

WORLD TRADE ORGANIZATION

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**General Council
Special Session
7 July 1999**

MINUTES OF MEETING

Held in the Centre William Rappard
on 7 July 1999

Chairman: Mr. A. Mchumo (Tanzania)

Subjects discussed: Preparations for the 1999 Ministerial Conference

- **Continuation of discussion of substantive issues arising from the Ministerial Declaration of May 1998, including proposals by Members, with the following suggested focus: "Further discussion of proposals on paragraphs 9 and 10 of the Ministerial Declaration"**
 - (a) **Proposals on paragraph 9 of the Ministerial Declaration**
 - (b) **Proposals on paragraph 10 of the Ministerial Declaration**

1. The Chairman recalled that, as agreed by the General Council at its Special Session on 25 February, the suggested focus of the present meeting was "further discussion of proposals on paragraphs 9 and 10 of the Ministerial Declaration". Since the General Council Special Session on 17 June, several additional proposals had been received in regard to both paragraphs 9 and 10 issues, and New Zealand had circulated to delegations excerpts from the statement of the Chair at the meeting of APEC Trade Ministers Meeting held in Auckland on 29-30 June. He suggested that Members begin with presentations of specific proposals, whether circulated in writing or not, starting with paragraph 9 of the Ministerial Declaration, and move on to paragraph 10. As in previous meetings, in order to structure the presentation of proposals on paragraph 9, he suggested that Members take these up in the order in which their subject matter was dealt with in that paragraph. He added that, following the exchange of views at the informal meeting held the previous day and earlier that morning regarding the need for holding additional issue-specific informal meetings before the Formal Special Session scheduled for the end of the month, he would circulate shortly a schedule of such meetings with the suggested focus for each..

(a) Proposals on paragraph 9 of the Ministerial Declaration

2. The representative of New Zealand, speaking on behalf of the APEC Members, drew attention to an excerpt from the Statement of the Chair of the Meeting of APEC Ministers Responsible for Trade, held on 29-30 June in Auckland (WT/L/305). This document did not constitute a proposal for the preparatory process, but was of direct relevance to the work Members were pursuing in relation to following-up paragraphs 8, 9 and 10 of the Geneva Ministerial Declaration. The introduction to the paper recognized APEC's support for the multilateral trading system and the

mutually reinforcing goals of both APEC and the WTO. Paragraph 11 noted APEC Ministers' agreement on the importance of ensuring full implementation of existing WTO agreements. As was clear from the informal discussions that had been held, the area of implementation remained a key priority for work in the lead up to Seattle. In paragraph 12, the importance that APEC Ministers attached to early progress on broad-based multilateral negotiations in the WTO, "achieving an overall balance of interests of all Members", was highlighted. The need for the intensification of activity in Geneva in the final stage, or third phase, of preparations for the Seattle Conference in this regard was noted. As regards the reference to the need for drafting to begin on the Seattle Ministerial Declaration in August, this was a reminder to the Secretariat and Members that at least some drafting work should be going on in people's minds during the August break. The agreement among APEC Ministers that the negotiating agenda should be broader than the built-in agenda was referred to in paragraph 13. In particular, and of relevance to a number of the proposals tabled to date, was the agreement in paragraph 13 that negotiations on industrial, or non-agricultural, tariffs should serve as an integral part of the negotiations to be launched at Seattle. There was also agreement within APEC that the negotiations should conclude within three years. The importance of ensuring that the concerns of developing economies, including least-developed countries, were addressed in new WTO negotiations was highlighted in paragraph 14, and issues in this area, as well as other possible issues for inclusion on the agenda of the Seattle Conference, would be considered by APEC Ministers at their September meeting. The importance of the Accelerated Tariff Liberalisation (ATL) initiative in providing impetus to the wider negotiation on industrial (non-agricultural) tariffs, which APEC Ministers had agreed should be launched at Seattle, was highlighted in paragraph 15. The support that the initiative had achieved to date was welcomed, and Ministers had agreed that ATL participating economies should engage again with WTO Members in July on their reaction to the initiative and on how it would tie in to the launch, conduct, and outcome of any new WTO negotiations. In this regard, further consultations on the ATL initiative with a range of non-APEC Members would be pursued in Geneva in the course of the following week and any Member wanting more information on the subject could follow up directly with the New Zealand Mission in Geneva. Paragraphs 16 and 17 noted the recognition of the growing support within WTO for negotiations on industrial tariffs, and the further contribution that APEC could make to tariff liberalisation within the WTO, in addition to the areas already covered under the ATL initiative. Six sectors on which APEC had already undertaken work were mentioned in particular. He hoped it would be clear that APEC members, all of whom were either WTO Members or applicants for membership, were fully apprised of the range of challenges ahead in the lead-up to Seattle, and were committed to making a constructive contribution in this regard. While not included in the communication, he also noted that on 28 June, preceding the Ministerial Meeting, APEC had held a seminar in Auckland entitled "Bridging the Gap: Explaining Trade and Investment Liberalisation". This seminar had been part of an ongoing APEC initiative to communicate more effectively with communities on the impacts of trade and investment liberalisation. Ministers had endorsed the emphasis of the seminar on the importance of developing innovative communication tools, the need to eliminate jargon, to focus on things that were directly relevant to people's experience, and to improve transparency. They had agreed that the Seattle Ministerial Conference would be a key opportunity for conveying a strong message on the benefits of trade and investment liberalisation.

3. The representative of Brazil, recalling points his delegation had made at previous meetings, said that Brazil attached importance to the terms of paragraph 8 of the Geneva Ministerial Declaration, under which Ministers at Seattle were to further pursue an "evaluation of the implementation of individual agreements and the realization of their objectives", covering, "*inter alia*, the problems encountered in implementation and the consequent impact on the trade and development prospects of Members". The concept of implementation was not confined, as some Members seemed to understand, to technical difficulties in putting into effect the obligations contracted in the Uruguay Round, nor was it a question that could be solved simply by technical cooperation or other means of assistance, welcome though they might be. During the first phase of the preparatory process, Brazil had pointed out significant imbalances in the implementation of the Uruguay Round Agreements and

had noted that the reasonable expectations resulting from the Uruguay Round had been frustrated. The first source of disappointment was the recognition that the level of obligations contracted in that Round had often proved to be too high for some Members. Slightly longer implementation time-frames had not been enough to address the stark asymmetries stemming from disparities in levels of development among Members, and developing countries faced structural deficiencies that could not be overcome in just a few years. The playing field had not been level at the conclusion of the last Round, it was not level at the present time, and would not be level for quite some time. Another reason for frustration was the fact that implementation of special and differential treatment had fallen far short of expectations. Quite often, S&D provisions consisted of exhortations or recommendations that were rarely, if ever, observed. Besides, whenever a dispute arose in the context of the DSU, developed countries consistently alleged that S&D provisions were "exceptions" to the general provisions of the WTO Agreements and that the developing country concerned had to meet the burden of proof, thus following the practice of one particular legal system. The S&D provisions were part of the bargain struck in Marrakesh. They were not "exceptions" and should be treated on an equal footing to every other provision of the Agreements, and Members should find ways of stating this unambiguously, if necessary by introducing the appropriate adjustments and corrections. Brazil was convinced that the clauses concerning S&D treatment for all developing countries should be revitalized. Their basic idea and the centrality of their purpose in a globalized economy could not be ignored. A genuine multilateral trading system, in order to be properly operative and fair, should recognize the different levels of development of its Members, and provide for equitable conditions of participation in the international market. Brazil believed that development concerns should be the focus of, and should be mainstreamed in the discussions concerning implementation, and that implementation, together with the items of the built-in agenda and other mandated reviews, should come first and foremost in the future agenda. It would be unreasonable to expect some Members to fully engage in a new round of negotiations if the existing imbalances were not addressed. The General Council schedule as many meetings as necessary for a full appraisal of the issues concerning implementation and the built-in agenda, preferably with debates structured around thematic clusters. A full discussion on the proposals and views of Members on those two areas was essential to successful preparations for the Ministerial Conference. Brazil would be submitting proposals and comments that would try to address some of the asymmetries arising from, or made manifest by the implementation of the Uruguay Round Agreements, and the fulfilment of the mandate of the built-in agenda, especially with regard to agriculture. Such contributions might be further specified or complemented by other proposals in the subsequent stages of the preparatory process.

4. The representative of Argentina recalled that GATS Article XIX stated that for each round negotiating guidelines and procedures would be established. On that basis and in order to contribute to the preparations for the Seattle Ministerial Conference, Argentina had submitted a proposal (WT/GC/W/231) which identified the principal elements for the forthcoming negotiations in this area, regarding the objectives, scope, principles and modalities, time-frame and structure of the negotiations. The aim of the proposal was to provide a succinct outline for the negotiating guidelines, although Argentina did not exclude the possibility of submitting further proposals to expand on certain aspects of it. The services negotiations should aim at achieving progressively higher levels of liberalization of trade in services, promoting the interests of all participants on a mutually advantageous basis and securing an overall balance of rights and obligations, and achieving the objective of the GATS on increasing participation of developing countries in trade in services and the expansion of their services exports. With regard to the scope, Argentina believed that no service sectors or modes of supply should be excluded a priori from the negotiations, but recognized that flexibility should be given to developing countries for opening fewer sectors or liberalizing fewer types of transaction, in accordance with Article XIX:2. The rest of the negotiations should be composed of the following: (i) a review of the annexes concerning MFN exemptions and Air Transport Services; (ii) the development of disciplines on domestic regulation in accordance with Article VI:4, and on rules, such as emergency safeguards, subsidies, and government procurement; and (iii) the development of criteria for mutual recognition on the basis of Article VII:5. Argentina

gave priority to negotiations on rules in the area of subsidies, with the aim of eliminating subsidies that had an export-enhancing effect or that modified the conditions of competition in favour of service suppliers receiving the subsidy. The proposal also pointed out the following principles and modalities for the negotiations: (i) progressive liberalization; (ii) recognition of autonomous liberalization undertaken since previous negotiations; (iii) the possibility of negotiating on a bilateral, plurilateral or multilateral basis; and (iv) a request/offer approach. One further important point was that the negotiations should be conducted within the existing architecture of the GATS, both in terms of the approach to scheduling specific commitments and the four modes of supply. Argentina believed that any negotiating methodology proposed should not undermine the basic architecture of the GATS nor be contrary to its fundamental principles. Finally, he wished to elaborate on two issues covered by paragraph 10 of the Ministerial Declaration, the time-frame and the structure of the negotiations. Argentina believed that the negotiations should be conducted and concluded on the basis of a single undertaking, and had not specified a time-frame in its services proposal as it would obviously be the same as that for the negotiations as a whole. Nevertheless, Argentina preferred negotiations lasting three years, with a mid-term review. The structure of the negotiations should conform to the following criteria: (i) unnecessary proliferation of bodies should be avoided; (ii) negotiating functions should be clearly assigned to avoid overlaps and, if necessary, consideration should be given to the reassignment of activities among the existing bodies in the area of services, only for the duration of the negotiations; and (iii) the needs of smaller delegations should be taken into account in deciding the number of bodies and scheduling of meetings.

