salaries and pensions, and he hoped that this would be the last such prolongation in order to safeguard the WTO's political, administrative and human credibility given the excessive hesitation that had been shown. He therefore proposed that consultations be engaged with a view to establishing a concrete timetable for what needed to be done between now and 30 June 1997.

The representatives of Iceland, Morocco, Hungary, Colombia, Paraguay and Sweden expressed disappointment at the failure to reach satisfactory agreement but emphasized their appreciation for the work done by the Chairman and the Director-General. They registered agreement with the draft decision and, together with the representative of Korea, appealed to all delegations to give the issue the priority it deserved. The representative of India was supportive of the proposed decision and hoped that a solution could be found well before the deadline of 30 June 1997.

The representative of New Zealand, while supporting the draft decision, agreed with the views expressed by Norway. He registered disappointment at the failure to finalize new conditions of service for Secretariat staff, and expressed his delegation's continued full support for the establishment of independent WTO salary and pension arrangements.

The representative of Japan thanked the Chairman for his efforts in this matter and said he supported the draft decision although he had the feeling that Members had missed a good opportunity to set up a salaries and pension system that was reasonable, achievable and in any case better than the present system without being any more onerous. He appealed to those that were calling for the adoption of the UN Common System to explain why they considered it better than the proposal based on independent arrangements.

The representative of Canada, noting that his delegation was not yet in a position to decide on this question, said it was incumbent on those who supported adoption by the WTO of the UN Common System to explain to other Members why that system would be better.

The representative of Hong Kong said it was a matter of regret that yet again Members had failed to reach a solution to this long drawn out problem. He was however encouraged that Members would now commit themselves to a target date of 30 June 1997, and that they had agreed to continue their work on the basis of a draft decision dated 18 September 1996. As responsible managers of this important and still fragile institution, Members had to be sensitive to the staff's feelings and find a solution as soon as possible. He agreed with Norway that Members should consider how the work could be scheduled in an efficient manner so that the new target date would in reality be honoured.

The representative of Australia, sharing the disappointment that had been expressed, said his delegation supported the draft decision and also the proposal made by Norway, since it was necessary to move expeditiously to an independent salaries and pensions system for the WTO.

The representative of Thailand, speaking on behalf of the ASEAN countries, supported efforts to find a satisfactory conclusion without further delay, preferably before the target date. He therefore supported the proposal made by Norway.

The representative of Jamaica said that the matter of salaries and pensions of WTO staff were aspects of the wider issue of the competence, integrity and support of an independent Secretariat which allowed Members to perform their duties in a satisfactory manner. It would be useful to circulate, as a formal document, the extensive documentation that was available and which contained the full range of issues under consideration, including terms and conditions of service, conditions of recruitment and promotion, and the various elements of a viable, independent pension system. Noting that the WTO was a *sui generis* organization established outside the UN system, it seemed logical to establish a Secretariat that was outside the Common System.

The representative of Egypt said that while his delegation was supportive of the draft decision, Members should not go in a direction which would ruin the Common System. He could not agree to an independent system at the WTO without taking into consideration all the repercussions, including the financial implications, on the Common System.

The representative of Switzerland supported the proposal contained in the draft decision of 18 September 1996 and expressed confidence that the issues would be solved within the time-frame under discussion.

The representative of the Czech Republic was disappointed that Members had not reached the goal defined at Marrakesh. In various fora, his delegation had repeatedly stressed that the Singapore Ministerial Conference should send two clear messages: one to the outside world in the form of the Ministerial Declaration and the other inward-looking regarding Members' own administrations and the WTO Secretariat with a view to improving the latter's working conditions.

The Director-General said that he deeply regretted the current situation, and paid tribute both to the ability and the sense of responsibility of the Secretariat staff. He would continue to press for an independent solution and said that he was grateful to those delegations, representing an impressive majority, which had expressed their support for the proposal by the Chairman.

The Chairman said that no one could object to the proposal that a precise timetable be drawn up as soon as possible so that Members could proceed in an orderly manner to conclude negotiations at the latest by 30 June 1997. He intended to begin consultations to that effect as soon as possible

so as to define the stages of work over the next months. The views expressed at this meeting would be taken into account in the course of future work and all available documents that had been requested would be distributed. He proposed that the General Council take note of the statements and adopt the draft decision in WT/GC/W/44.

The General Council so agreed (WT/L/197).

7. Arrangements for effective cooperation with other intergovernmental organizations
 - Relations between the WTO and the International Monetary Fund and the World Bank (WT/GC/W/43, WT/GC/W/42 and Add.1 and Add.2)

The Chairman drew attention to the draft Agreements on cooperation with the IMF and the World Bank contained in WT/GC/W/43, and to a draft decision regarding the approval of these Agreements (WT/GC/W/42 and Addenda). He recalled that at an informal meeting of the General Council on 26 September, he had presented the draft decision on the IMF and World Bank Agreements. As a result of further consultations, the draft decision contained in document WT/GC/W/42 had been circulated with supporting documents contained in two addenda (one being a statement by the Director-General on consultations and coherence and the other concerning a Secretariat estimate of the budgetary implications of the IMF/World Bank Agreements). As that document had only been distributed shortly before, he had convened an informal meeting in order to provide clarifications that might be needed. The covering note to the documents had stated that in light of the informal consultations held by himself, it appeared that the text met with the consensus of Members which, in his view, was still the case.

The General Council adopted the draft decision (WT/L/194 and Addenda) approving the Agreements with the IMF and the World Bank (WT/L/195).

