

WORLD TRADE ORGANIZATION

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Committee on Regional Trade Agreements Tenth Session

NOTE ON THE MEETINGS OF 28 APRIL AND 1-2 MAY 1997

Chairmen: H.E. Mr. John Weekes (Canada) and Mr. Stuart Harbinson (Hong Kong)

A. Adoption of the Agenda

1. The meeting was convened in WTO/AIR/574. The Chairman noted that the Swiss delegation wished to raise a matter concerning Enabling Clause notifications under "Other Business." The following agenda was adopted:

- A. Adoption of the Agenda
- B. Examination of Regional Trade Agreements:
 - I. Enlargement of the European Communities (Accession of Austria, Finland and Sweden)
 - II. Southern Common Market (MERCOSUR) Agreement
- C. Procedures to Facilitate and Improve the Examination Process
- D. Reporting on the Operation of Agreements
- E. Systemic Implications of Agreements and Initiatives for the Multilateral Trading System and the Relationship Between Them
- F. Other Business

B. Examination of Regional Trade Agreements

Reports on these examinations are being circulated as separate documents.

C. Procedures to Facilitate and Improve the Examination Process

2. The Chairman recalled that at the previous session the Committee had asked the Secretariat to revise two draft documents: the Standard Format for Information on Economic Integration Agreements on Trade in Services, and the Guidelines on Procedures to Facilitate and Improve the Examination Process. Revisions of the two had been distributed. He drew the Committee's attention first to the Standard Format for services. Because the Committee had already spent some time amending these guidelines, and because they would be evolving, he suggested that the Committee hear any additional comments and then take note of this most recent version.

3. The representative of Switzerland said with respect to section II, "Provisions Affecting Trade in Services", number 3 "Standards Recognition", to afford precision his delegation would propose modifying the second question to read: "How are the parties to the agreement going about the recognition

of their standards or criteria for the authorization, licensing or certification of service suppliers (from the parties or from third countries)?"

4. The Chairman suggested that the Committee take note of the version with this drafting suggestion added. He then proposed that the Committee request the Secretariat to issue it as a formal document, on the understanding that it was a Chairman's Note and that it would be used on a voluntary basis.

5. The Committee took note of the Standard Format for services with that final amendment.¹

6. Moving on to the second draft document, "Guidelines to Improve and Facilitate the Examination Process," the Chairman said at the last session, the Committee had requested the Secretariat to revise the draft document to include the comments that had been made. That paper had been distributed, and the Japanese delegation had submitted comments in a letter dated 22 April, copies of which were being distributed.

7. The representative of Japan said he had received additional instructions yesterday to speak regarding the idea for two-tiered notification, which had been discussed in past meetings. In paragraph 2, with the sentence reading "With the aim of enhancing transparency and assisting the Committee in its work, WTO Members engaged in the process of establishing an RTA are invited to share," his delegation would prefer to change "are invited to share" to "should share". Also, in the final phrase his delegation wished to change "notification" to "signing of the agreement". Turning to the letter from his delegation, he said it concerned the time-frame for providing information. "The resulting information should be circulated in principle within four months after the decision of the terms of reference (TOR), and the first round of the examination should take place in principle within six months after the decision of the TOR." His delegation wished to see that sentence inserted in paragraph 8, immediately before the last sentence.

8. The Chairman said the Committee should bear in mind that these were Chairman's Guidelines for use on a voluntary basis.

9. The representative of Uruguay said the text reflected the various comments made in previous meetings. Since voluntary papers tended to become compulsory papers, the proposals by the Japanese delegation for paragraph 1 would not be acceptable. He would need time to consult with his capital on the points proposed.

10. The representative of Hong Kong said his delegation could immediately support the Japanese proposals. In fact, his delegation would have been willing to support a significantly more ambitious approach in the Guidelines on such aspects as the setting of time-frames. However, because the Committee would be able to revise the Guidelines in the light of experience, improvements could be made later in the future. He therefore suggested that the Guidelines be adopted in principle, subject to confirmation by delegations.

11. The representative of Colombia said the draft reflected a balance of views expressed in Committee meetings. Because the proposals by the Japanese delegation would alter this balance, his delegation could not support them. He would consult with his capital, however.

12. The representative of Pakistan said it was widely known that his delegation was among those which would have preferred a more ambitious set of Guidelines in this respect. In light of views expressed by other delegations and considering the need to move forward, his delegation would like

¹Subsequently circulated as document WT/REG/W/14.

to take note of the Guidelines today. Regarding the proposal on paragraph 8, his delegation had been strongly in favour of having some idea of a time-frame and now supported the Japanese proposal in this regard. Regarding the first proposal, it seemed that since the Guidelines were voluntary and of an evolving nature, the Committee should accept them in their present form. Perhaps the Japanese suggestion regarding paragraph 8 could be accepted on a referendum basis, thus allowing the Committee to move ahead today.