5. The representative of Bangladesh, speaking on behalf of the least-developed country Members, informed the General Council of the outcome of the Coordinating Workshop for Senior Advisers to Ministers of Trade in LDCs in Preparation for the third WTO Ministerial Conference, held in South Africa from 21-25 June 1999, which had resulted in a set of coordinated proposals for the Conference. He expressed the participants' appreciation of the contribution to the meeting which the Chairman of the General Council had made. The meeting had reviewed the experiences and problems of LDCs in the implementation of the Uruguay Round Agreements, and had assessed the impact of the Agreements on their trade and development prospects. The meeting had examined the question of enhancing LDCs' capacities to actively participate in the process of global trade rule-making and in identifying issues of interest to them in order to promote and safeguard potential benefits and to protect against possible risks and losses. The meeting had formulated proposals for a Comprehensive New Plan of Action (CNPA) for integrating the LDCs into the global economy, the broad parameters of which he had provided at the informal intersessional meeting of the General Council held on 14 and 16 December 1998. The proposal he was submitting at the present meeting¹ provided the contents of the CNPA, and covered a broad spectrum of issue areas of key interest to LDCs. The proposals were sharp, succinct, focussed and entirely de-ideologized, and were the product of business-like deliberations. The Members submitting the proposals hoped to further refine some of the proposals in the coming weeks.

6. The representative of Japan, referring to his Government's proposal on agriculture (WT/GC/W/220), said that Japan believed the objectives for the next agricultural negotiations were to establish a set of rules and disciplines that were genuinely fair and equitable for both food-importing and exporting countries, as well as for developed and developing countries, and which allowed a coexistence of the various types of agriculture among Members. The following should be ensured in such rules and disciplines: (a) due consideration should be given to the importance of the multifunctionality of agriculture, allowing for smooth implementation of domestic agricultural policies, and to differences in natural conditions by taking into consideration the historical background of each Member; (b) due consideration should be given to the fact that domestic agricultural production was a basis for food security, by taking into account the instability of food supply and demand in the international market and the problems of starvation and malnutrition in

¹ Subsequently circulated as WT/GC/W/251.

developing countries; and (c) redressal of the imbalance in rights and obligations under WTO rules between exporting and importing countries. An independent group for agricultural negotiations should be set up in the next negotiations in light of the particular characteristics of agriculture, which required Members to consider a wide range of issues, such as domestic support, border measures and export rules, in a comprehensive manner. Negotiations on those issues should be pursued comprehensively and effectively in such a group. Furthermore, an appropriate forum should be established to address new issues, including genetically-modified organisms (GMOs), from a broad perspective. Work in such a forum should include an analysis of the current situation, identification of the questions to be dealt with, as well as the relationship between such questions and existing WTO rules and disciplines. Turning to Japan's proposal on forestry and fishery products (WT/GC/W/221), he said that these products were exhaustible natural resources which were renewable but could be depleted without proper management. The objectives of the forthcoming negotiations on such products should be to establish a set of rules and disciplines which contributed to the sustainable utilization of resources through the promotion of adequate resource conservation and management, and which were also fair and equitable both for exporting and importing countries. With respect to these products, it was indispensable to examine all the relevant factors in a comprehensive manner, giving due consideration to global environmental issues and to resource conservation and management issues, in order to ensure sustainable utilization of resources. To enable such comprehensive examination, a group for forestry and fishery products should be established independently from negotiations on other non-agricultural products.

7. With regard to industrial tariffs, he said that in order to secure sound development of the world economy, it was crucially important to realize a predictable and credible trade environment. From this viewpoint, Japan's proposal² suggested that industrial tariff negotiations be included in the forthcoming negotiations with the aim of further reducing tariff rates, improving the coverage of bound products, and harmonizing and simplifying tariff structures among Members. The tariff negotiations should be comprehensive without a priori exclusion to ensure that all Members, whether developed, developing, or transition economies, would benefit. As for modalities, a formula-cut approach, where all Members reduced their tariffs to target rates by way of a formula, should be applied as a basis. Such target rates should be set in accordance with the scale of economic development of each Member, paying due attention to the situation of developing-country Members. The general reduction should be effectively supplemented by, among others, zero-for-zero and harmonization approaches. Japan had also submitted a proposal on investment (WT/GC/W/239) in the belief that, in the era of globalization, enhancing predictability for investors would both promote foreign direct investment and expand world trade, thereby contributing to the development of the world economy. This fact supplied strong grounds for Japan to propose that multilateral rule-making on investment be included in the next WTO negotiations. At the same time, Japan believed that a future WTO agreement on investment rules needed to reflect the interests of all Members, by making a clear distinction from negotiations carried out in other fora with different memberships. Due consideration should therefore be given to providing an appropriate balance with regard to the development needs of developing-country Members. Japan's proposal contained a realistic approach to a WTO agreement on investment, and proposed some of the principal elements: (i) the agreement should cover foreign direct investment, which was the most direct contribution to the economic development of host countries. Investment rules in the WTO should therefore aim at providing the necessary disciplines for governmental measures on foreign direct investment; (ii) priority should be given to improving the transparency and stability of the legal systems in host countries; (iii) the approach should be progressive. Although the WTO principles of national treatment and MFN treatment should be included in future investment rules, national treatment for foreign companies in a pre-establishment phase should be introduced in a progressive manner, adopting a positive-list approach; and (iv) the existing WTO dispute settlement mechanism should be used without introducing a new State-investor dispute settlement mechanism.

² Subsequently circulated as WT/GC/W/243.

8. As regards anti-dumping, Japan was concerned that frequent use of anti-dumping measures was nullifying the benefits of tariff reductions. Fair administration of anti-dumping and other trade remedies was also one of the principal interests of developing countries. Japan's proposal on anti-dumping (WT/GC/W/240) was for a review of the current provisions of the Anti-Dumping Agreement with a view to negotiations on appropriate amendments, keeping in mind the objective of improving implementation and strengthening disciplines. On TBT, Japan believed that adequate administration of the TBT Agreement was crucial, in the light of the importance of standards in the modern economy, and in this context the Agreement contained several provisions which needed further clarification. Japan's proposal (WT/GC/W/241) was to include negotiations on the TBT Agreement in the forthcoming negotiations, in particular the issue of securing transparency, openness and impartiality in international standards development procedures, and also with a view to developing requirements that an international standard should fulfill. In the area of TRIPS, he said that the effective and appropriate protection of intellectual property rights was important for the promotion of liberalization and facilitation of trade and investment. First and foremost, it was crucial to implement the TRIPS Agreement completely and to operate domestic systems effectively. In addition, in line with new technological developments and social needs, the TRIPS Agreement should be further improved in the next round of negotiations, and harmonization of intellectual property right systems and effective measures against counterfeiting were especially important. It would also be beneficial to incorporate into the TRIPS Agreement new treaties or conventions which had been concluded in other fora and which achieved higher levels of protection of intellectual property rights. In this regard, Japan's proposal (WT/GC/W/242) was that the TRIPS Agreement should be addressed in the negotiations. In concluding, he said that Japan would shortly be submitting proposals in the areas of services, trade facilitation and electronic commerce.

9. The representative of the European Communities, referring to the Communities' proposal on possible decisions at Seattle (WT/GC/W/232), said that the launch of multilateral trade negotiations at Seattle was the overriding objective for the Community. It believed that this was also the objective of the membership of WTO and that Members should continue to give priority to this objective. However, it was clear that there were a number of issues which would be mature for decision when Ministers met in Seattle, and provided that they did not detract from the broader objective, the Community was proposing a number of suggestions. First, tariff-free treatment for products from least-developed countries was an issue which the Community had raised on numerous occasions. The Community had proposed that Ministers make a commitment at Seattle to ensure duty-free market access, no later than the end of the next round of negotiations, for essentially all products originating in the least-developed countries. Second, in the area of transparency, the Community had identified three items in the proposal: (i) derestriction of documents and consultations with civil society; (ii) the DSU review, where the Community believed that certain features would be deliverable in Seattle. The Community was favourable towards improved transparency in dispute settlement procedures within the overall context of a balanced package of DSU reforms, including professionalization of panels. Agreement before Seattle on a broad package of DSU reforms was necessary to encourage widespread support for improved transparency. Transparency in the context of the DSU review should be considered as a separate issue from the more general transparency question in the areas of derestriction of documents and consultations with civil society; and (iii) transparency in government procurement, which was the basic building block of a stable and predictable procurement regime, and the Community believed that the substance of a transparency agreement was more important than its timing, and hoped that this issue would be ready for Seattle. Third, in the area of coherence, the Community would be looking for an endorsement by the heads of international organizations of joint efforts which supported capacity building so that developing countries could derive full benefits from a new round of trade liberalization, and would be seeking an appropriate text to this effect in the Seattle Ministerial Declaration. Fourth, the Community noted the progress made in the DSU review, and supported the notion of a balanced package of DSU reforms which could be achieved for formal adoption at Seattle, and which would include the issue of implementation, although the Community did acknowledge that there were a number of difficulties and that time was short. Fifth, in the area

electronic commerce, the Community believed that there was a balance to be struck in terms of the ideas put forward by other Members, notably the United States, in relation to prolongation of the present standstill in the application of customs duties. This should be matched or balanced by a package of trade principles, and a combination of the two approaches was achievable in Seattle. The Community's proposals for discussions at Seattle were intended as a balanced package and, taken together, would foster the integration of developing countries, in particular the least-developed, into the multilateral system, help strengthen the WTO as an institution, including its rules based approach, and demonstrate the WTO's openness and transparency towards civil society.