The representative of the European Communities welcomed the adoption of the Decision and said that the Agreement with the IMF had been a difficult negotiation which showed the need for greater transparency in the process. He appreciated the specific reference to the estimate on budgetary implications which was useful. He requested, that the Budget Committee not merely remain informed but be actively involved in 1997 and beyond in the way in which the Agreement was applied. It was his delegation's understanding that the Agreement did not affect the rights and obligations of the IMF with respect to the work of the WTO and its various bodies as derived from Article XV of GATT 1994 relating to exchange arrangements. He hoped that the WTO would now work in a spirit of pragmatism and cooperation with the IMF so as to give practical meaning to the Agreement to ensure benefits for both institutions.

The General Council took note of the statement.

8. Preparations for the 1996 Ministerial Conference
 - (a) Attendance of international intergovernmental organizations as observers
 - (b) Report by the Director-General
 - (c) Reports of:
 - (i) Dispute Settlement Body and Trade Policy Review Body
 - (ii) Councils for Trade in Goods, Trade in Services and TRIPS
 - (iii) Committee on Trade and Environment
 - (iv) Committees on Trade and Development, Regional Trade Agreements, Balance-of-Payments Restrictions, and Budget, Finance and Administration
 - (v) Committees and Councils under the Plurilateral Trade Agreements
 - (d) Adoption of the General Council report

- (e) Election of the Chairperson and Vice-Chairpersons of the Ministerial Conference
- (f) Structure and organization of the Ministerial Conference

- (a) Attendance of international intergovernmental organizations as observers

The Chairman said that since the General Council had last considered this matter at its meetings on 2 and 14 October, the following additional organizations that were not observers to the WTO had requested attendance at the Ministerial Conference as observers: ASEAN, Asian Development Bank, Organization of African Unity (OAU), Organization of the Islamic Conferences and the Southern African Development Community (SADC). He proposed that these organizations, as well as all organizations of a regional or sub-regional nature that expressed a wish to attend the Ministerial Conference as observers be invited thereto.

The representative of Israel said that his Government was still examining these requests and regretted that his delegation had not had the opportunity to say so in the hope that there could have been further consultation.

The Chairman said that he had been given assurances that all delegations concerned had been consulted and that no delegation had any objection. He regretted that the consultations had not taken place in the manner he thought they had, and expressed a willingness to continue consultations if Israel so wished.

The representative of Israel said that his delegation did not wish to break the consensus although he believed that attendance at the Singapore Ministerial Conference should be confined to those international intergovernmental organizations whose primary areas of concern and activity related directly to the work of the WTO and which had already been accorded the right to have observer status in the WTO.

The General Council took note of the statements and agreed to the Chairman's proposal regarding these requests and those from organizations of a regional or sub-regional nature.

- (b) Report by the Director-General

The Director-General said that this was his fifth report to the General Council on the activities of the informal process of Heads of Delegations in the context of preparations for the Singapore Ministerial Conference. The previous day, he had circulated a report, on his own responsibility, to the General Council in a non-paper which had been made available to all Members. In that report, which was of a purely factual nature, he had tried to recapitulate the activities of the HOD process from the beginning earlier this year to this day. He thought it would be useful for delegations to have such a summary. Since his most recent oral report to the General Council on 14 October, two informal HOD meetings had been held on 22 October and 2 November, in both cases mainly to consider draft texts of the ministerial declaration. Additional non-papers had been introduced at both meetings, which were mentioned in his written report. Throughout the period, several informal bilateral and plurilateral consultations had been held on the draft ministerial declaration and on the other outstanding HOD issues. Work in both these areas was continuing. The Heads of Delegations were working intensively on a revised text of the draft declaration, which would be provided in the three languages in advance of the next HOD meeting. He urged delegations to make every effort to arrive at the best compromise on the declaration and the related issues. Time was very short, but with the necessary political will, he believed Members should be able to find solutions to the problems before them.

The representative of Egypt said that the Ministerial Conference should be primarily concerned with the implementation of the Uruguay Round Agreement, in particular as it affected developing

countries and their further integration into the multilateral system. His delegation was committed to the built-in agenda but could not accept the acceleration of any of the elements of that agenda as it was an agreed package of balanced interests that should not be tampered with. His delegation was opposed to the introduction at the Conference of any of the new issues that could carry the seeds of new protectionism as had been mentioned by his country's President in a recent address to the summit of the Group of Fifteen developing countries in Harare, Zimbabwe. The past few weeks had demonstrated that many developing countries were unable to follow the numerous and simultaneous meetings that were taking place in the WTO, leading to the risk that their interests could be compromised or sacrificed. He trusted that the draft declaration would be brought into line with the recommendations of various WTO bodies and that where there were no recommendations or conclusions such as in the textiles and clothing area, it would be necessary to deal with the matter in the HOD process. He also expected that the issues that had not commanded consensus would not appear in the draft that would go to Singapore. Dealing effectively with the question of implementation would constitute a great success from his delegation's perspective but he realised that some partners were more ambitious and wished to proceed more rapidly. This would be very difficult for many developing countries that were struggling to implement and comprehend the Uruguay Round Agreements. He concluded by saying that raising expectations of the Ministerial Conference to an unrealistic level might be detrimental to the credibility of the WTO and would victimize an important number of developing countries who ran the danger of being further marginalized.

The representative of India associated his delegation with Egypt's statement.

The General Council took note of the statements.