13. The representative of Korea supported what the representative of Pakistan had said. His delegation had been ready to take note of the Guidelines today. What the Japanese representative had suggested regarding time-frames seemed sensible, so if the Committee agreed on this addition, his delegation would go along with the consensus. However, given the objections expressed with regard to the proposed amendment for paragraph 1, perhaps the Committee could compromise, as the representative of Pakistan had suggested, and adopt the Guidelines today.

14. The representative of Australia said her delegation, too, was prepared to adopt the Guidelines today and was also willing to accept the Japanese proposal. It was important that the Committee adopt the Guidelines today. The Guidelines were evolving and can be revisited. As the representative of Hong Kong had suggested, perhaps the Committee could adopt the Guidelines as they stood and incorporate the Japanese proposals at a later date if there were consensus.

15. The representative of India said his delegation supported the statements by the representatives of Korea and Pakistan and was prepared to adopt the Guidelines. The Committee had already devoted much time to shaping the Guidelines, and, as they would be evolving, it seemed it was time to adopt them.

16. The representative of the United States said the revised Guidelines represented a good step forward, as they would assist work in the Committee and in capitals. In principle, the concept of time-frames seemed appropriate. However, as the person in the United States responsible for completing the replies to questions in NAFTA, she could say that in the first go-around there were 220 questions, most of which were detailed, and in the second go-around there were 170 or so. Her delegation had tried to be as comprehensive as possible, which required much work and coordination. This experience convinced her that, even though time-frames would be good, there would need to be some flexibility. The Standard Format would presumably streamline the initial process. Her delegation would be willing to go along with the Japanese proposal, subject to some wording changes, as long as there was an understanding that there be flexibility when needed. Regarding the first idea put forth by the Japanese representative, her delegation had supported some method to allow an informal exchange in this Committee about the status of agreements that had been signed but not yet notified. To create what would essentially be an obligation to notify an agreement that was perhaps not signed and certainly was not ratified and that had not entered into force would present serious problems. While there had been no obligation to do so, the NAFTA Parties had supplied the WTO with much information on their Agreement along the way because they considered it important. But it would be very problematic to create the impression that there was some review process taking place in the WTO at the same time national legislatures or parliaments were considering agreements. She considered "are invited" to be an appropriate phrase because it made it clear that this was welcome but not obligatory. "Prior to signing" was quite objectionable; "prior to making the formal notification" did seem a better formulation, and, practically speaking, many delegations would do that as early as possible. While these were Chairman's Guidelines, the Committee should be careful, as documents often took on a life of their own. With respect to paragraph 2, there was the opportunity in an informal session to discuss where negotiations were going on. For example, yesterday the MERCOSUR Parties provided a good summary of the status of various negotiations in which they were involved. This had to be done informally, and the Committee must not create an obligation to begin notifications or the perception of them before

agreements were legally valid. On this basis, she was not in a position to support the proposal by the Japanese delegation.

17. The representative of the European Communities said that the draft Guidelines had seemed acceptable, but there was a reopening of previously discussed issues in the Japanese proposal and subsequent debate. The Secretariat had taken the document as far as seemed possible, given delegation's positions. The Committee should take the draft as it was and, once capitals had confirmed that it was adequate, accept it as the Chairman's Guidelines.

18. The Chairman said there had been a number of comments indicating delegations might be ready to take note of the document, given the fact that the Guidelines could be revised in the future.

19. The representative of Canada said that if the draft Guidelines were accepted by the Committee and followed by Members, there would be great improvement over the current situation.

20. The representative of Switzerland referred to the fact that there had been comments suggesting the Guidelines be adopted subject to referendum. His delegation would consider itself committed to following the Guidelines if the Committee took note of them, as delegations shared the documents. It was important not to become bureaucratic, as the key words were "improve and facilitate". While sharing the objectives of the proposals, prolonging the debate went against the Committee's interests. His delegation favoured taking note of the document today.

21. The representative of Poland said his delegation was prepared to take note of the Chairman's Guidelines. With respect to the statement by the Japanese delegation, his delegation could not agree to change the present text, as the proposal could cause problems in the context of the pre-signing period or in periods prior to ratifications. Members might be able to notify once agreements had been ratified.

22. The representative of Japan said it seemed the proposal with respect to paragraph 1 should be withdrawn, on the understanding that the Guidelines were to evolve. Regarding the proposal for paragraph 8, it seemed concerns expressed by the delegation of the United States and others were addressed by the words "in principle". His delegation had been looking for a way to avoid a situation where no information would be submitted long after the establishment of the terms of reference. Perhaps this sentence could go in a footnote. Basically, his delegation wanted to see a time-frame, and the words "in principle" afforded the flexibility desired.