10. On trade and investment, he welcomed the proposal by Japan, which was a positive, constructive and balanced approach to the issue, and emphasized the value of greater legal stability and guarantees, while acknowledging the need for flexibility in accommodating the development priorities which many developing countries would wish to see as a feature of any agreement in this area. He also wished to introduce a proposal on this issue which his delegation had just submitted³ which reaffirmed that the European Community and its member States believed that the time had come for the WTO to establish a multilateral framework of rules governing international investment, with the objective of securing a stable and predictable climate for foreign direct investment world-wide. The focus of the proposal was on foreign direct investment, while at the same time acknowledging the importance of preserving the ability of host countries to regulate the activity of investors, whether foreign or domestic. The Community believed that the WTO was the only multilateral forum that could take fully into account the interests of both developed and developing countries in their position as home and/or host countries to international investors. The suggested approach reflected the kind of openness which the European Community already had towards foreign direct investment, and was along the lines of the GATS model. It was based on commitments to be undertaken by each Member, arrived at through a process of negotiation, and was the way to allow for the flexibility that many WTO Members required. Another important issue was balance – while the objective of such an agreement was to encourage and protect FDI flows, there was a clear need to preserve the ability of all host countries to regulate, in accordance with basic WTO principles, the exercise of economic activity on their territory, in accordance with their own priorities. In that respect, the Community believed in the potential of FDI to contribute significantly to economic growth in both home and host countries, and there was an increasing volume of evidence to demonstrate this potential. This was not necessarily the case, however, of any investment under any circumstances. The Community therefore considered that a framework of multilateral rules for FDI should ensure the right conditions for international investment to be conducive to sustainable development. Clearly, this aspect was of even greater importance for developing WTO Members.

11. The representative of Norway, referring to his Government's proposal on services (WT/GC/W/236), which had also been submitted to the Council for Trade in Services, said that the point of departure of the proposal was the apparent agreement among all WTO Members on broad coverage, in the sense that neither any service sector nor any mode of supply would be excluded from the negotiations. Norway believed that the negotiations should encompass both specific commitments and MFN exemptions, and that environmental concerns should be taken into account, translating what seemed to be an emerging consensus in the Committee on Trade and Environment to the effect that trade and environmental policies should be mutually supportive and legally consistent in order to promote the objectives of sustainable development. Turning to Norway's proposal on agriculture (WT/GC/W/238), he said that Norway, like all WTO Members, was committed to initiating negotiations aimed at continuing the agricultural reform process on the basis of Article 20 of the Agreement on Agriculture. Since the beginning of implementation of the Agreement in 1995, substantial progress had been made in reforming agricultural policy and market-orienting the agricultural sector, and it had been recognised that policy reform needed to be an on-going process. With this in mind, Norway had proposed that the forthcoming negotiations should aim at refining and

³ Subsequently circulated as WT/GC/W/245.

elaborating the rules and disciplines of the Agreement on Agriculture in order to promote the objective of a fair and market oriented agricultural trading system, taking into account the need for sufficient and adequate food supplies, the interests of the developing countries, in particular the least-developed, and the need to meet important emerging challenges, such as safeguarding and promoting the non-trade concerns of a multifunctional agriculture. The negotiations should be finished in a relatively short period of time, and all aspects of the agricultural negotiations should take place in a specific agricultural negotiations committee. As reflected in the Preamble to the Agreement, the interests of developing countries, in particular the least-developed and net-food importing countries, should be properly addressed. Many developing countries had not yet been able to take advantage of the opportunities that the Uruguay Round had offered. Furthermore, increased attention was being paid to the societal role and multifunctional character of agriculture, as reflected *inter alia* by the focus on non-trade concerns. The basic characteristics of the agricultural sector implied that agriculture, also in the future, would have to be treated separately within the multilateral trading system. Bearing in mind that the Preamble to the Agreement also emphasised the need to take into account the equitable sharing of commitments among all Members under the reform programme, it was clear that a delicate balance should be struck between the interests of net-food importing and exporting countries. This symmetry of interests should form an overall framework for the reform process in general and for the forthcoming negotiations in particular. The reference in Article 20 to the need to take into account the experience and effects of the reduction commitments during the implementation period, demonstrated the dynamic character of the Agreement. Policy reform required further efforts, including addressing new challenges that were emerging, and the major challenge was to meet the growing demand for sufficient and adequate supplies of food in efficient and sustainable ways. At the same time, the multifunctional character of agriculture should be safeguarded and promoted beyond the primary function of the agricultural sector of supplying food and fibre. These concerns needed to be fully reflected in the continuation of the reform process.

12. The representative of Korea, referring to his Government's proposal on anti-dumping (WT/GC/W/235), said that although the Anti-Dumping Agreement represented an improvement over the Tokyo Round Code, a number of shortcomings had come to light in the course of its implementation. Korea was particularly concerned with the ambiguities in some key provisions of the Agreement that could lead to abuse, and believed that both the increase in the use of anti-dumping actions and the rise in WTO disputes concerning anti-dumping measures in recent years were closely related to these ambiguities. There was, therefore, a strong case for reviewing the Agreement and improving its provisions so as to bring necessary clarifications and eliminate the so-called "grey areas" that permitted a wide range of conflicting interpretations. A review of the Anti-Dumping Agreement was also warranted by the changes in the world trade environment. Important changes such as increased cross-border activities of multinational corporations, transfer of production facilities to developing countries and the creation of harmonized rules of origin significantly affected the way the Agreement functioned. Consideration of the implications of such changes and making appropriate adjustments were tasks that the Members should not neglect, and the issue of anti-circumvention, in particular, required special attention. Unfortunately, however, the discussions in the Informal Group on Anti-Circumvention under the Committee on Anti-dumping Practices had not been successful due to the wide differences in Members' views. Given the growing importance of anti-circumvention, Korea believed that a new impetus should be given to the consideration of this issue, and thus had proposed that Members review and improve as appropriate the provisions of the Anti-Dumping Agreement in the next round of negotiations. Korea was particularly interested in the areas of initiation of investigations and review procedures and might submit additional proposals on the details at a later stage. In the near future, Korea also hoped to be in a position to submit proposals on industrial products, investment and competition policy.

13. The representative of India said that his Government's proposal on technical barriers to trade (WT/GC/W/223) had been submitted in the context of two main concerns: (i) to ensure that technical regulations did not become unnecessary obstacles to international trade; and (ii) to ensure that the

problems encountered by developing countries in the formulation and application of technical regulations and standards were overcome. India believed that this was particularly important, since the technical regulations and standards adopted by developed countries had serious implications for the market access of products from developing countries. The proposal was aimed at strengthening the provisions for special and differential treatment contained in Article 12 of the TBT Agreement. Furthermore, the proposal explored ways and means of ensuring the participation of developing countries in the setting-up of standards and regulations, and it also asked for a serious attempt to be made to define international standards. India had also suggested that a specific provision be introduced in Article 12 to ensure that developing countries were given a longer time-frame to comply with measures affecting products of export interest to them. In addition, a specific provision should also be introduced that if a measure in a developed country created difficulties for developing countries, then it should be reconsidered. India's proposal on services (WT/GC/W/224) sought to broadly operationalize GATS Articles IV and XIX, and suggested that areas of interest for developing countries, particularly Mode 4, could be better implemented through a higher level of commitments. The proposal also set out guidelines for the next round of negotiations, and suggested the setting-up of a monitoring mechanism for the implementation of Article IV. Turning to the area of textiles and clothing, he said that the Agreement on Textiles and Clothing had been held out to be the biggest source of benefits for developing countries from the Uruguay Round. However, after five years of implementation it was clear that the anticipated benefits had just not materialized. India's proposal (WT/GC/W/226) highlighted the problems in this area, suggested solutions, and asked developed importing countries to advance plans for integration in such a way that commercially meaningful liberalization could take place in this crucial area. The aim of India's proposal on TRIPS (WT/GC/W/225) was to achieve certain public policy and developmental objectives which were provided for in the TRIPS Agreement. Thus, India had proposed that the transfer of technology should be promoted through a binding obligation by the holders of proprietary technology, and that the incompatibility between the Agreement and the Convention on Biological Diversity should be addressed. Finally, because of the different nature of the TRIPS Agreement as compared to the GATT, India had attempted to clarify that the concept of non-violation should not apply to the TRIPS Agreement. Turning to the area of customs valuation, he said that the Agreement on the Implementation of Article VII of the GATT 1994 predicated the recognition that, in particular, the provisions of Article VII needed to be elaborated in order to provide greater uniformity and certainty in their implementation. The Agreement also recognized that a fair, uniform and neutral system for the valuation of goods for customs purposes should preclude the use of arbitrary or fictitious customs values, and India wished to emphasize this. However, the Agreement clearly qualified that the actual value would be the sale price in the ordinary course of trade and under fully competitive conditions. India's specific proposals (WT/GC/W/227) were aimed at addressing these important provisos and the need to deter fraud, facilitate genuine trade and protect revenue. On implementation in general, he wished to reiterate the importance that India attached to the redressal of implementation concerns, which were critical issues and reflected the imbalances and asymmetries exposed during the implementation of these Agreements. The redressal of these concerns would be an important factor in ensuring the integration of developing countries into the multilateral trading system. He wished also to fully associate his delegation with Brazil's statement on special and differential treatment. Turning to the proposal by the European Communities on possible decisions at Seattle (WT/GC/W/232), he noted that no mention had been made of redressal of implementational concerns among the issues where possible decisions could be taken at Seattle.