(c) Reports of:

(i) Dispute Settlement Body and Trade Policy Review Body (WT/DSB/8, WT/TPR/27)

Mr. Lafer (Brazil), Chairman of the Dispute Settlement Body, said that the 1996 Annual Report of the DSB was before the General Council in document WT/DSB/8. The report set out the actions by the DSB since the previous overview of WTO Activities held in December 1995. Aside from a factual part, the report also included a section entitled "Summary Conclusions" which contained a number of observations after the DSB's experience in 1995 and 1996. Furthermore, the Annex to the report provided a factual overview of the state-of-play of disputes in the WTO from 1 January 1995 to 18 October 1996. He emphasized that, as indicated in the "Summary Conclusions", the role of the DSB in managing the settlement of disputes within the new multilateral trading system under the WTO had been positive. The effective operation of the dispute settlement system during the first two years of its existence had fostered greater cooperation amongst Members, reflecting their growing trust in the multilateral system. The DSU had provided Members with both the possibility of reaching mutually satisfactory solutions to their disputes, consistently with the WTO Agreement, and with the certainty of a legal solution of such disputes, when necessary. Furthermore, he underscored, in his personal capacity, the importance of Article 3.10 of the DSU, which stated that "the use of the dispute settlement procedures should not be intended or considered as contentious acts and that, if a dispute arises, all Members will engage in these procedures in good faith, in an effort to resolve the dispute". Finally, there was nothing compared to the WTO dispute settlement mechanism in the international arena. This was a unique system, in terms of its role, its scope, and its relevance in fostering the peaceful settlement of disputes between nations. The confidence that Members had shown in the system in the two years of its existence had contributed towards the strengthening and the consolidation of the WTO and the open multilateral trading system.

Mrs. Anderson (Ireland), Chairperson of the Trade Policy Review Body, said that the report of the TPRB (WT/TPR/27) had been adopted by consensus in the TPRB on 22 October 1996. She hoped and believed that the TPRB had achieved what it had set out to do, namely to produce a succinct and analytical document which would sum up what was being done and where the TPRB was going. The report looked at the coverage, content and style of the reviews; the value to Members under review and trading partners; the cost effectiveness of the exercise and ways in which this might be enhanced; the specific challenge of extending coverage of developing countries; and the scope for further procedural improvements. It had concluded with a couple of short overview paragraphs. The report did not contain a separate recommendations section as it was felt that neither the style nor the brevity of the text particularly lent itself to such an approach. Instead, under each heading comments on the present position had been combined with orientations for future work. She hoped that the report captured the depth and dynamism of the process, as well as the TPRB's determination to continue to enhance its impact.

The representative of El Salvador said that as all those in national administrations entrusted with trade policy studied the TPR documents, it was necessary to continue giving the TPR mechanism the necessary resources.

The representative of Jamaica said that in his understanding both bodies whose reports were being considered under this sub-item would report directly to the Ministerial Conference. The fact that their annual reports were passing through the General Council did not require any action by the General Council except to take note of the reports. This meant, in his view, that the reports of the DSB and TPRB could only be reviewed by the Ministerial Conference.

The Chairman said that the reports would be part of the General Council report that would be submitted to Ministers at Singapore for their examination as appropriate.

The representative of Jamaica asked whether in the General Council a Member could call for amendments to the texts of the reports.

The Chairman said that the reports which had been submitted to the General Council were reports adopted by consensus in the various WTO working bodies and all delegations had the possibility of participating in the consensus. Therefore, the General Council was not expected to reopen a consensus obtained in another body because otherwise it would be possible to reopen any and all subjects although he believed that no delegation was completely satisfied with the content of the reports.

Mr. Barthel-Rosa, Secretary of the General Council, said that once a report had been adopted by a subsidiary body and was submitted to the General Council, it was his understanding that the General Council could not change that report. In receiving the report, the General Council would either take note of it, or would adopt it, or could decide to alter any decisions or recommendations contained in that report in its own sovereign right i.e. by endorsing or not endorsing what was in the report.

The representative of Pakistan drew attention to the provisions of Article IV of the WTO Agreement on the structure of the WTO and the various functions of the General Council. He could not agree that what had been decided in the subsidiary bodies could not be amended by the General Council. Article IX of the WTO Agreement provided that decision-making would be by consensus and where this was not possible there would be recourse to voting. In his view, Members could not depart from those provisions even in exceptional circumstances.

The representative of Morocco said that it was necessary to agree on common procedural rules: would the General Council apply the consensus rule for everything or, where this was not possible, would voting come into play? So far it seemed that Members had been working solely on the basis of consensus but it was necessary for all Members to know where they stood as from now.

The representative of Egypt, supported by the representative of Tanzania, recalled that his delegation, like many others, had difficulties in participating in the many meetings that had been taking place, and urged the Chairman and the Director-General to take into account the limited capacity of developing countries to attend meetings at which decisions might have been taken in their absence.

The Chairman agreed that it had been difficult for many delegations to participate fully in the preparatory process for Singapore, and said that it was necessary to examine how the process could be made more acceptable for all delegations.

The representative of Jamaica noted that the Chairman of the DSB had emphasised in his personal capacity the importance of Article 3.10 of the DSU. He then referred to a sentence on page 17 of the DSB report (in document WT/DSB/8) which read: "Certain problems in the overall operation of the dispute settlement system have been identified and in most cases, working practices have been developed to solve these problems in a pragmatic manner". He then noted that, according to the same paragraph, it was only at the end of four years (after the entry into force of the Ministerial Decision to review the systems' operation) that the opportunity would be provided for an evaluation and the introduction of any necessary improvements. His delegation had previously highlighted a number of points which required timely review if the DSB was not to embark on a path that would disadvantage some Members. He believed that so-called operational practices - or due process - was important in attaining the equity in the solution of a dispute. It was therefore most important to have the clearest understanding of the responsibility of the General Council, the DSB and the Ministerial Conference in respect of those practical problems which had been identified so that all Members could have an adequate opportunity to address them.

The General Council took note of the statements and of the reports of the DSB (WT/DSB/8) and the TPRB (WT/TPR/27).