23. The Chairman suggested that the Committee take note of the Guidelines on a provisional basis, as additional ideas did not seem acceptable to all delegations at this time. The Guidelines would be revisited, and he hoped delegations would give serious consideration to the concerns expressed by the delegation of Japan.

24. The Committee took note of the Guidelines to Improve and Facilitate the Examination Process.²

D. Reporting on the Operation of Agreements

25. The Chairman called the Committee's attention to document WT/REG/W/3, a checklist prepared by the Secretariat, and WT/REG/W/13, a contribution by Australia.

²Subsequently circulated as document WT/REG/W/15.

26. The representative of Australia said her delegation was concerned about biennial reporting and the fact that the requirement had been largely ignored despite the legal obligation. The Committee had touched on the issue briefly, but it had not yet fully discussed it. In the paper submitted, her delegation offered ideas to promote the discussion. It suggested that the objective of biennial reporting should be to allow a regular analysis of the impact of regional trade agreements (RTAs) on the multilateral trading system (MTS) and also to increase transparency. The main aim of the paper was to suggest a process under which this biennial reporting can be achieved. Of course there were be questions and issues that would be raised, such as the need to avoid duplication and the number of biennial reports that could be considered. The Committee needed to agree on how to operationalize biennial reporting, and her delegation hoped its paper would help in this regard.

27. The representative of Pakistan said the paper was a step forward. His delegation was generally in agreement with the procedure and the objectives suggested in it. However, the suggestions on coverage raised some legal issues. For example, Paragraph 11 of the Understanding on the Interpretation of Article XXIV of GATT 1994 talked about RTAs covering trade in goods; this did not cover RTAs under the Enabling Clause or the GATS. In particular, paragraph 4(a) of the Enabling Clause said if there were a modification introduced to those preferential arrangements, the parties taking such action were to "notify the Contracting Parties and furnish them with all the information they may deem appropriate relating to such action." His delegation was not sure that the Committee was the appropriate forum to subject the preferential arrangements under the Enabling Clause to the same treatment as netted out to others. Perhaps there was a similar legal problem regarding the economic integration agreements, as the relevant articles in the GATS did not provide for biennial reporting. On these issues some further thinking and discussion was needed.

28. The representative of the European Communities thanked the delegation of Australia for the paper, which would contribute to the discussion. His delegation had been saying for the past year that the Committee needed to look at the objective of biennial reporting, and it welcomed the fact that the paper accepted that point and offered an approach to setting out that objective. His delegation also welcomed the fact that the Australian paper sought to deal directly with concerns about the overlap between obligations under trade policy review (TPR) and biennial reporting. Concerning the objective of biennial reporting, his delegation had noted in the past that the Understanding on the Interpretation of Article XXIV of GATT 1994 and previous decisions of the GATT parties did not provide any objective for this obligation. But it was important to be clear what the objective was before the Committee tried to make the obligation more operational. Paragraph 3 of the Australian paper set out an approach to the question of the objective, talking about the objective being "to facilitate a regular, systematic discussion in the CRTA which would increase transparency and comprehensively examine the impact of such regional agreements on the multilateral system." While his delegation did not share that objective, it was a valid proposition to have put before the Committee and would make the biennial reporting process a fundamental contribution to a wider debate, some of which might flow into the systemic examination and even the question of rights and obligations, but which also might go much more widely into some of the other issues of economic impact of regional agreements - an area the Australian delegation had promoted discussion of in the past and one the EC delegation had made clear it had serious doubts regarding. But the paper represented a serious attempt to set out an objective. Although his delegation did not entirely share it, it considered the fundamental role of the various notification and examination requirements, including this one, should be aimed at considering questions of conformity with the rules. That was the heart and the core of the Committee's work, and the heart and the core of the interaction between regional preferential agreements and the rights and obligations of the multilateral system. It was important not to lose sight of this. It would be an inappropriate use of the biennial reporting obligation to try to develop a wider debate before the Committee had satisfactorily tackled what his delegation considered to be the core issue. So, that led his delegation to the conclusion that the objective proposed in the Australian paper was not one his delegation could share at this stage, at least until the Committee had gone further into the process of examining individual

agreements and concluding that process, and until the Committee had made more progress on its systemic agenda, as well. In a sense, those two parts of the Committee's agenda were two ends of the same problem, where in the process of the examination the Committee looked at agreements, and where in the systemic exercise it looked at the rights and obligations and how they fit together. The objective of the biennial reporting obligation should be focused toward that end, rather than at this stage trying to underpin a wider debate. Such a wider debate would be very interesting, but his delegation was of the view that it would not at this stage contribute to the core of the Committee's work, nor would it contribute toward the core of the problem the Committee was trying to solve. But it was right to focus on the question of the underlying objective. His delegation welcomed the Australian attempt to deal with the question of duplication and the question of the relationship between the biennial reporting requirement and the TPR arrangement. This attempt did not seem to pass its own test, however. The approach in paragraph 5 seemed to cover issues which the TPR questionnaire also covered. It would be useful to pick up that point. Finally, a question on the Enabling Clause had been raised by the representative of Pakistan. His delegation had welcomed the wide-ranging approach to this obligation in the Australian paper. Whatever the Enabling Clause did in terms of rights and obligations, it did not relieve parties of their notification obligations. It was important to separate in the debate questions of substance from questions of notification obligations and transparency.