14. The representative of Hong Kong, China said the position of his Government with regard to the forthcoming services negotiations had been set out in a proposal which had been submitted to both the General Council and the Council for Trade in Services (WT/GC/W/215 – S/C/W/112). Hong Kong, China fully respected and agreed with the ultimate decision-making role of the General Council in the preparatory process for the third Ministerial Conference, but also believed that the Council for Trade in Services could and should have a complementary role to facilitate the process. The proposal set out Hong Kong, China's views on the priorities and also the scope and modalities of

the negotiations. Hong Kong, China believed that all sectors should be on the table for consideration and the concept of "progressive liberalization" set out in GATS Article XIX should apply. Obtaining deeper commitments in market access and national treatment would be a key feature of the round, and should be achieved by a request/offer approach, supplemented by other approaches, such as horizontal or formulae, where necessary and helpful to the process. Hong Kong, China also believed that it was time for MFN exemptions to be eliminated. These were a derogation from a fundamental principle, and the Annex on Article II Exemptions stated that they should, in principle, not exceed ten years. Hong Kong, China proposed that they should be eliminated by 2005 or the end of the next round, whichever was earlier. With more market access and national treatment, it became clear that barriers arising from domestic regulation would be a problem in turning that market access and national treatment into reality. These barriers should be tackled vigorously in the new round, in a pro-competitive framework. While, Hong Kong, China did not believe a fundamental review of the GATS to be desirable or necessary, it was necessary to ensure that GATS rules remained relevant and responsive to the needs of service providers and consumers. Thus, other provisions needed to be reviewed, in addition to the built-in agenda items under Articles X, XIII and XV, and in this regard he wished to support Argentina's proposal to address the issue of subsidies. Other areas which needed clarification included Article V on economic integration agreements in services, the meaning of national treatment, and the differentiation between Modes 1 and 2, and their meaning in the national treatment column. Furthermore, there was a need to enhance the transparency and certainty of the specific commitments. Currently, the scheduling methodology as set out in Article XX was not conducive to clarity. The scope of sectors and commitments was also not clear in all cases. Hong Kong, China believed that Members at all stages of development needed to feel that they were gaining from the progressive liberalization, which entailed looking hard at the sectors and areas where developing Members had trade interests and could take action to facilitate them. The capacity to capitalize on these opportunities, in the widest sense, should be enhanced. There would be distinct advantage in resolving many of these issues early in the round, so that the background against which specific commitments were being negotiated was as clear as possible. On the negotiating guidelines, Hong Kong, China's views on the overall administrative arrangements had previously been set out in an informal paper submitted to the Council for Trade in Services.

15. Turning to anti-dumping, he said that Hong Kong, China welcomed the proposals from ASEAN, India, Japan and Korea and shared the concerns expressed in these proposals about the increasing use of anti-dumping measures and the increasing number of users of an instrument that could be easily subject to protectionist abuse. Such a trend was worrying because abuses and distortions associated with the use of anti-dumping measures were likely to nullify the benefits of trade liberalization. The mere initiation of an investigation, irrespective of whether anti-dumping measures would be imposed eventually, would trigger trade harassment and trade-stifling effects. A number of specific concerns had been raised regarding the implementation of the Anti-Dumping Agreement, but a more fundamental question to Hong Kong, China was whether anti-dumping was an effective and appropriate instrument that could correct the distortions of competition directly at their sources. Hong Kong, China believed that the answer was negative. More often than not, it was aimed at providing for discriminatory import relief measures which themselves created additional distortions to trade and competition. Hong Kong, China also believed that existing WTO rules in this area should be constantly reviewed to ensure that they were up-to-date in a globalized economy with rapid technological changes, and therefore supported the suggestion that rules governing anti-dumping actions should be reviewed with a view to maximizing the benefits of trade liberalisation for all Members, in particular developing Members. Such reviews should also be broad enough to encompass any underlying principles which might give rise to problems. In this connection, Hong Kong, China was encouraged that several delegations, on different occasions including in the Working Group on the Interaction between Trade and Competition Policy, had submitted ideas to inject competition policy perspectives into rules governing anti-dumping actions. More efforts should be taken to ensure that the application of anti-dumping actions took into account economic reality, and that incentives should be provided to tackle distortions of competition at their source and to

encourage pro-competitive trade liberalization, so as to provide Members with incentives to maintain free trade and open competition commitments.

16. The representative of Uruguay, referring to his Government's proposal on services (WT/GC/W/234), said that Uruguay attached importance to the next negotiations on trade in services and expected that, in accordance with GATS Article XIX:1, an overall balance of rights and obligations covering the interests of all Members would be achieved. In relation to the preparation of negotiating guidelines for these negotiations, Uruguay believed that the assessment of trade in services foreseen in Article XIX and currently underway in the Council for Trade in Services, was very important. Without prejudice to this work, and taking into account the calendar of the work programme agreed by the General Council, Uruguay had submitted this proposal at the present time to allow Members sufficient time for analysis and comment. The proposal set out the objectives, principles and elements that Uruguay considered should be included in the negotiating guidelines. The objectives of the negotiations should continue to be, as set out in the Punta del Este Ministerial Declaration of 1986 and subsequently in the GATS, "expansion of trade in services under conditions of transparency and progressive liberalization and as a means of promoting economic growth of all trading partners and the development of developing countries". With regard to the principles and elements to be included in the guidelines, Uruguay had identified three elements which it considered to be important. First, the principle of progressive liberalization which was fundamental in the structure and functioning of the GATS. Uruguay believed it important to maintain the structure and functioning of the GATS as it had been agreed and as it stood, on the basis of positive lists of specific commitments in sectors and modes of supply negotiated and agreed by Members. Furthermore, due consideration should be given to the appropriate flexibility for developing countries as mentioned in Article XIX:2. Second, Uruguay believed that the increasing participation of developing countries referred to in Article IV:1 was essential. At the same time, for the effective implementation of the provisions in Article IV, developed countries should adopt commercially meaningful commitments in the next negotiations in areas of interest to developing countries. Moreover, Article XIX:3 stated that the negotiating guidelines should establish modalities for the special treatment for least-developed country Members. Third, in accordance with Article XIX:3, the next negotiations should take account of autonomous liberalization undertaken by Members since the end of the Uruguay Round. Uruguay also believed that the following elements, that formed part of the work in hand which would have to continue during the negotiations, should be included in the guidelines: (i) domestic regulations; and (ii) GATS rules. The work in these areas should continue under the agreed mandates

17. The representative of Hungary, speaking also on behalf of Bulgaria, the Czech Republic, Hungary, Latvia, the Slovak Republic and Slovenia, introducing a proposal on the concerns of transition and post-transition economies relating to domestic support in the agricultural negotiations (WT/GC/W217), said that the Agriculture Agreement exempted certain types of domestic support from reduction commitments which had no, or at most minimal, trade-distorting effects or effects on production or which were limiting such effects. Apart from these measure-specific exemptions, the Agreement also recognized that in specific circumstances some types of domestic support might deserve special treatment if they provided an indispensable contribution to the economic development of a certain group of countries. The Agreement did not, however, contain any provision which would adequately address the specific needs of the agricultural sectors of Members which were in the process of transformation to a fully-fledged market system or consolidating the results of such a far-reaching economic process. Therefore, their countries had proposed that adequate ways and means should be identified and agreed upon that would enable transition or post-transition economies to introduce or continue to use support measures that were necessary for the economic transformation of their agriculture. Such mechanisms would serve the objective of assisting these countries in their efforts to establish and consolidate a market-oriented domestic agricultural sector by partly alleviating the extreme burdens associated with such a process and allowing them to benefit from their comparative advantage.

18. The representative of Turkey said that his Government attached great importance to the full implementation of the TRIPS Agreement. Turkey also believed that the ongoing negotiations within the TRIPS Council regarding the additional protection for geographical indications and the multilateral registration system for geographical indications of wines and spirits should also be extended to other products. The additional protection for geographical indications was one of the essential elements of the TRIPS Agreement. However, confining this concept narrowly just to wines and spirits would not be a fair and equitable treatment of the rights and the interests of Members. Turkey also believed that extending the scope of protection to other products would play an important role for the development of local producers and industries concerned. Turkey, along with a number of Members, had indicated its interest in extending the scope of protection of geographical indications to other products in addition to wines and spirits, and fully supported the proposals on this issue submitted up to the present. Turkey proposed⁴ that the General Council submit a recommendation to the third Ministerial Conference in this regard.

19. The representative of Australia said that his delegation's recent ninth proposal on agriculture (WT/GC/W/237) dealt with the issue of export restrictions and taxes. Australia was committed to removing restrictions and distortions affecting agriculture, and this proposal reflected Australia's preparedness to address a range of different pressures which affected both agricultural exporters and importers. Australia recognized that undisciplined export restrictions and taxes had the potential to limit supply and increase prices beyond the levels of a fair market. Net food-importing countries had expressed concerns about how best to ensure their food security in the face of such measures. At the same time, some developing countries applied export taxes and restrictions as a defense against tariff escalation and distortions that affected their own export potential. For all of these reasons, Australia believed that there were clear benefits to be gained from developing disciplines on export restrictions and taxes as an integral part of delivering substantial further liberalization in the negotiations on agriculture.

20. The representative of Pakistan said that implementation issues should be addressed from a broad policy perspective. The concerns of the majority of the membership of the organization needed to be addressed if a realistic realignment and rebalancing were to be achieved in the ongoing and future negotiations. It would be extremely difficult to contemplate negotiations on issues other than those in the built-in agenda, unless the problems relating to implementation of existing agreements were satisfactorily addressed. Pakistan had submitted several papers on textiles, agriculture, movement of natural persons, and dispute settlement, and many of the proposals in these papers dealt with implementation issues. Pakistan trusted that it would be possible to find a methodology by which the implementation concerns raised in various proposals and papers could be addressed by the time of the Ministerial Conference. The objective should be to resolve these issues, if possible before Seattle, so that developing countries would be in a position to consider other proposals on their merits. Pakistan would not wish implementation once again to become a part of a new package, because these issues were part of a previous package – the Uruguay Round package. Developing countries, or indeed any country, should not be expected to pay twice for the same concession or commitment. Pakistan believed that a specific meeting or a mechanism should be assigned to taking up these issues with a view to their resolution within the coming months, and within the preparatory process. Pakistan's communication on textiles (WT/GC/W/159) contained some proposals relating to implementation issues, and the recent proposal by India (WT/GC/W/226) was largely complementary in this respect, and he hoped that both papers would be considered together. Similarly, with regard to agriculture, Pakistan welcomed the proposal submitted by Australia, and also some of the points in the proposal by New Zealand, and his delegation hoped to be able to consult with these delegations with a view to coordinating positions and submitting concerted proposals on issues under both implementation and the built-in agenda in agriculture.

⁴ A formal proposal was subsequently circulated as document WT/GC/W/249.