- (ii) Councils for Trade in Goods, Trade in Services and TRIPS (G/L/134 and Add.1, S/C/3, IP/C/8)

Mr. Narayanan (India), Chairman of the Council for Trade in Goods, said that the report of the Council for Trade in Goods in document G/L/134 and its addendum comprised a Section I: factual part, and a Section II: conclusions and/or recommendations. It also covered the activities of the subsidiary bodies of the Council. In carrying out its task, the Council had held eight regular meetings and the work undertaken by the Council at these meetings had been reflected under the 19 items in the factual part of the report. He referred to Section II of the Council's report on "Conclusions and/or Recommendations" which arose from the deliberations of the Goods Council. The "Conclusions and/or Recommendations" of the subsidiary bodies of the Council were contained in the reports of the respective bodies annexed to the Council report as indicated in the introductory paragraph of Section II.

In this regard, he drew attention to certain paragraphs of the reports of the subsidiary bodies which called for action or required the attention of the General Council or the Ministerial Conference. First, as regards the report of the Committee on Sanitary and Phytosanitary Measures (G/L/118), he drew the attention of the General Council in particular to the recommendation in paragraph 13. Second, as regards the report of the Committee on Agriculture on the Marrakesh Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Countries (G/L/125), he drew the attention of the General Council in particular to the recommendations for consideration by the Ministerial Conference in paragraphs 18(i), (ii), (iii) and (iv) of the report. Turning to Section II of the Council's report, he pointed to the three recommendations which had arisen from the deliberations of the Council. The first related to the Agreement on

Preshipment Inspection and had already been acted upon by the General Council at its present meeting.² The other two related to the work of the Working Group on Notification Obligations and Procedures. Regarding notification obligations and procedures, there were two recommendations: first the Council had requested the General Council to take the necessary steps to eliminate the notification obligations in certain Decisions of the GATT 1947 CONTRACTING PARTIES relating to import licensing procedures. Second, the Council had requested the Ministerial Conference or the General Council to consider appropriate further action relating to notification obligations and procedures. He recalled that the Council had agreed at its meetings of 15 October and 1 November to transmit to the General Council and the Ministerial Conference these recommendations for appropriate action.

The representative of Hong Kong said that the report on the implementation of the Agreement on Textiles and Clothing and related matters reinforced his belief that the Goods Council had a continuing role to play in overseeing implementation of the ATC on a regular basis. The report correctly stated that divergent views had been expressed as to possible conclusions or recommendations despite the exhaustive discussions which had taken place. In the event, no conclusions or recommendations could be agreed within the time-frame for finalization of the report. This did not mean that it was the end of the matter. Because Members had run out of time in one forum did not mean that the issue had fallen out of sight. Members who had responded positively to the exhortation not to block reports should not now be told that, since there were no agreed conclusions, there could be no further discussions. He reminded Members that textiles and clothing was an area of trade of the utmost importance to developing countries. There were widely held views among such Members that the ATC had been implemented in way that was detrimental to their interests. For a developing country Member like Hong Kong, textiles and clothing played a vital balancing role in determining a productive outcome at the Ministerial Conference. If Members failed to find the right balance, they had to face the reality that the results in Singapore would be less than optimal. He recalled that on 1 November, a number of textiles exporting countries had tabled in the Goods Council a further proposal for conclusions and recommendations in respect of implementation of the Agreement and also a draft ministerial decision. This document contained all the essential elements for continued urgent work in an appropriate setting.

The representative of Pakistan said his delegation was extremely disappointed with the outcome of the Goods Council's deliberations on the implementation of the ATC. Following lengthy and substantive discussions in the Council, and in accordance with the provisions of the ATC, his delegation had proposed a draft decision on behalf of a number of countries. This was a modest proposal and it was therefore a matter of deep regret that it had not been possible to reach a consensus on the conclusions and recommendations relating to the implementation of the ATC. Indeed, a number of important countries had turned down further efforts to reach agreement on such conclusions and recommendations, citing *inter alia* the shortage of time. His delegation and others, however, continued to make efforts on such areas as agriculture to try to reach consensus on conclusions and recommendations. There had to be balance and parity in the treatment of various sectors. His delegation was concerned at the manner in which implementation of the ATC was proceeding. Without a fair treatment of the textiles sector, which was of great importance to a large number of developing countries, the outcome of the Ministerial Conference would be far from balanced. It would be incongruous if at Singapore Members approved specific decisions in various areas such as agriculture and environment but failed to approve any conclusions and recommendations on textiles and clothing. His delegation would continue to press the case for the faithful and full implementation of the ATC in the further preparatory process for Singapore. In this context, his delegation would seek the reflection of the following essential points in the decisions for Singapore. First, the ATC had to be implemented in letter and spirit and the manner of its implementation should not defeat its objective, which was full

²See Item 3.

integration of textiles into WTO rules. Second, the second and third stage integration programmes should therefore reflect the progressivity embodied in the ATC. Third, unrelated issues such as market access in exporting countries should not be used as justification to erode the full implementation of the ATC; similarly, the concept of sparing and circumspect use of the safeguard measures in Article VI of the ATC should be respected. Fourth, changes in rules of origin should not be made so as to impair the market access of textiles exporting countries. Fifth, the TMB should play an active, impartial and effective role in ensuring the implementation of the ATC in letter and spirit, and the Goods Council had to continue its close supervision of the ATC's implementation.

The representative of Colombia said that the 22 countries members of the ITCB had followed with considerable concern the way the discussions on textiles had concluded, adding that it was necessary to convey a clear message to Ministers that the work on the implementation of the ATC had to be continued.