29. The representative of the United States also thanked the Australian delegation for its paper, which contained a number of important points. Her delegation agreed with some points and was hesitant about others. The biennial reporting requirement was important, and she regretted that it had not been functional in the past, as it could have contributed to the Committee's discussions on what had happened in regional agreements. It was connected to the examinations that the Committee was doing now, in that it was amassing a large quantity of documentation, which explained what had been discussed in the Committee as well as what the agreements were, how they were formed, and what specific features they had. She had never envisioned the biennial reporting process as being an onerous one. It was important that the Australian delegation had raised the Enabling Clause and also waivers. She personally believed that all preferential arrangements should be subject to some kind of transparency requirement, in terms of biennial reporting; but that did not have to entail a great deal of documentation. With respect to waivers, she was not sure, practically speaking, that they belonged in this context, as there was an annual surveillance requirement on waivers particularly, and it did not seem the Committee needed to duplicate that. Concerning the trade policy review mechanism (TPRM), there were four countries subjected to the onerous process every two years. To the extent the Committee could coordinate the kind of information that was required in the TPRM - whether that be a cross-notification or an extraction for the biennial reporting - it would be good, and just as important for those Members that were on the four-year schedule or six-year schedule. Perhaps a way to do this would be for the Committee to take into account TPRM schedules when drawing up the biennial reporting schedule. Specifically on the objective put forward by the Australian delegation, this appeared to be a reopening of the examination process, regarding which there seemed to have been a shared sense that Members did not wish to do so. The biennial reporting process was a way to keep track of whether the initial promises or conditions reviewed were actually being fulfilled - e.g., were tariffs being implemented as provided in the plans, did negotiations that had been foreseen take place, etc. That was the sort of thing the Committee was talking about, not a reopening of the review. She hoped that the biennial reporting requirement did not turn into a complex exercise. The Committee had control over this and needed to discuss it and find practical ways to deal with points. Another matter to deal with was the legal question of which body did the reviews. As she understood it, this Committee had the responsibility for suggesting how the reviews ought to be done, so that the Councils did not have to devote time to this matter.

30. The representative of Korea said his delegation welcomed the timely submission by the Australian delegation and saw it as spurring discussion on this topic. The paper was comprehensive and touched on important matters. His delegation could support its main thrust. However, his comments could

only be of a preliminary nature. Many delegations had touched upon the objective of the exercise as suggested by the Australian delegation; this suggestion merits consideration. The idea that the biennial reporting exercise might be done in a more systematic way - pulling all the reports of the various regional trade agreements (RTAs) together - seemed sensible because of the burden which the Secretariat and Committee would otherwise bear. However, as noted by others, that should not be the only objective of this biennial reporting exercise. Another aspect deserving emphasis would be to consider the consistency of RTAs in the operational stage; it seemed this should be stressed more than those elements in paragraphs 3 and 8. When the Committee would consider the reports at "its special annual meeting", it seemed that Members should be able to raise questions on specific RTAs regarding the operational aspects. Perhaps also the Committee should give thought to how it should deal with the results of the biennial reports, which is related to the question of which WTO body would be handling biennial reporting. If the Members saw the Committee as the appropriate body, the matter of reporting to a superior body needed to be considered.

31. The representative of Japan said his comments were only preliminary. In light of the fact that the legal requirement of biennial reporting had been ignored for many years, his delegation viewed the paper as a valuable contribution. For the sake of transparency, his delegation would also like to have biennial reports for agreements under waivers and the Enabling Clause. On the issue of the services agreements being subject to the biennial reporting requirement, he said that transparency would be enhanced if the Committee could have this information. Concerning overlap, paragraph 7 spoke of the need to ensure that biennial reporting did not involve duplication. The scope of TPR and the annual report were quite different. Rather than waiting for six years, it would be preferable to have reports once every two years. Overall, his delegation supported the paper.