21. The representative of Argentina, referring to Australia's proposal on agriculture (WT/GC/W/237), highlighted the importance of tariff escalation and its link to export restrictions on raw material exports by some countries, and said that paragraph 4 of the proposal was illustrative of the difficulties faced by the developing countries in this area. Turning to Japan's proposal in this area (WT/GC/W/220), he said that the Agriculture Agreement's objective of establishing "a fair and market-oriented agricultural trading system", had not been taken into account in the proposal. It was clear that this type of system could allow the coexistence of various types of agriculture, but this was not the goal of the Agreement, more a consequence of it. This coexistence depended, like in all trade coming under WTO, on the capacity of producers to find a place in the market. In its proposal, Japan suggested that the international market for food was unstable and that this had a negative impact on food security. His delegation believed that the basis for this idea was false and led to the wrong conclusion. In reality, all international trade in agriculture was influenced by government policy, making the use of market-balancing mechanisms virtually impossible and causing price instability which could not be blamed on market shortcomings. The combination of high tariffs and domestic support isolated producers from market signals, and in highly-developed countries these producers could maintain production volumes regardless of the domestic level of demand. This led to surpluses for export which could not attain market prices and which resulted in further price declines. When this was coupled with the use of export subsidies, the net result was even more instability, rural poverty, market crises, degradation of the environment and less food security. Japan had further suggested that the rules of the Agriculture Agreement should be reviewed. Article 20 clearly established that continuation of the reform process initiated in the Uruguay Round would require "substantial progressive reductions in support and protection", and it was probable that, to achieve the "fundamental reform" mentioned in the Article, it would be necessary to review certain provisions of the Agreement, although with the aim of achieving more liberalization, not less. Japan had also suggested consideration of some new issues, such as genetically-modified organisms (GMOs) which was an important issue and could have an effect on various WTO agreements. For the present, Members were considering the link between GMOs and the TRIPS Agreement in the context of the review of Article 27:3(b), and it did not appear suitable to take this issue to Seattle. Argentina agreed that an independent negotiating group would be necessary for agricultural negotiations on domestic and export subsidies, and this was justified by the rules on agricultural subsidies which allowed some specific measures to be maintained for a certain time. On the other hand, in the area of market access, consideration should be given to the possibility of a single negotiation on all merchandise tariffs.

22. As regards the suggestions that natural, historical and cultural differences between countries be reflected in the WTO rules on agriculture, Argentina could not see why agriculture should be any different from other sectors. Similar considerations could be invoked, for example, for the electrical industry, pharmaceuticals, textiles, telecommunications and so on. There was one difference among countries, however, which did have to be reflected in the Agriculture Agreement, and that was the different levels of development. This had to be reflected in special and differential treatment for developing countries which allowed them the flexibility to adapt to the requirements of free trade. Other differences, whether natural, historical or cultural, did not prevent liberalization but, on the contrary, justified it and a country's commercial partners benefited from each productive activity in which it was specialized. He wished to note that the concept of "multifunctionality" was alien to the Agriculture Agreement, which referred only to "non-trade concerns", and he was unclear as to what value this new term would add to the concept of non-trade concerns. Argentina believed that the agenda for the reform process should be entirely consistent with Article 20, and was ready to consider non-trade concerns within the agreed framework of "substantial progressive reductions in support and protection resulting in fundamental reform" of agricultural trade. In other words, consideration of non-trade concerns should lead to more liberalization and not less. If some Members were to insist on introducing the concept of multifunctionality, others would feel obliged to extend the concept to other areas of trade in goods. The three conditions in paragraph 14 of Japan's proposal would be perfectly applicable to any industrial sector which it might be necessary to protect in order to preserve "functions" and "values" in any particular society. On the subject of food security, Japan had

suggested that, due to the dependency of agriculture on the climate, government intervention was needed and that government policies should take into account each type of product. Governments had an obligation to ensure the food security of their countries and the problem was particularly serious where scarcity of local production was coupled with import difficulties. However, this was not the case for Japan, although it might well be the case for developing countries which lacked foreign currency for imports. It was necessary to separate protectionist pretexts from real concerns. Food security was a problem for the poor, not for the rich, and for this reason discussion on this issue belonged to the question of special and differential treatment for developing countries. With regard to the suggestion that there could be different policies for different products, recognition that some aspects of agricultural trade had more weight than others was unnecessary. However, Argentina was concerned that this argument might dilute the whole issue of food security, ending in a tangle of factors which might limit exports of certain products to some specific markets.

23. As regards Norway's proposal on agriculture (WT/GC/W/238), it was striking that a country in which 2 per cent of the surface area was cultivated, 3 per cent of the workforce was engaged in agriculture, and agriculture generated 1 per cent of the GDP, was calling, in paragraph 8 of its proposal, for the creation of permanent discrimination in the area of agriculture within the framework of WTO. It was interesting that a country with no real interest in the agriculture sector wanted permanent discrimination against efficient exporters, and he wondered under what WTO provisions this could be justified. Norway had also proposed that the interests of developing countries should be properly addressed, and there could be doubt on this matter because this was clearly established in the Agriculture Agreement. However, he wondered whether, in discriminating against agricultural exports, the treatment accorded to developing countries could be satisfactory. There were countries where agricultural exports represented a high proportion of total exports, such as, *inter alia*, Cameroon (36 per cent), Sri Lanka (38 per cent), Nicaragua (63 per cent), and Belize (90 per cent) and he wondered how Norway imagined these countries would fare under a multilateral framework providing permanent discrimination against agricultural exports. His delegation believed that for countries such as Norway to propose that agriculture, also in the future, should be treated separately within the multilateral trading system in a way that discriminated against efficient producers and a good number of developing countries was going too far.

24. The representative of New Zealand welcomed Australia's proposal on export restrictions and taxes (WT/GC/W/237), and said that an important part of ensuring an effective trading system was appropriate disciplines in this area, including the elimination of tariff escalation. Negotiations to this end would be consistent with the objective of creating a fair and market-oriented agriculture trading system, and would promote economic development for developing-country Members, in particular least-developed and net food-importing developing country Members.

25. The representative of Egypt said that Egypt had repeatedly indicated its desire for a real dialogue among Members on various issues, although this seemed to be more and more difficult due to the number of proposals. The problem was that Members were attempting to exchange views in the General Council meetings on issues covering all WTO Agreements, the built-in agenda, and mandated negotiations, which was a very difficult task. It would be necessary to discuss the issues in a more structured way, and with regard to proposals on implementation, this would mean dealing with proposals on one agreement at a time. Previous meetings had not been structured, which had led to Members simply stating their positions, not to a dialogue. Egypt believed that the best approach would be to have before the General Council a cluster of proposals in relation to specific issues and to have a structured discussion on this cluster.

26. The representative of Cuba said that his delegation fully supported the proposal on services by Uruguay (WT/GC/W/234), which could serve as guidelines for the future negotiations in this area. Cuba believed that the expansion of trade in services should take place under conditions of transparency, and progressive liberalization in this area should take fully into account the interests of

developing countries. Developed countries should undertake meaningful commitments in areas of interest to developing countries, and the structural conditions of developing countries should be strengthened in the areas of technology, commercial conditions and others with the aim of improving their participation in the international trade in services.

27. The representative of Uruguay supported Australia's proposal on agricultural export restrictions and taxes, which was consistent with the Cairn's Group Vision Statement. Uruguay believed that disciplines on this issue should be developed in the forthcoming negotiations, as an integral part of substantial liberalization of agricultural trade.

28. The representative of Australia said that some of the proposals on agriculture went to the heart of the interests of many Members, as the Members submitting them were rich countries able to afford to subsidize tiny agricultural sectors, and which wished to push onto the rest of the world community their internal adjustment costs, or their inability to undertake domestic adjustment processes. For poor countries, food security was a very serious issue, which was why it was in the green box, and why special and differential treatment was so important to them. But it was only rich countries, which could afford production-linked support arrangements, that were talking about multifunctionality. The proposal by Norway was an attempt to introduce permanent discrimination against agriculture into this organization, which had been created 50 years ago to end discrimination, not to entrench it in the rules. It had to be clearly understood that allowing the introduction of multifunctionality would permanently discriminate against all countries having a comparative advantage in, or a dependence on agriculture, and no Member could afford to allow this to be written into the WTO rules.

29. The representative of Norway, referring to the comments by Argentina and Australia on his Government's proposal on agriculture, said that his delegation had no difficulty with the idea that some other Members did not agree with the proposal. However, his delegation took exception to the type of statements which had been made, particularly by Argentina, depicting Norway in a way which was unfitting within an organization such as WTO.

30. The representative of Japan, in reply to the comments by Argentina and Australia on his Government's proposal on agriculture, said Article 20 of the Agriculture Agreement clearly stated that the next negotiations should take into account non-trade concerns, the experience from implementing the commitments and the other concerns mentioned in the preamble to the Agreement. Japan's proposal was based on these considerations and the discussions which had been held in the Agriculture Committee, and was aimed at being a contribution to discussions in future meetings.

31. The representative of Chile said that Chile fully supported the proposal by Australia on export restrictions and taxes in agriculture. There was a need for disciplines in this area to eliminate obstacles and achieve more balanced market access for agricultural products.

32. The representative of Costa Rica expressed his delegation's support for the proposal by Australia on export restrictions and taxes. His delegation also welcomed the proposals by the European Community and Japan on a multilateral framework on investment in WTO. Costa Rica had previously indicated the need to launch comprehensive negotiations including the development of multilateral rules on investment, among other issues. The absence of such rules was an important lacuna within the WTO rules-based system, which had led to a number of inequalities with systemic consequences. There were several reasons to justify such rules. First, the proliferation of bilateral agreements for the promotion and protection of investment, even when there was growing convergence on this issue, had introduced elements of confusion, inefficiency and incertitude, and led to the fragmentation and superimposing of separate regimes in a world where investment was more and more global or regional in nature. A multilateral agreement could reduce conflicts between the rules of different countries and reduce the inefficiencies which this diversity provoked. Second, a

framework of rules and international commitments would contribute to stability and predictability in the global investment environment. Third, investment rules could correct the imbalance in the WTO system, as there were no such rules on goods, despite their existence in the area of services. Costa Rica was convinced that such rules would benefit both developed and developing countries, and would shortly be submitting a proposal on this issue.

33. The representative of Turkey said that sound and multilaterally accepted competition policies and disciplines would further increase market access opportunities, and would further world trade on the basis of non-discrimination, predictability and transparency. In a globalized world economy, a multilateral approach on competition would be helpful to achieve the objectives of the WTO. Due to the nature of the competition rules, it should be borne in mind that a multilateral framework would work efficiently if all Member countries had national competition legislation, based on a common understanding reached at the multilateral level. This would facilitate cooperation among competition authorities in effectively implementing competition law. To this end, Turkey proposed⁵ that future work should be focused on studies to reach a common understanding on the issue and to promote the adoption of national competition laws based on the principles of non-discrimination and transparency. In doing so, the differences in the provisions of national legislations and administrative procedures should be taken into account. A multilateral framework of competition rules should include provisions for transitional periods and certain flexibilities to allow Members at different stages of development to subscribe to the commitments, and due support should be provided to them in strengthening their infrastructure.