The representative of Thailand, speaking on behalf of the ASEAN countries, said that the report of the ATC could not reflect what was at the heart of the issues involved. The ASEAN countries regretted that the Goods Council could not agree on conclusions and recommendations for this sector, and believed that this was not a situation where there was a lack of ideas but rather a lack of will to compromise. The ASEAN countries associated themselves with the statements of the three previous speakers. The challenge now was how to change attitudes among Members so that a meaningful, balanced and pragmatic package for the Ministerial Conference could be achieved. Textiles and clothing was one of the issues that had to be adequately dealt with at Singapore.

The representative of Costa Rica agreed with the previous speakers' views and said that his delegation had participated actively in the review in the Goods Council. He agreed that the report on the ATC did not reflect the magnitude of the problems discussed, and trusted that in the time remaining before the Ministerial Conference a balance with respect to textiles could be found.

The representative of India said it was necessary for the General Council to be sensitive to the concerns expressed by various delegations and find meaningful ways of addressing these concerns.

The General Council took note of the statements and of the report of the Council for Trade in Goods (G/L/134 and Add.1) and approved the recommendations contained therein.

The Chairman then turned to the Council's recommendations on Notification Obligations and Procedures to the effect that (a) the General Council should take the necessary steps to eliminate the notification obligations in certain Decisions of the GATT 1947 CONTRACTING PARTIES relating to import licensing procedures; and (b) that the General Council consider appropriate further action relating to notification obligations and procedures. He proposed that the General Council revert to this matter at a future meeting.

The General Council so agreed.

Mrs. Bautista (Philippines), Chairperson of the Council for Trade in Services, presenting the Council's report in S/C/3, said that the report had been adopted by the Council on 5 November. It consisted of two parts: the first was factual, describing the work of the Council during 1996 as well as that of subsidiary bodies during both 1995 and 1996. The activities of the Council during 1995 were described in the previous year's report, contained in document S/C/2. The second part of the report entitled "Future Work", contained recommendations relating to future work to be carried out by the Council itself as well as by subsidiary bodies. Members of the Council had agreed that these recommendations should be forwarded to Ministers in Singapore for their consideration and action as appropriate.

The General Council took note of the statement and of the report of the Council for Trade in Services (S/C/3), and approved the recommendations contained therein.

Mr. Armstrong (New Zealand), Chairman of the Council for TRIPS, presenting the Council's report in IP/C/8, said that while this report focused on the work of the Council in 1996, it also contained references to work done in 1995. It therefore provided a fairly complete overview of the Council's activities thus far. It was divided into three main sections. The first section (Part II), discussed the work of the Council in relation to implementation of the obligations under the TRIPS Agreement, addressing a number of specific issues relating to implementation, the issue of technical cooperation and cooperation with WIPO. The second section (Part III) of the report focused on the built-in agenda under the TRIPS Agreement and the activities of the Council in this regard. The final section, in paragraphs 32 to 34, concerned issues, problems and recommendations to be brought to the attention of Ministers. The three paragraphs in question addressed, in turn, the issues of implementation, technical cooperation and the built-in agenda.

The General Council took note of the statement and of the report of the Council for TRIPS (IP/C/8), and approved the recommendations contained therein.

(iii) Committee on Trade and Environment (WT/CTE/W/40)³

Mr. Sanchez Arnau (Argentina), Chairman of the Committee on Trade and Environment, presenting the report of the Committee in WT/CTE/W/40, said that considerable flexibility had had to be shown by all Members in order to reach agreement and adopt the report. He said that the report was of a Committee established by a Ministerial Decision and, as such, did not modify the rights and obligations of any Member under the WTO Agreement. This statement had made it possible for a number of delegations to join the consensus and approve the report.

The representative of Nigeria said that the work of the Committee over the past eighteen months had been complex and difficult, and was reflected in the drafting of the Committee's report. Consistently, Nigeria had expressed the view that the debate had not been sufficiently broadened to include more countries to ensure diversity of perspectives and analysis. Nigeria's policy development in the context of the CTE discussions had been guided by four factors: first, the global objective to protect the environment; second, the goal of trade liberalization; third, the need to make both trade and environment policies mutually supportive, and, finally, the necessity of establishing a constructive relationship with other CTE Members on the basis of consensus. His delegation had joined in the consensus in the CTE for the adoption of the report, and said that the item on domestically prohibited goods remained of particular importance. Nigeria had presented a proposal based on three elements: increased transparency, technical assistance and the concept of joint responsibility of exporters and importers of DPGs. The concept of joint responsibility had been proposed to ensure for importers, *inter alia*, the avoidance of extraterritorial actions by exporters. All countries had to retain a degree of responsibility for what they decided to import or not to import. Nigeria regretted the opposition by three Members of the CTE to this concept and regretted that other key Members of the Committee had not shown environmental sensitivity or demonstrated the zeal they had shown on other items. In the absence of consensus on the concept of joint responsibility, it had not been included in the report of the CTE. In the post-Singapore work programme of the Committee, Nigeria would continue to seek agreement on this element.

³The report was subsequently reissued as WT/CTE/1.

The General Council took note of the statements and of the report of the Committee (WT/CTE/1). The General Council then approved the recommendations contained in the report, and agreed to forward it to the Ministerial Conference for consideration.