32. The representative of Hong Kong said his delegation welcomed the Australian paper, which contained many ideas that could be supported in principle. His delegation agreed with the thrust of the paper in paragraphs 3 and 8, which said that the objective of biennial reporting was to analyze the interaction between preferential arrangements and the MTS. In the Guidelines to Improve and Facilitate the Examination Process (just taken note of), future reports on examinations of RTAs were envisaged in the sections on "Conclusions of the Examination of the RTA..." and "Decision on Appropriate Action by the Relevant Body." This related to paragraph 3 of the Australian proposal. Conformity with rules was important, as delegations had pointed out, and the two sections from the future RTA reports may well throw out questions of conformity. These questions should be addressed in biennial review, and this ought to be a priority. To this extent, his delegation supported what the Committee had said on objectives; however, it did not think this objective went against what Australia had proposed in paragraphs 3 and 8. Paragraph 4 dealt with two issues: the establishment of a calendar for the timing of the submission of biennial reports, and which agreements were covered by the reporting requirement. The question of the calendar was relatively straightforward. Regarding the second matter, paragraph 5 of WT/REG/W/3, anticipated different considerations of Article XXIV agreements and those submitted under waivers and the Enabling Clause. His delegation was of the view that, pending completion of such consideration by the Committee, a calendar should be established for the submission of Article XXIV agreements. Regarding point 5 of the Australian proposal, his delegation would note that, while the paper emphasized the need to clarify bilateral trade trends of the last two years, information on intra-RTA trade trends (which were not necessarily bilateral) should also be provided. On point 6, his delegation supported the general idea of a standard outline for all reports. His delegation also agreed with point 7 on avoiding duplications; however, the issues addressed through the TPRM and this Committee each had a different focus. TPRMs normally would not review reports on RTAs as single entities. The second sentence of point 8 said the objective of biennial reporting should be for the Committee to analyze the interaction between preferential RTAs and the MTS. As biennial reporting should allow such an analysis, it would be appropriate for biennial reports to be dealt with in a systematic manner. Article XXIV reports should be collated for consideration at designated meetings. In this regard he recalled the Singapore Ministerial Declaration, in which the ministers stated

in the fourth sentence on of paragraph 7 that "the expansion and extent of regional trade agreements make it important to analyze whether the system of WTO rights and obligations as it relates to regional trade agreements needs to be further clarified." Two sentences later the ministers endorsed the work of the Committee. In his delegation's view, it was proper that such an analysis of the system of WTO rights and obligations as it related to RTAs should be one of the objectives of biennial reporting.

33. The representative of Brazil said his delegation favoured having guidelines for biennial reporting to assist delegations in fulfilling their obligations. Having hardly discussed the matter, the Committee was now faced with a very ambitious proposal that perhaps went too far. The Committee needed to consider the burden this might create for the system, the parties and the Secretariat. The Committee was still trying to clear the backlog, so too much detail in reporting might be problematic. Paragraph 11 of the Understanding talked about significant changes being reported as they occurred. His delegation had viewed this as an opportunity for parties to RTAs which had already been examined to explain developments, opportunities, trade trends, etc. But paragraph 5 of the proposal asked for parties to report on "any changes", which seemed too broad. As the representative of the EC had stressed, it was important to bear in mind the purpose. Paragraph 8 called for all biennial reports to be considered together at one meeting, which seemed impossible given the amount of detail being called for in the proposal. There needed to be a balance between complying with the rules and not burdening the system with too many requirements. The Committee should design flexible, broad guidelines.

34. The representative of Switzerland said biennial reports was important for the work of the Committee. They would serve as a link between the picture taken at the end of the examination of an agreement and the systemic debate. His delegation welcomed the Australian paper, which provided a concrete basis for discussion. In particular, his delegation welcomed the point in paragraph 8, as it placed the biennial reports in the context of the overall examination of RTAs and the problems of regionalism vis-à-vis the multilateral system. In that respect, it would be useful for the Committee to take up that information on a regular basis so as to compare general regional trends with general multilateral trends. In this vein, bilateral reports would offer a great contribution to the Committee's debate. Concerning the points mentioned in paragraph 5 on the presentation of the reports, as has been noted by the representative of Brazil, the purpose of the biennial report was to allow the Committee to keep abreast of changes in the agreements. In this light, the purpose should be to ensure that the whole system is transparent. As the Committee examined agreements and considered biennial reports, it would have a picture of an agreement at any given point in time. For this to be effective, that picture needed to be clear. Therefore, parties had to be ready to supply the relevant information. If the examination lasted too long, the picture would lose its focus and information would become outdated. The biennial reporting would allow a refining of the picture and should in no way be a recommencing the examination process, which would not be practicable. His delegation thus could not support the comments by the delegations of Hong Kong and Korea, as they had called for a re-examination of agreements. His delegation did not support the aspects of paragraph 8 which dealt with systematic examination. First, there was a current obligation to report; but there was no obligation to proceed to an examination. Obviously Members could raise questions following the presentation of a report, but there was no obligation to conduct examinations in that regard, and certainly not systematic examinations. Second, regarding the word "systematic", if it were a good idea to get a picture of the general trends, it was not necessary to do this with respect to all agreements, as agreements varied in relative significance. Finally, while the biennial report would be a useful tool in the context of the systemic discussion, it was important that the Committee employ a method that would not overburden the Secretariat and Members. His delegation would thus favour stringent discipline regarding techniques, but at the same time would stress that the process be non-burdensome.