34. The representative of Hong Kong, China said her delegation welcomed the proposal by Japan on multilateral investment rules (WT/GC/W/239), and shared many of the views in the proposal, in particular that any agreement should take an incremental approach and contain a few core elements as a base, including MFN, national treatment, transparency, investment incentives and the applicability of dispute settlement procedures. Hong Kong, China agreed that the developing needs of exporting Members should be duly considered. The proposal by the European Communities (WT/GC/W/245) also contained several interesting points, but Hong Kong, China would be interested in a clarification on the wording of the section on protection of investment and the right to regulate.

35. The representative of Hungary said that although the beneficial effects of international investment were widely recognized, there were no comprehensive multilateral rules in place for investment. Such comprehensive rules would bring the necessary transparency, predictability and security for firms operating in the global market, whatever their ownership structure or place of incorporation. Hungary believed that the WTO was the place to work out such rules, which should be based on the principle of non-discrimination while recognising the rights of governments to take measures in order to attain public policy objectives. A multilateral investment agreement could reduce distortions in investment flows and inefficient allocation of resources caused by the great number and variety of regulations on investment issues. Hungary believed that the time had come for the WTO to establish a multilateral framework of rules governing international investment. Against this background, his delegation welcomed the proposals by the European Communities and Japan, and in particular appreciated the similar approach chosen by them. Both proposals contained many elements that were, to a large extent, in line with Hungary's view. The proposals focussed mainly on FDI and tried to limit the scope and ease the problems common to many Members by a very broad definition of investment. Both proposals took a bottom-up, or positive list approach and acknowledged that liberalisation in the pre-establishment phase should be introduced progressively, providing the required flexibility for Members. Both proposals also foresaw the application of the principle of non-discrimination in a possible agreement and called for full national treatment in the post-establishment phase. Finally, Hungary especially welcomed the explicit mention in the Japanese

⁵ A formal proposal by Turkey was subsequently circulated as WT/GC/W/250.

proposal that disputes between investors and states should be excluded, and shared the view that such disputes would be irreconcilable with the basic character of the dispute settlement mechanism.

36. The representative of Korea supported the proposals by the European Communities and Japan on trade and investment. The general thrust of both proposal was similar to the views of Korea. The recent proliferation of bilateral and regional investment arrangements had led to a coexistence of sometimes mutually incompatible disciplines which might distort investment flows. Korea believed that multilateral rules on investment offered a solution to this problem by enhancing transparency and predictability in the international investment regime, which in turn would facilitate freer and more stable flows of investment and expand global welfare. Concerns over the potential cost which had yet to be proven should not discourage negotiations in this area. Multilateral investment rules should not work as an impediment to the development of host countries, and the development dimension should be an integral part of such rules, and could be effectively addressed by providing safeguard mechanisms which allowed for a certain flexibility for host countries. The future investment rules in WTO should, thus, achieve a balance between the goal of facilitating investment flows and the need to allow viable policy options for developing countries. Given the experience in recent negotiations in this area, Korea believed that in order for the negotiations to be successful a middle-of-the-road approach should be taken, in terms of host protection and liberalization of investment, and Korea's proposal on investment, shortly to be submitted, would follow this approach.

37. The representative of the Philippines, speaking on behalf of the ASEAN Members, referring to Japan's proposal on investment, said that ensuring transparency and stability in legal systems and policies was, indeed, a primordial concern of host countries including the developing countries. ASEAN also agreed that transparency and stability, among other factors, reduced costs and risks for the foreign investor, the home country and the host country, and thus encouraged investments and promoted growth. As ASEAN had pointed out in the Working Group on Trade and Investment, in this age of globalization and openness, each country, being a potential recipient of foreign direct investments (FDI), would do all it could through legislation and best practices to successfully compete for and attract FDI. Furthermore, ASEAN had also stressed that governments would not easily reverse policies or law only to risk damaging their countries' development prospects. ASEAN wondered whether multilateral rules, which Japan advocated in its paper, would address all the problems that could arise in the operation of FDI world-wide, or if such rules which overly stressed the treatment and protection of FDI would only compound such problems. Again, as ASEAN had stated in the Working Group, the feasibility of multilateral rules on investment would hinge on whether or not they filled a void that must be filled. If so, one must also ensure the ability of these rules to address in a balanced manner the diverse and evolving interests of all countries. Any discussion of benefits from such rules could not be confined to only those that would accrue to the source of the FDI. To balance the discussion, it should also be asked if multilateral rules would indeed translate into more investment flows and consequent net benefits for a host country, or whether they were being mooted as a false panacea. ASEAN believed that the notion of multilateral rules on investment, as suggested by Japan, lacked a development dimension. ASEAN had adequately elaborated on this issue in the Working Group, and wished to emphasize that there should be a means to manifest the development dimension in each of the elements that comprised any set of multilateral rules on investment. Japan had further argued that developing countries needed to be given sufficient time before being expected to implement commitments, and suggested a positive-list approach. ASEAN regretted this approach to the development dimension which only centered on extended time-frames. As ASEAN had attempted to make clear at the present meeting and in previous statements, the issue at stake was not merely rules that would protect FDI, foreign investors and home countries, but more importantly the development dimension of foreign direct investment. There was a substantive difference between these two. The crux of the matter was how multilateral rules could take on board the development dimension so that development objectives were not just paid lip service in preambular aspirations, and conveniently operationalized through mere extended transition periods.

38. The representative of Chile, referring to Japan's proposal on investment, said that Chile believed, based on its own experience, that foreign direct investment was one of the principal motors of economic development and growth, and would continue to play a major role as a complement to national investment, in particular with regard to domestic savings regimes, transfer of technology, creation of new types of job, and diversification of exports, which would open new markets for goods and services. Chile supported Japan's proposal with respect to the need to establish multilateral rules aimed at creating predictability and stability for foreign direct investment. Chile believed that the WTO was the obvious forum for such multilateral rules, which should include principles such as transparency, non-discrimination through MFN and national treatment, investment protection and dispute settlement procedures.

39. The representative of the Czech Republic recalled his delegation's previous statements that the next round of negotiations should be comprehensive and include issues such as investment and competition policy. His delegation therefore welcomed the proposals on investment by the European Community and Japan, and the proposal on competition by Turkey, and would offer comments on a subsequent occasion.

40. The representative of Japan, responding to ASEAN's comments on Japan's proposal on investment, said that investment rules would enhance predictability and enable long-term investment, leading to an increase not only in the amount of investment but also in the scale and level of technology of such investments. The sharp increase in the number of bilateral and regional investment agreements in the recent past indicated the emergence of a common understanding that investment rules could have a positive effect on economic development. The rules suggested by Japan would not prevent efforts by developing countries to develop their infrastructure, human resources or policies on economic development, but would instead complement these efforts by providing a stable investment environment. The formulation of rules on investment would have to give full consideration to the needs of developing countries to implement policies corresponding to their levels of development. ASEAN had stated that the proposal lacked a development dimension, but Japan wished to emphasize its belief that development was an important element of this issue.

41. The representative of Iceland said that Members were aware that a detailed discussion of the relationship between subsidies reform, trade and sustainable fisheries had taken place in the Committee on Trade and Environment. This relationship had been regarded as positive and there was a growing recognition of the need for governments to make a substantive contribution in this regard. In its proposal regarding fisheries subsidies (WT/GC/W/229), Iceland had proposed that, as a part of the forthcoming negotiations, Members should agree to eliminate subsidies that contributed to fisheries overcapacity, in view of the fact that they distorted trade, seriously undermined sustainable utilisation of fish stocks and hampered sustainable development. Overcapacity of the global fishing fleet was, along with inadequate management regimes, the predominant cause of the depletion of fish stocks in many regions. It was generally recognized that government subsidies and other market distortions were primary factors in causing this overcapacity. The encouragement of the use of fisheries resources beyond normal economic rates of exploitation also created supply distortions that placed downward pressures on world seafood prices and affected the ability of all countries, particularly developing countries, to achieve adequate economic returns from their fisheries resources. Given that the industrialized countries were responsible for the bulk of the subsidies granted to the global fisheries sector, the negative trade-distorting effects of these subsidies affected first and foremost the fish-exporting developing countries. The removal of these subsidies would therefore benefit the developing countries most and their prospects for sustainable development. Therefore, elimination of subsidies that contributed to fisheries overexploitation would represent a clear "win-win" achievement in the area of trade, the environment and sustainable development.

42. The representative of Chile welcomed the proposal by Iceland and said that his delegation would follow with great interest the idea to eliminate trade-distorting fisheries subsidies which

undermined the development of countries and the sustainable management of fisheries. His delegation would be in favour of discussing this issue at greater length on the basis that the liberalization of trade was fundamental for the sustainable development of countries.

43. The representative of Hong Kong, China, referring to the proposals by Japan on industrial tariffs (WT/GC/W/243) and forestry and fishery products (WT/GC/W/221) expressed satisfaction that these proposals supported comprehensive negotiations on non-agricultural tariffs, covering all sectors with no a priori exclusions. In particular, his delegation shared the view that a formula approach should be adopted and tariff peaks as well as nuisance tariffs should be reduced or eliminated. A uniform approach and objective should be applied to all non-agricultural products, including forestry and fishery products.

44. The representative of the Philippines said that his delegation shared the concerns raised by Iceland with respect to fisheries subsidies that resulted in overcapacity in global fishing fleets and hampered efforts towards sustainable development. Fishery subsidies promoted the operation of distant water fleets fishing off the coasts of developing countries and created unfair competition with local fishermen. Considering its experiences in dealing with the subsidies issue the WTO could, within the confines of its mandate, contribute significantly in addressing the issue of fisheries subsidies. In this regard, his delegation supported the proposal by Iceland that Members should agree to eliminate fisheries subsidies that resulted in overcapacity and excess effort in global fishing fleets. Such negotiations should begin with an examination of present WTO provisions that were relevant to this issue, including the subsidies agreement. There was a need to look into how fishery subsidies fared against that agreement, particularly in respect of the disciplines on prohibited, actionable, and non-actionable subsidies.