- (iv) Committees on Trade and Development, Regional Trade Agreements, Balance-of-Payments Restrictions, and Budget, Finance and Administration (WT/COMTD/9, WT/REG/2, WT/BOP/R/19, WT/BFA/29)

Mr. Benjelloun-Touimi (Morocco), Chairman of the Committee on Trade and Development, introducing the report of the Committee in WT/COMTD/9, said that the review of the implementation of Uruguay Round provisions in favour of developing countries had been singled out by the Committee as one of its priority tasks for its future work. In this context, one of the elements proposed for integration into the Singapore Ministerial process drew particular attention to the importance of increasing the awareness of developing country Members of the special provisions relating to them, especially those designed to enhance trade opportunities. The CTD had also adopted a set of guidelines for WTO's technical cooperation and agreed to address in 1997 the issues of the monitoring, managing and the evaluation of WTO technical cooperation activities. In its discussions on ways to increase the participation of developing countries in the multilateral trading system, the Committee had noted that both its own terms of reference as well as those of the Sub-Committee on Least-Developed Countries had mandated these bodies to consider measures and initiatives to assist developing and least-developed country Members in the expansion of their trade and investment opportunities from a development perspective, and that this was of relevance for the CTD's work. The Committee's work with respect to least-developed countries had provided two distinct results. First, the Committee had considered a draft WTO Plan of Action for Least-Developed Countries, which reaffirmed commitments already undertaken by Members with respect to least-developed countries, proposed a coordinated strategy to assist them, and identified areas where practical measures could be adopted. The Committee had agreed, at its twelfth session, to forward it, as such, for consideration to the General Council at the present meeting and for subsequent submission to Ministers for adoption in Singapore. The draft Plan of Action had been circulated in document WT/COMTD/W/20. Furthermore, with a view to increasing the coordination in international actions in favour of least-developed countries and the efficiency with regard to the assistance offered to them, the Committee had also proposed that Ministers in Singapore call for a high-level meeting in Geneva as soon as possible in 1997, in principle to be organized jointly by WTO, UNCTAD and ITC, with the participation of relevant institutions, to foster an integrated approach to the trade-related aspects of least-developed countries' economic development, which would need to be observed in the implementation of the WTO Plan of Action that would be adopted by the Ministers.

The representative of Tunisia, speaking as coordinator of the African Group, requested a postponement of the discussion of the report so as to allow all members of the group to finalize their consideration of the report.

The representative of Cameroon, representing the presidency of the OAU, supported the request by Tunisia.

The representative of Madagascar expressed support for the views of Tunisia and Cameroon.

The representative of the European Communities welcomed the report of the Committee but expressed disappointment with its substance, in particular with the draft comprehensive action plan. It was the hope and intention of his delegation to give greater substance to the comprehensive action plan, and he hoped that other delegations would regard the plan as a minimum starting point to build on.

The Chairman proposed that consideration of the report of the CTD be postponed, following the request by Tunisia.

The General Council so agreed.

Upon resumption of the discussion on this item, the representative of Tunisia said that his delegation supported adoption of the report of the CTD and welcomed the fact that there were guidelines for technical assistance and a plan of action for the LDCs.

The General Council took note of the statements and adopted the report of the Committee on Trade and Development (WT/COMTD/9). The General Council then approved the draft Plan of Action for the Least-Developed Countries in COMTD/W/20,⁴ and agreed to submit it to the Ministerial Conference for adoption.

Mr. Weekes (Canada), Chairman of the Committee on Regional Trade Agreements, introducing the report of the Committee in WT/REG/2, recalled that the Committee had been established by the General Council on 6 February 1996, and had had its first substantive meeting in July. The report showed that the Committee had had a very constructive beginning and also showed considerable scope for Ministers to be able to endorse and encourage the work of the Committee. He drew the attention of delegations to the final section of the report which dealt with the future work programme, and said that the final sentence and meaning of paragraph 23 of the report should be read in conjunction with the statement which had been made by himself as the Chairman of the Committee at the time the report had been adopted by the Committee.

The General Council took note of the statement and of the report of the Committee (WT/REG/2).

Mr. Witt (Germany), Chairman of the Committee on Balance-of-Payments Restrictions, introducing the report of the Committee in WT/BOP/R/19, said that the Committee had met on 21 October and 1 November to draft and finally adopt the annual report. Since the first annual report in 1995, the Committee had consulted with five Members: India, Nigeria, Tunisia, Slovakia, and Hungary. The Committee had refrained from drawing up in its report an evaluative chapter of issues, problems and recommendations. This did not of course imply that the Committee had not discussed issues, nor that the Committee had not made recommendations. However, the Committee always worked by consensus. In addition to this consensus report, he expressed, on his own responsibility, a very personal appreciation. Over the past two years, Members of the Committee had worked very seriously to breathe real life into the BOP rules and disciplines as developed in the Uruguay Round. He was convinced that the Committee had made concrete progress. He commended those members of the WTO which had consulted with the Committee and which were "at the receiving end" of the Committee's recommendations, for the sometimes very difficult decisions they took to phase out or abolish trade restrictions.

The General Council took note of the statement and of the report of the Committee (WT/BOP/R/19).

Mr. Yokota (Japan), Chairman of the Committee on Budget, Finance and Administration, introducing the report of the Committee in WT/BFA/29, said that the Committee had met on a number of occasions to monitor on a regular basis the financial and budgetary situation of the Organization, the receipt of contributions including the implementation of the related schemes and measures pertaining to receipt of contributions, and to examine the final position of the 1995 Budget and the Director-

⁴Subsequently reissued as WT/MIN(96)/W/2.

General's financial report on the 1995 accounts as well as the report of the external auditor. Reports on these activities had been submitted to the General Council in the course of the year. In addition, the Committee was also dealing with the Director-General's budget proposals for 1997. He highlighted some of the main activities that the Committee had dealt with, in particular, in 1996. First, on the basis of a report presented by a working group established to examine the candidatures of nine national courts of audit, the Committee had recommended to the General Council to extend the on-going contract with the Austrian Court of Audit for one year to include the audit of the 1996 accounts and to nominate the Netherlands Court of Audit for auditing the WTO accounts effective as from the audit of the 1997 accounts for a three-year term; second, the Committee had, on several occasions, examined the question of the general management and overhead costs of Trust Funds, and had formulated recommendations to the General Council in documents WT/BFA/21 and 26; finally, the Committee had formulated recommendations to the General Council on assessments to the budget and advances to the Working Capital Fund of 14 new Members: Angola, Benin, Chad, Ecuador, Fiji, Gambia, Grenada, Haiti, Papua New Guinea, Qatar, Rwanda, Saint Kitts and Nevis, Solomon Islands and the United Arab Emirates. In response to a question, he said that the Committee hoped to adopt the 1997 Budget later in the month, and that the reason for the delay was related to the discussion of the decision under Item 6.