35. The representative of New Zealand said his delegation supported the analysis of the Hong Kong delegation. First, regarding the objectives as set out in paragraphs 3 and 8, his delegation had no difficulty with those objectives as expressed, and it agreed that they fell within the Committee's mandate.

In terms of the coverage of the reporting process, this was something that could be looked at further, but his delegation welcomed the wide coverage set out in the paper. Another focus of the day's debate had been the matter of avoiding duplication with the TPRM process. Some delegations had stressed that the biennial reporting process should not repeat the original review process. In this regard, his delegation saw no difficulty with the procedures set out in the Australian paper. There would inevitably be a difference in the focus of the debate when it came to biennial reporting, as the focus would likely be on areas that had been of concern during the initial review or on key developments that had occurred since the initial review. In terms of procedure, his delegation supported the idea in paragraph 8 that the Committee should consider reports together in a single meeting. Agreements of lesser significance could be given rapid consideration at that one meeting. His delegation also supported the point in paragraph 9 regarding the issue of economic integration agreements in the services area.

36. The representative of India said his delegation strongly supported the Australian paper. Paragraph 2 was especially appropriate, as it dealt with the implications of fulfilling legal obligations of Understandings reached in 1994. Regarding the other points in the paper, his delegation supported the comments by the Hong Kong delegation. In addition, with respect to paragraph 4, his delegation would request that the initial discussion on the Enabling Clause take place in the Committee on Trade and Development (CTD). Concerning paragraph 9, his delegation would strongly endorse the recommendation to the Council for Trade in Services to extend the biennial reporting requirement to economic integration agreements in services.

37. The representative of Hungary said that biennial reporting was important for transparency and was a legal requirement. Her delegation welcomed the Australian paper and had some preliminary comments. The main objectives set out in paragraphs 3 and 8 seemed too ambitious. As the EC delegation had noted, the core issue was conformity with WTO requirements, and assessing this should be the main objective behind the reporting process. Her delegation could go along with the idea of a standard outline for the reports, as found in paragraph 6, but the Committee would need to discuss this further. Also, her delegation could agree that there was a need to ensure that biennial reporting did not entail duplication, though the Committee should discuss this more.

38. The representative of Romania said that, while his delegation welcomed the paper, it supported comments by other delegations pointing out difficulties and concerns with the ambitious proposal. At the time of the initial examination, the Committee checked an agreement's consistency with the general rules; then there were to be subsequent pictures through biennial reporting. Capitals and missions had a great deal of work with respect to initial examinations. The reporting requirement had been part of the GATT since 1971, and a new aspect was added in 1994 with the requirement of notifying any significant change in an RTA. In 1971, GATT had not been well supplied with tools for transparency. Most of the points in paragraph 5 concerned factual information for transparency. There was information provided on trade, customs duties, non-tariff barriers, etc. Also, through the TPRM there were other forms of notification which concerned trade policy instruments. In view of the fact that the requirement had been around for more than 25 years, perhaps Members should consider changing the requirement. His delegation supported the suggestion to consider these matters in view of the systemic discussion.

39. The representative of Canada thanked the Australian delegation for the proposal but noted that his delegation had deep concerns regarding the proposal's nature. The proposal concerned on the submission of a report that would focus on change, in particular bringing statistics up to date so as to offer a more detailed picture of developments in RTAs over time. His delegation agreed with the position asserted by Switzerland and the other points made concerning the nature of the reports.

40. The representative of Norway said his delegation welcomed the paper, noting that there was no dispute that obligations should be met. There were several positive elements in the paper.

Specifically, the Committee needed a debate on the points raised in the first part of paragraph 8; in this regard, he supported the comments by the Swiss delegate to the effect that the biennial reviews should not be overburdensome but should be meaningful in terms of obligations. On that basis, the Committee should look more closely at the scope and procedure of what was suggested.

41. The representative of Thailand thanked the Australian delegation for putting forth the proposal, on which she had some preliminary comments. Regarding objectives, she agreed with other delegations that paragraphs 3 and 8 were too ambitious. Concerning coverage, there needed to be a detailed discussion on avoiding duplication and on what form would be appropriate for various agreements. Regarding procedure, a calendar for the submission of the biennial report and the treatment of multiple reports in one meeting could facilitate the process.

42. The Chairman said that there did not seem to be a consensus yet. He asked delegations to reflect on the Australian paper and the various comments on it.

E. Systemic Implications of Agreements and Initiatives for the Multilateral Trading System and the Relationship Between Them

43. The Chairman said that background documentation for this item of the agenda comprised the following: the Checklist of Issues (WT/REG/W/12), which was currently being annotated by the Secretariat; the compilation of provisions dealing with technical barriers to trade and sanitary and phytosanitary measures contained in RTAs (WT/REG/W/8); and the statements made in the Eighth Session by the delegations of Australia, Korea and Hong Kong, which had been distributed as informal papers. The next stage of the Committee's discussion of this agenda item would be based on the annotated Checklist of Issues and would occur at the meeting in June.