45. The representative of Australia welcomed Iceland's proposal, and said that, when considering the WTO's role, a key issue would be whether focus should be on subsidies provided to the fishing industry or whether there were other subsidies which affected fishing sustainability. It would also be necessary to look at whether there were other production distorting measures which might not be subsidies in the strict WTO sense, but which could be usefully addressed through WTO disciplines. In referring to Japan's proposal (WT/GC/W/221) which mentioned the possible existence of some positive fishery subsidies that contributed to the sustainability of fishery resources, current research suggested that such positive subsidies comprised only a small part of the total subsidies which currently impacted on fishing capacity and sustainability.

46. The representative of New Zealand welcomed Iceland's proposal which complemented the work undertaken in the Committee on Trade and Environment, and said that the previous week there had been an extensive discussion on this subject, which testified to the strong concern within the WTO membership about the need for action to address fishery subsidies. His Government had submitted a paper to the CTE on this matter (WT/CTE/W/121). The problems faced as a result of subsidies that contributed to fisheries overcapacity could not only be seen as an environmental problem. With developing countries accounting for over half of world trade in fish and fish products, subsidies in this sector had an impact not only on the environment, but also on development and trade. A recent World Bank study had estimated that the total amount of subsidies in the fisheries sector was between US\$14 and 20 billion a year, half of which was provided by OECD countries alone. Although it was possible that some subsidies could have positive environmental and non-trade distorting effects, the World Bank analysis also indicated that these accounted for at most 5 per cent of all subsidies provided world-wide. This was a timely issue to consider in the context of the preparatory process and within other relevant WTO bodies.

47. The representative of the United States welcomed Iceland's proposal that the WTO should take action to eliminate those fisheries subsidies that were environmentally harmful and trade-distorting. Iceland's proposal succinctly and eloquently made the case for this course of action. As

pointed out by Iceland, these subsidies were bad both for the environment and for trade. It was noteworthy that members of the FAO recently had adopted a plan of action for the management of fishing capacity which called for action to reduce and eliminate all factors, including subsidies that contributed directly or indirectly to the build-up of excess fishing capacity. At the high-level symposium on trade and environment his delegation had emphasized that the WTO had an important role to play by working together with the FAO on the elimination of subsidies that contributed to overfishing.

48. The representative of Japan, referring to Iceland's proposal, said that the sustainable use of resources was the important issue in the context of today's fisheries. Japan did not believe that one should focus exclusively on subsidies but should also extract and examine every element which hindered the sustainable use of resources. Moreover, Members should recognize the fact that among fisheries subsidies there were useful ones, such as subsidies for reducing overexploitation, subsidies for promoting resources management and subsidies for renewable resources. If, after extracting all elements which hindered sustainable use of resources and following an examination of countermeasures, a conclusion was reached to the effect that fisheries subsidies were the main problem, then Members should examine how to improve those subsidies. Such examination should be done in the FAO which had expertise in fisheries management. Japan believed that the inappropriate management of fishery resources and flag of convenience fleets were also main causes of the problem of the sustainable use of resources and that the relevant countries should take steps towards solving those problems.

49. The representative of Norway welcomed Iceland's proposal which pointed to a problem that should be of concern to all Members, namely that use of certain subsidies contributed to excessive fishing capacity and depletion of fish stocks in many regions. Norway considered certain types of subsidies as one cause of excess fishing capacity. However, to solve the problem of excess capacity and unsustainable use of fish stocks and the protection of the marine environment, Members needed to take a broader approach. This was what the FAO Committee on Fisheries had done through its adoption of an International Plan of Action for the Management of Fishing Capacity. This plan aimed at ensuring that levels of fishing efforts were commensurate with sustainable use of fishery resources. His delegation was pleased that Iceland had underlined the link between efforts in the WTO and the work of the FAO. Norway had taken an active part in the work on the FAO Plan of Action and saw the management of fishing capacity as an important element of the overall resource management in the fisheries sector. His delegation considered it useful that the WTO had made its contribution towards realisation of the objectives of the FAO Plan of Action within its sphere of competence. Environmentally damaging subsidies falling under the generic rules of the Agreement on Subsidies and Countervailing Measures were particularly relevant in this respect.

(b) Proposals on paragraph 10 of the Ministerial Declaration

50. The representative of Australia said that his delegation had submitted a proposal on paragraph 10 (W/GC/W/230) on behalf of Argentina, Australia, Chile, Costa Rica, the Czech Republic, Hungary, Korea, Mexico, Morocco, New Zealand, Singapore, Switzerland, Thailand, Uruguay, and Hong Kong China. The proposal was that Ministers at Seattle launch a round of multilateral trade negotiations aimed at the progressive liberalisation of trade in goods and services and the improvement and, when agreed, further development of WTO rules in a way that achieved an overall balance of the interests of all Members. The round should end no later than three years after it began and should be launched, conducted and concluded in the form of a single undertaking. Ministers should meet half-way through the round to assess progress and at the end of the round to agree on the results. Between ministerial conferences, the General Council should meet in Special Session to direct the negotiations. The background to the proposal was that Ministers had agreed in May 1998 that the General Council would submit to them recommendations for decision on the scope, structure and time-frames of the WTO work programme to ensure that the work programme began

and concluded expeditiously. The scope, structure and time-frames would need to be fully reflected in a self-contained declaration. The decisions that Ministers would take by consensus at Seattle would determine the scope of the work programme. Whatever the components of the WTO's negotiating programme, it should be in the form of a multilateral round as a single undertaking in order to ensure a package that achieved an overall balance among the interests of all Members. It would be important to maintain the confidence of the business community in the ability of the WTO to produce meaningful outcomes. The Seattle Ministerial Conference could thus acknowledge the possibility of early results. A mid-term review of progress in the round could take decisions, if warranted, on whether any early results could be applied by Members provisionally until the conclusion of the round. Any early results should be treated as part of a single undertaking. It would be crucial to aim at concluding the negotiations within a short time-frame. Government, business and the wider community would not want to wait too long for outcomes, as had been the case with the Uruguay Round. A three year time-frame seemed sensible since, unlike the Uruguay Round, all the possible negotiating issues had already been dealt with extensively in the WTO. A three-year time-frame suggested that clear, concise and explicit negotiating plans should be agreed at the Seattle Ministerial Conference. Work on negotiating plans should not be at the expense of the short amount of time available for the negotiations proper. As regards the overall management of the WTO work programme, political supervision would be important. Thus, the fourth Ministerial Conference provided an opportunity for Ministers to assess progress, give any necessary direction and to take any agreed early decisions. Intersessional supervision of the negotiations could be provided by the General Council meeting in Special Session. From Australia's own perspective, there were three crucial ingredients for ensuring a successful WTO work programme after Seattle. First, it had to offer balanced gains for all Members. This meant that the mandated negotiations in agriculture and services had to be complemented with, at the very least, negotiations on non-agricultural tariffs and non-tariff measures. In this context, Australia was pleased that the recent meeting of APEC Trade Ministers had endorsed the call for non-agricultural tariff negotiations in the WTO. APEC was a diverse grouping, comprising developed and developing and small and large economies, but all these economies were now united in calling for an expanded market access negotiating agenda in the WTO. Secondly, the work programme had to be credible. Australia believed that a focused market access round was capable of delivering real and balanced benefits in a relatively short time-frame. Members had to be careful not to jeopardize the prospect of real gains in a short time-frame by overloading the negotiating agenda, and ensure that a credible negotiating programme was well-prepared – i.e. decisions on negotiations at Seattle should be sufficiently clear and detailed, and be accompanied by negotiating plans that allowed negotiations to begin quickly and proceed smoothly. Thirdly, the round should be a single undertaking. This was the only way to ensure that all Members could enter into the negotiations knowing that the final package of outcomes would contain something for them. A single undertaking did not necessarily rule out early harvests, since an agreement on the provisional implementation of early results would depend on those results benefiting the broad range of WTO Members. Australia looked forward to comments on the proposal that it and other Members had tabled on the management of a new round. Time for working out the details of a round was relatively short, and Members could not continue to discuss the issue in abstract and general terms. His delegation hoped that this and other proposals would allow Members to begin a more focused and practical discussion of how to manage the WTO's negotiating programme.

51. The representative of Argentina said that as one of the co-authors of the proposal in WT/GC/W/230 his delegation wished to emphasize the importance it attached to a new round of negotiations where clear negotiating mandates, political will and the spirit of compromise prevailed. Such a round should last three years and be based on a clear understanding of the depth of negotiations in each area, thereby providing an additional guarantee with respect to the principle of a single undertaking. In addition, Members should not, at this point, concern themselves with obligations related to possible early results. His delegation believed that early results could only be considered when the necessary consensus existed and to the extent that such decisions reflected an overall balance among the interests of Members.

52. The representative of India, referring to the proposal in WT/GC/W/230, said that since deliberations on issues relating to paragraph 9 were not complete it was premature to consider possible recommendations arising out of considerations of areas and elements of this paragraph. There was no consensus on the concept and constitution of the so-called new round. India remained committed to addressing implementation concerns and the built-in-agenda. There was no consensus on any of the other issues which had been suggested for inclusion by various Members. It would therefore be appropriate to postpone any discussion on these issues until Members had reached some conclusions and clarity on paragraph 9 issues. With respect to the concept of a single undertaking, his delegation had already expressed its views at the Special Session on 17 June. Since there were still some differences in perception about the meaning and full impact of this concept, it would be useful if the Secretariat could prepare a factual paper which provided a legal interpretation of this concept and explained how it had evolved in the different stages of the Uruguay Round negotiations. India believed that the proposed time-frame of three years should only be indicative. The objective of concluding the negotiations by a given date should not, in any way, override the importance that the membership as a whole should attach to the need for the effective and substantive participation by all delegations. Compressing any indicative time-frame might make it difficult for delegations with limited resources to participate in various negotiations in a meaningful and effective manner.

53. The representative of Morocco, as one of the co-authors of the proposal in WT/GC/W/230, said that the proposal did not concern the actual conduct of the negotiations as this was an element which would be decided by consensus at a later stage. The proposal referred only to questions regarding the organization of work referred to in paragraph 10 of the Geneva Ministerial Declaration. Morocco believed that the future negotiations should be comprehensive and global and be conducted as a single undertaking. The Seattle Ministerial Declaration should be clear in this respect and should envisage a detailed negotiating plan which identified the objectives of the negotiations in each area and ensured a balance of interests among all Members. It should avoid any ambiguity which would lead to future interpretation problems. Morocco was flexible with regard to the time-frame of the negotiations and considered three years the minimum to complete a round of negotiations. The time-frame depended both on the scope and conduct of the negotiations as well as the objectives to be achieved. His delegation believed that nothing hindered the informal and provisional conclusion of negotiations in certain sectors while waiting for the conclusion of the full round of negotiations. To proceed differently would jeopardize the principle of a single undertaking. Similarly, the provisional implementation of certain early harvests did not pose any difficulties as long as this was done on an individual, voluntary and non-reciprocal basis until the end of the full round of negotiations. Morocco believed that the General Council in Special Sessions was the appropriate forum for the conduct and supervision of the negotiations. Taking into consideration the difficulties of small delegations, Members should avoid a multiplication of new bodies with the objective of allowing these delegations to participate effectively in the negotiations.