The representative of Singapore said that the fact that the Secretariat was not the target of governments to cut down staff and to look into budgetary and other questions, and indeed had a reputation that was second to none among international organizations, was remarkable and was due to the very careful work done by the Budget Committee and Secretariat staff.

The General Council took note of the statements and of the report of the Committee (WT/BFA/29).

- (v) Committees and Councils under the Plurilateral Trade Agreements (WT/L/190, WT/L/193, WT/L/178, WT/L/179)

The Chairman drew attention to the reports of the four Committees and Councils under the Plurilateral Trade Agreements (Committee on Government Procurement (WT/L/190); Committee on Trade in Civil Aircraft (WT/L/193); International Dairy Council (WT/L/178); International Meat Council (WT/L/179)), and proposed that the General Council take note of these reports.

The General Council so agreed.

- (d) Adoption of the General Council report (WT/GC/W/38)

The Chairman proposed that the General Council adopt its annual report contained in document WT/GC/W/38 on the understanding that the draft report would be updated by the Secretariat to reflect the debates and proceedings of the present meeting. The report of the General Council would be forwarded to the Ministerial Conference which would conduct an overview of WTO activities and endorse the recommendations in the report as appropriate.

The General Council so agreed.

- (e) Election of the Chairperson and Vice-Chairpersons for the Ministerial Conference

The Chairman recalled that, as he had informed the General Council on 2 October, the Rules of Procedure for sessions of the Ministerial Conference (WT/L/161) provided for the election of a Chairperson and three Vice-Chairpersons to hold office from the end of one session until the end of the next regular session. Since this was the first Ministerial Conference, and there were no elected

officers, he had proposed at the meeting on 2 October that the General Council act on behalf of the Ministerial Conference and elect the Chairperson and three Vice-Chairpersons at the present meeting.

On the basis of consultations he had held, he proposed that the General Council, acting on behalf of the Ministerial Conference, elect the following as officers of the 1996 Ministerial Conference:

Chairperson: H.E. Mr. Yeo Cheow Tong
Minister for Trade and Industry of Singapore

Vice-Chairpersons: H.E. Mr. Enda Kenny,
Minister for Tourism and Trade of Ireland

H.E. Mr. Alvaro Ramos,
Minister of Foreign Affairs of Uruguay

H.E. Mr. Mondher Zenaïdi,
Minister of Trade of Tunisia

The General Council so agreed.

(f) Structure and organization of the Ministerial Conference

The Chairman, speaking under "Other Business", recalled that at the General Council meeting on 16 April, the Director-General had made a report which had included the first informal consultations on the structure and organization of the Ministerial Conference. It had generally been agreed that the conference should be organized in a manner to allow Ministers that so wished, to make general statements, and at the same time to provide for the consideration by Ministers of specific issues. He had since been approached by a number of delegations wishing to know further details about the order of business for the Conference so as to fully brief their Ministers. Following consultations with the Secretariat and the authorities of the host government, he informed delegations that the business of the Conference was being planned on the following basis:

(a) Opening ceremony

The opening ceremony would be held on Monday, 9 December as previously indicated by him at the 2 October General Council meeting.

(b) Plenary sessions

Plenary sessions would be held on Monday morning and afternoon, and thereafter on Tuesday, Wednesday, Thursday and Friday mornings.

(c) Special meetings among Ministers

The afternoons of Tuesday and Wednesday, 10 and 11 December, would be left open for special meetings among Ministers to discuss specific issues of their interest. Thursday afternoon, 12 December, would be reserved for any meetings that might be necessary in accordance with the advancement of the Conference.

(d) Closure of Conference

The closing ceremony would take place on Friday, 13 December. Immediately before the closing ceremony at the plenary of the Conference, Ministers would adopt the Ministerial Declaration and take any other actions which they deemed relevant under item 2 of the Proposed Agenda of the Conference. On that occasion, they would also take note of the General Council report and endorse all recommendations therein.

With regard to the special meetings among Ministers planned to take place on Tuesday and Wednesday afternoons, it was proposed that they be organized in the following manner: (a) These meetings would be open to participation by all Ministers and their advisers; (b) Although the meetings would be informal in nature and would take no decisions or actions, records of the discussions could be kept by the Secretariat if so desired; (c) In order to ensure an orderly discussion, Ministers would be invited to address the following general topics: (i) implementation (on Tuesday afternoon); (ii) further work of the WTO; and (iii) any other matters which Ministers may wish to raise (Wednesday, afternoon). The purpose of these special meetings among Ministers would be to provide the opportunity for an exchange of views among Ministers on matters relating to the WTO and the multilateral trading system, in an open and informal atmosphere.

The representative of Argentina asked if the statement just read out by the Chairman could be circulated to delegations, and also for a clarification regarding the closing ceremony.

The Chairman said that his statement would indeed be circulated to delegations, and requested the Secretariat to provide the clarification regarding the closing ceremony.

Mr. Barthel-Rosa, Secretary of the General Council, said that on the morning of Friday, 13 December, at the end of the statements by Ministers, the Conference would turn to item 2 of the proposed agenda entitled "Action by Ministers". Under that item, Ministers would presumably adopt the Ministerial Declaration, and would also take any other action that they might deem necessary regarding the future work of the WTO. Ministers would also, under that item, take note of the report of the General Council and endorse the recommendations contained therein.