44. The representative of the Secretariat said the Checklist was being annotated along the lines of what was contained in the Hong Kong proposal. This involved indicating the context in which issues on the Checklist had been raised, the different views that had been expressed at the time the issues were raised, and the significance of the views for the formation, examination or operation of the relevant RTAs. In that regard, the Secretariat was reviewing the Uruguay Round negotiating group discussions, discussions in the Committee, and past Working Party discussions. The annotation would be factual and would not draw conclusions.

45. The Chairman asked delegations to reflect on how the Committee might structure future discussion of the issues.

46. Referring to the horizontal studies found in document WT/REG/W/8, the representative of Hong Kong said that to take full advantage of the information, a comparison of provisions of RTAs and of the multilateral instruments would be helpful. The purpose of such a comparison could be to permit an assessment of the complementarity or consistency of the RTA provisions with the multilateral agreements. Observations could also be made as to the implications of such consistency or differences, in terms of the intra-RTA trade and trade with third parties. His delegation did not envision any quantitative study in terms of implications on trade value or volume, but it did seem more could be done on a qualitative basis. A Secretariat note comparing or contrasting RTA provisions with WTO Agreements would be helpful in this regard.

F. Other Business

47. The representative of Switzerland said his delegation wished to draw the Committee's attention to the need to have RTA parties notify their agreements. An agreement that had not been notified could not be reviewed by the Committee. This had consequences not only for the specific study of that agreement, but also for the Committee's systemic discussions. It was important that the Committee have a picture of regionalism versus multilateralism that was as complete as possible. In that regard, his delegation had noted that a number of FTAs had been concluded but not notified. In many cases the Committee had heard of these agreements because the parties had shown a degree of transparency. He wished to indicate some of the agreements which, to his delegation's knowledge, had not been notified to the WTO. He noted that these agreements had been concluded recently in a broader context of regional initiatives that had been undertaken in the Americas. To mention a few examples, he referred to Chile's Agreements with Bolivia, Colombia, Ecuador, Mexico and MERCOSUR. Agreements that had been notified included the Agreement between Chile and Canada; the Agreement between Chile and Venezuela; the G-3 Agreement between Mexico, Colombia and Venezuela; the Agreement between Mexico and Costa Rica; as well as a number of agreements reached by the CARICOM countries. He said his purpose was not to engage in finger-pointing, but simply to note that there were a series of elements making up a regional integration process, and these elements should be notified to the Committee. He thus was appealing to all the countries that were parties to RTAs to notify the agreements, pursuant to the notification obligations in the relevant WTO provisions. He proposed that the Chairman conduct consultations so as to give a more global treatment to the problem of notifications.

48. The representative of Chile said that, to his knowledge, the agreements in which Chile was said to be participating had indeed been notified to the CTD, through the Latin American Integration Association, under the Enabling Clause. Notifications for most of those agreements could be found in the last report submitted by the Latin American Integration Association (LAIA).

49. The representative of Colombia said that, along the line of the statement just made by the delegate of Chile, the agreements that the Swiss delegation mentioned with respect to Colombia, Chile and Mexico had been notified to the CTD under the Enabling Clause. That Committee had taken note of those notifications. His delegation was of the view that it had complied with notification requirements.

50. The representative of the United States said she appreciated the comments made by the delegation of Switzerland. Her delegation, too, had noticed that there were a number of agreements that to its knowledge had not been notified to the WTO. Some agreements might have been notified to the CTD the Council for Trade in Goods, or the Council for Trade in Services. As the Committee discussed systemic implications of regional agreements, it was important that all agreements in the system be covered. Perhaps the Committee needed to construct a bridge to the CTD, so that it could have some of these notifications on its agenda. This concern extended to some of the other agreements, such as ASEAN, which had not been reviewed despite the fact that the parties had provided a good deal of information on the agreement. India and Nepal had an agreement, which apparently had rather interesting rules of origin, and the EC had reportedly concluded a customs union with Andorra.

51. The representative of Canada said that notification had always been an important issue for his delegation. He thanked the Swiss delegation for having raised the point. While some information might have been sent to other WTO bodies, it would be good if the Committee had a complete picture of all the notifications. Perhaps this Committee could send a request to the CTD for a full list of information. The representative of Switzerland had congratulated Canada for having notified its Agreement with Chile, but he wished to clarify that that had not been an official notification because the Agreement was not yet ratified by the countries' respective Parliaments. The notification would be made to the Council for Trade in Goods in the next few weeks, once the Agreement was ratified.