54. The representative of Singapore, as a co-sponsor of the proposal in WT/GC/W/230, said that significant statements and ideas had been made about how some Members saw the scope, structure and time-frame of new negotiations to be launched in 2000. The question was how Members could structure the format and content of the future work programme so as to achieve what all separately or collectively aspired to. Singapore believed that a number of specific issues had to be addressed. The scope, by its very nature, had to be proposal-driven. Some proposals were already on the table and were being addressed by the General Council. With respect to the mandated negotiations in agriculture and services her delegation believed that these had to take place together with market opening in other areas such as industrial tariffs, and the need to evolve new rules to adapt to rapid changes in the trading environment and new technology. The crucial issue was how to decide on a scope that would meet the balanced interests of all Members. Not all issues were ready for negotiations – some such as agriculture and services were more advanced and mature than others. Yet there were issues for which Members could not foresee the end result, but which were important enough not to be excluded from a balanced negotiating package. There was also the question of the

intensity and the level of ambitions that Members hoped to achieve for each negotiating issue. This could be broadly defined in the parameters on each negotiating topic that Ministers had to decide upon at Seattle. Concerning modalities, the Uruguay Round negotiations had been conducted on the premise of a single undertaking with a common deadline. It had taken eight years to conclude. At Marrakesh, Ministers had therefore decided that, to avoid overloading the agenda and recurring crises, they should meet once every two years. This would also provide a relief valve to enable Ministers to adjust the course and direction from time to time. However, if past negotiations were to serve as a guide, the reality of negotiations was that at least in practice, progress could best be advanced and results assured if negotiations were conducted as a single undertaking with an imposed deadline. Otherwise, progress would often slow to a crawl. The biennial Ministerial Conference was a new institution that Members could harness to provide for new dynamism in the WTO work programme and negotiations in two ways. First, they would provide an occasion during the intervening period for Ministers to approve results that were ripe for conclusion. Second, they would enable Members to take stock and review the progress of the negotiations and decide what could further be done to goad the process along. Singapore also considered it important that the Seattle Ministerial Declaration clearly indicate results of what Members had set out to do at the Singapore and Geneva Ministerial Conferences. First, as agreed in Geneva in May 1998, Members needed to undertake a collective evaluation of implementation of the Uruguay Round commitments, how it had fared and the reasons for perceived satisfaction or failures. Members might need to take some collective decisions as to how to address the systemic problems in order to overcome the deep concerns of the developing countries. Second, a progress report on the Plan of Action for the least-developed countries had to be produced as had been agreed in Singapore and Geneva. With respect to the bench-marking for results, her delegation believed that Ministerial Conferences should not be regarded as mere administrative board meetings. They could take decisions that would bench-mark progress or results in two areas. The first would range from simple house-keeping decisions like renewal of mandates of working groups to those which would improve the efficacy of the WTO system, such as procedures in dispute settlement. The second would relate to market access results and breakthroughs in WTO rule-making areas. It would also be vital that the Seattle Declaration send the right signal to the market with regard to the international trading environment and prospects for further global liberalisation. There should be a reaffirmation of Ministers' collective commitment to keep up the momentum of multilateral trade liberalisation by launching a new round. In conclusion, her delegation wished to emphasize the need to ensure that the scope of the balanced package was manageable and that it brought tangible results within a reasonable period of three years. That would be the most crucial decision that the Ministers would have to take at Seattle.

55. The representative of Australia, commenting on the statement by India concerning the proposal in WT/GC/W/230, said it was clear that the details of the scope would not be finally agreed until late in this process. In the meantime, Members needed to reflect and discuss elements of the structure and the time-frame and it was in this light the proposal should be seen.

56. The representative of Thailand said that the proposal in WT/GC/W/230, of which Thailand was a co-sponsor, served as a good basis for the organization and management of the future work programme. In principle, Thailand supported the launch of a comprehensive new round of trade negotiations and it would be desirable if the General Council could send such a recommendation, including a clear scope, structure and time-frame to the Ministerial Conference. The new round should maintain the form of a single package with a common deadline. Regarding the scope of negotiations, Thailand supported the idea that a new round should be comprehensive, as opposed to sectoral, in nature. Sectoral negotiations, by their very nature, would not achieve the balance of interests among all Members as they would only allow narrow interests of a few to predominate over others. It was his delegation's understanding that, fundamentally, there had to be a balance of interests of all concerns. The built-in agenda, including the mandated negotiations, was already a part of the existing commitments and work should therefore proceed independently as mandated, and should not be taken hostage by the inclusion of new issues into a new round. Thailand also attached importance

to implementation, and it was in the interest of all Members and the system itself to seek improvement on implementation in order to redress any imbalance that might exist in the Uruguay Round results. In addition, for the WTO to be relevant in the next millennium, it had to be in a position to cope with the evolution in world trade and economic environment. The inclusion of the so-called new issues in the new round of negotiations would have to be decided by consensus and, most importantly, such issues had to be directly related with trade, and already have been dealt with, extensively and adequately, in the WTO. Regarding the structure, Thailand believed that the General Council should primarily be the body which took care of the negotiations. However, questions relating to the continuity of the Chairmanship of this body, the workload of the General Council, and the need to avoid creating layers of mechanisms within the body would have to be taken into account. At the same time, given the already extensive responsibility of the General Council, some flexibility would be necessary to avoid overloading this body with every substantive issue brought to this organization. Therefore, for those negotiations which might require technical expertise or might impose a large workload, an ad-hoc negotiating body should be created to take care of the negotiations while allowing the General Council to function as the overseeing body of the whole negotiation process.

57. The representative of Turkey said that his government was committed to comprehensive negotiations. It was his delegation's understanding that a comprehensive agenda would include, in addition to mandated negotiations, such new issues as trade facilitation and competition. In addition, implementation issues in general, and the particular concerns of developing-country Members, needed to be dealt with in a substantive manner in the Seattle Ministerial Declaration. A particular emphasis should be placed on measures to ensure the significant integration of LDCs into the multilateral system. It was important that the scope and the content of each negotiating subject be unambiguously defined and specifically included in the Ministerial Declaration. Thus, before negotiations were undertaken, each Member would know precisely the content of each negotiating subject and what specific topics would be negotiated. In other words, after negotiations had been formally initiated, no additional, complementary or side issues should be introduced into the negotiation of a subject other than those clearly defined in the Ministerial Declaration. With regard to the time-frame he said that the forthcoming negotiations would hinge, to a great extent, on the scope of the negotiating agenda. In order to attain early and balanced results which benefited all Members, it was important not be over-ambitious in bringing additional issues into the negotiations. Based on the experience from previous multilateral rounds of trade negotiations it would not be unrealistic to set a time-frame of three years for the completion of the forthcoming round. Concerning the organization of work, the establishment of a Trade Negotiations Committee with a single authority to oversee the entire negotiating process would provide a sound and practical framework. This type of arrangement would be more result-oriented and would facilitate the forthcoming negotiations. Turkey believed that the successful practice in this regard during the Uruguay Round had set a good precedent. The Trade Negotiations Committee could delegate the related work to the existing individual committees when deemed appropriate, or could set up new committees, on the basis of their expertise and competence over the issues, when necessary. Turkey believed that negotiations should result in a single undertaking. Individual agreements should not be adopted for implementation until all agreements had been ratified as part of a single undertaking. The single undertaking method allowed for a balanced approach and a more effective trade-off process between sectors since Members had to reach agreement on all areas included in the negotiating agenda before implementation. Thus, Turkey was committed to a single undertaking formula, which took due account of divergent interests and provided reasonable safeguards in protecting the concerns of all Members.

58. The representative of Mauritius said that his delegation wished to thank the Chairman and the Secretariat for circulating the subject list of the proposals submitted in phase 2 (JOB(99)/3978) and the draft schedule of informal meetings. With respect to the clarifications given by the Chairman in the informal meeting in response to the question from the Jamaican delegation on the subject list, his delegation had taken note of the following points: (i) the subject list was not all inclusive, but was only indicative at this stage and was liable to change based on further proposals of Members and any

discussions that would give rise to the need for additional elements to be included; (ii) the issues raised were not mutually exclusive; (iii) the subject list was without prejudice to the interests of Members; (iv) all issues were important and, as such, there was no hierarchy in the proposals; and (vi) the outcome would not be pre-empted. A valuable suggestion had also been made by Venezuela in the informal meeting to the effect that a summary of proposals be prepared by the Secretariat and made available to Members. Smaller delegations, like Venezuela and Bulgaria, who had supported the proposal, had argued that this summary would be very useful, and his delegation wished to express its support for their suggestion. He added that several Members had been finding it difficult to cope with the large number of WTO meetings. On certain occasions there was overlap, with the result that it was not possible for many Members to attend a number of meetings. While the primacy of the General Council remained beyond doubt, something should be done to avoid these situations. His delegation requested confirmation that the suggested programme of informal meetings in the preparatory process for the coming weeks was indicative of the prospects that the discussions would indeed be exhausted on schedule. The positioning of the agenda items in the work schedule did leave his delegation a bit sceptical about such prospects. Furthermore, his delegation had a substantial interest in paragraph 10 and had not found itself in a position to be able to make concrete proposals for presentation in the informal meeting on that paragraph. This was because the Committee on Trade and Development had only shortly prior to the meeting concluded its own meeting on concerns and problems of small economies. The Committee had still not finished its work, with the report of the Commonwealth/World Bank Task Force still in a draft form. The co-chairmen of the Task Force had announced that there was still more work to be done before the final report could be made available to the WTO Secretariat and Members, and the WTO Secretariat itself was awaiting this final report so as to present it to the Committee on Trade and Development and the General Council. For these reasons, his delegation requested that it be allowed the flexibility to make its concrete proposals after the release of the report, which was likely to be in September.

59. The General Council took note of the statements.