The representative of Japan asked if the Chairman could give a more precise picture of how he envisaged the special meetings of Ministers on Tuesday and Wednesday afternoons. For example, with regard to implementation questions on Tuesday afternoon, was there an intention to group issues, such as, say, notifications, and then to move on to other implementation issues? Or, was it intended that Ministers would address all the implementation issues successively?

The Chairman said that the issues that different Ministers would wish to raise on the implementation question would differ, and they would not all concentrate on the same issues. Therefore, they would be given the opportunity to raise any specific issue of concern to them, but under the general heading of implementation. One could not be more precise at this stage as to the details of the proceedings of these special meetings. Furthermore, one should not limit room for manoeuvre either.

The representative of Singapore said that he agreed with the Chairman that the discussion should be kept as broad as possible so that Ministers could address the basic theme of implementation in whichever way they wished to do so. It would be presumptuous on the part of the General Council to try to focus the thinking or attention of Ministers on one or other subject.

The representative of Morocco said that while Ministers should indeed be given a free hand to discuss issues of interest to them, there was a very broad range of issues to be addressed under implementation. The details outlined by the Chairman could perhaps be made even more precise when

the second phase for the preparations for the Ministerial Conference were completed, and he had in mind the informal process under the Chairmanship of the Director-General. He believed that the Chairman could flesh out the agenda somewhat in the light of the results reached in the consultations currently being held by the Director-General.

The General Council took note of the statements.

9. World Bank study on MERCOSUR

The representative of Brazil, speaking under "Other Business", said that in dealing with the question of coherence in global economic policy-making, Article III:5 of the WTO Agreement provided for WTO's cooperation with the International Monetary Fund and the World Bank. Brazil understood that such cooperation had been designed to permit WTO to inform the IMF and the World Bank about trade aspects that the WTO deemed important to coherence in global economic policy. In turn, the IMF and the World Bank were expected to provide the WTO with information regarding financial matters, such as in relation to the work performed by the Committee on Balance-of-Payments Restrictions. In his delegation's view, Article III:5 of the WTO Agreement did not foresee the reverse situation, namely the IMF and the World Bank replacing WTO's competence over trade issues, nor the WTO acting beyond its mandate to study financial matters under the IMF and the World Bank's areas of expertise. Part of the WTO's mandate was to review the relationship between regional trade agreements and the multilateral trading system. Such a role had been reinforced by the Uruguay Round Understanding on the Interpretation of Article XXIV of the GATT 1994. More recently, the General Council had established a committee to examine regional agreements, whose terms of reference included the examination of regional instruments and an analysis of their implications to the multilateral system.⁵ In this context, it had been surprising and perplexing to see published in an important paper a summary of a World Bank study on "MERCOSUR's Trade Performance" and the "Effects of Regional Trade Arrangements" signed by its "Principal Economist." The World Bank's later assertions regarding the publication did not alter its inadequate and inappropriate content. It was particularly regrettable that, acting without experience on the review of regional trade agreements, the Bank had selected one among many existing regional agreements to arrive at premature conclusions. Furthermore, in taking such a selective approach, the World Bank had chosen to analyze a regional agreement whose examination by the WTO had not been completed. Brazil's Minister of External Relations, and other authorities from MERCOSUR countries, had expressed strong reservations about the conclusions of the study. He recalled that at a recent examination of MERCOSUR by the Committee on Regional Trade Agreements, his delegation had stated that "... between 1990, the year that preceded the entry into force of the Treaty of Asuncion, and 1995, the year the customs union was formed, total imports by the MERCOSUR members increased by 176.4 per cent in US dollars ... an important achievement if one takes into consideration that world imports in general increased only by 38 per cent". As the current coordinator for MERCOSUR, he wished to state for the record his delegations's disagreement with the action taken by the World Bank on a matter clearly under the WTO's competence and not foreseen under the cooperation established by Article III:5 of the WTO Agreement.

The General Council took note of the statement.

⁵See WT/L/127.

10. Status of ratification of the WTO Agreement by certain governments

The Chairman, speaking under "Other Business", recalled that pursuant to provisions of Article XIV:1 of the WTO Agreement, contracting parties to the GATT 1947 that had otherwise completed the requirements to be original Members of the WTO had until the end of 1996 to complete their ratification of the Agreement. At the beginning of 1996, nine developing countries had had ratifications still pending, and the Secretariat had made great efforts to explain to these countries the consequences of non-ratification prior to the end of 1996, and that this would entail renegotiating their accession to the WTO Agreement. Unfortunately, three of these countries had not yet ratified the Agreement as of the present date. This was a serious situation for the WTO and for the countries concerned. The Secretariat would continue its efforts to ensure that these three countries ratified the Agreement by the end of 1996. He had wished to bring this matter to the attention of the General Council and to inform Members that he would hold consultations on this question in the near future.

The General Council took note of this information.

11. Observer status for international intergovernmental organizations

The Chairman, speaking under "Other Business", recalled that, in accordance with the *ad hoc* arrangements for observer status for international intergovernmental organizations approved at an informal meeting of Heads of Delegations on 16 March 1995⁶, and as agreed at the General Council meeting on 14 October 1996, the following organizations had been invited as observers to the present meeting: United Nations, UNCTAD, IMF, World Bank, FAO, WIPO and OECD. It was his understanding that, pending agreement on the organizations to be accorded observer status in the General Council in accordance with the guidelines for such status agreed on 18 July⁷, the above organizations would also be invited to the next meeting.

The General Council took note of this information.

⁶See WT/GC/M/3, item 3.

⁷See WT/L/161, Annex 3.