The parties had wanted to inform the Committee of the existence of this Agreement, so as to proceed in an orderly fashion. Early provision of information was something his delegation had urged on several occasions. His delegation hoped this would become the norm for all WTO Members.

52. The representative of Australia thanked the delegation of Switzerland for the point it had made. He supported the suggestion by the representatives of the United States and Canada that the Committee try to obtain from the CTD all the information that was relevant to the notification of those agreements, so that the Committee might have a complete picture.

53. The Chairman reminded the Committee that its Terms of Reference under the examination heading were determined by the Council for Trade in Goods, the Council for Trade in Services, and the CTD. Delegations had an opportunity to consider this issue at the next CTD meeting.

54. The representative of Ecuador said the Enabling Clause was the proper ground for agreements of developing countries. According to it, Ecuador had notified its Agreement to the CTD. This discussion could be dealt with there, as well.

55. The representative of Japan said his delegation also supported the points made by the representatives of Switzerland, Canada, the United States and Australia. His delegation would like Members to share relevant information at an early stage of an RTA process, even prior to formal notification.

56. The representative of the European Communities said his delegation shared the underlying point made by the Swiss delegation and also the Chairman's point that it was for the CTD, the Council for Trade in Goods and the Council for Trade in Services to determine which agreements were sent to this Committee. Members needed to look at those notifications and consider seriously whether they should be sent to this Committee. Regarding the EC-Andorra Customs Union, he said the parties had indeed neglected to notify the Agreement. His delegation was in the process of renegotiating that particular Agreement, and he hoped the result would be even greater conformity with the requirements of Article XXIV. His delegation therefore wished to consult with other interested delegations, as to whether the notification should come now or should be delayed one or two months, when the Agreement would be up to date.

57. The representative of Switzerland thanked delegations for having given clarifications as to the way in which a number of the agreements had been notified in another forum. His delegation endorsed the proposal that other delegations have made. Perhaps the Secretariat or the Chairman could act as a source of information exchange between the CTD and the Committee, so that the Committee would have as complete a picture as possible of the situation. He noted his delegation's hope that notifications be as complete as possible, including the contents and the texts of the various agreements. For the parties to some of these agreements, this should not be a complex matter, as the texts of many agreements were already available on the Web Site of the Organization of American States.

58. The Chairman asked the Secretariat to inform the Chairman of the CTD about this discussion. That Chairman or some delegations might consider it appropriate to place this matter on the next agenda of the CTD.

59. The representative of Turkey said that for transparency purposes his delegation wished to inform the Committee of the status of the Turkey-Israel Free Trade Agreement. The Agreement had been signed last year and recently had been approved by the Turkish Grand National Assembly. The ratification procedure had thus been completed, and the Agreement would enter into force in the near future. His delegation and the delegation of Israel would submit a formal joint notification to the Committee.

60. The Chairman recalled dates that had been proposed earlier in the week for continuing the examination of the EC Enlargement. Questions were to be submitted by 7 May, replies were due 3 June, and circulation of documentation in English by the Secretariat 7 June, with translations available as soon as possible thereafter. He proposed that the June agenda include the following: the examinations of the EC Association Agreements; the examination of the EC Enlargement, with the calculation of general incidence completed by that date; the first round of the examination of the Canada-Israel Free Trade Agreement; the programme of meetings for the second part of the year, with a Chairman's proposal soon to be distributed; and continuation of discussion of systemic issues, on the basis of the annotated Checklist.
61. The Chairman confirmed that the EC Association Agreements should be on the agenda.
62. The representative of Switzerland asked whether information on the Canada-Israel Free Trade Agreement had been or would be distributed, and whether it was or would be in the form of the Standard Format.
63. The representative of Canada said that his delegation was preparing information in the Standard Format and would make this available as soon as possible.
64. The representative of Korea suggested that the June agenda also include an item for continuing the discussion on biennial reporting.
65. The Chairman said the item could be included, with the understanding that it would be dropped from the agenda if time proved short. Regarding the methodology for the calculation of the general incidence of duties before and after the formation of a customs union, he said that the Secretariat had conducted consultations on behalf of the Chairman; an informal note by the Secretariat was now being distributed and could be discussed at the June meeting.
66. The representative of the United States said that in the procedural Guidelines there was a point that the Secretariat would provide an update on the status of various examinations. She envisioned that to entail an account of what agreements were under review, what agreements had recently been notified, etc. Would the Secretariat be in a position to provide a first rendition of this soon?
67. The Chairman responded that yes, the Secretariat was in a position to do so.
68. The representative of Switzerland requested that the Secretariat include information on agreements notified under the Enabling Clause.
69. The Chairman replied that the Secretariat would need to be authorized by the Committee to use that documentation, as it was reluctant on its own responsibility to delve into the affairs of other bodies. He asked if there would be any objections to the Committee authorizing it to do so.
70. The representative of Chile said he would need to consult with his capital.
71. The Committee took note of all the comments made.