

WORLD TRADE ORGANIZATION

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(99-0241)

Committee on Regional Trade Agreements

NOTE ON THE MEETINGS OF 26 NOVEMBER AND 2 DECEMBER 1998

Chairman: Mr. Jean-Marie Noirfalisse (Belgium)

A. ADOPTION OF THE AGENDA

1. The Twentieth Session of the Committee on Regional Trade Agreements (CRTA) was convened in Airgram WTO/AIR/977 and Corr.1, dated 12 and 16 November, respectively.

2. The representative of the European Communities (EC) asked that the examination of its Agreement with the Principality of Andorra be postponed. This was not because the documentation was unavailable, (as it already been submitted), but rather because the EC and the authorities of Andorra were currently discussing the future form of their relationship, building on the customs union, and his delegation thought it would be more useful to revert to this item when there was a clearer idea of where these discussions might lead in terms of a new, deeper and more comprehensive relationship between the Parties.

3. The representative of the United States said that the customs union had been in force for some time: twenty years came to mind. He was concerned about an open-ended suspension of this item and wondered if the EC representative could propose a date when it could be taken up again.

4. The representative of the European Communities replied that although there had been an agreement for some time, the customs union had only been developed and implemented in the 1990s. He added that his delegation would have a clearer idea of developments by the time of the Committee's next Session in February 1999. The representative of the United States said he appreciated the clarification and saw no problem in holding the item over till then.

5. The Chairman said that the examination of the customs union between the EC and the Principality of Andorra would be dropped from the current Session and transferred to the next Session in February.

6. The following Agenda was adopted:

- A. Adoption of the Agenda
- B. Programme of Work in 1999
- C. Annual Report to the General Council
- D. Systemic Implications of Regional Trade Agreements for the Multilateral Trading System and the Relationship between them
- E. Examination of Regional Trade Agreements
 - I. Slovenia-Estonia
 - II. Slovenia-Latvia
 - III. Slovenia-Lithuania
 - IV. Czech Republic-Estonia
 - V. Czech Republic-Latvia

- VI. Czech Republic-Lithuania
- VII. Slovak Republic-Estonia
- VIII. Slovak Republic-Latvia
- IX. Slovak Republic-Lithuania
- X. Poland-Lithuania
- XI. European Communities-Hungary Europe Agreement, Services
- XII. European Communities-Poland Europe Agreement, Services
- XIII. European Communities-Slovak Republic Europe Agreement, Services
- XIV. EC-Slovenia
- XV. System of European Cumulation of Origin
- F. Reporting on the Operation of Agreements
- G. Observership of Inter-Governmental Organizations
- H. Other Business

B. PROGRAMME OF WORK IN 1999

7. The Chairman recalled that during an informal meeting held on 19 November, he had proposed that the Committee hold four meetings of three days each in 1999. As he had stated at that time, the bulk of the Committee's work would consist of making progress on the systemic debate, advancing the examination of outstanding agreements and preparing for the Ministerial Conference at the end of November. In addition to the formal meetings, a series of informal consultations would also need to be organized in order to discuss draft examination reports for a considerable number of agreements. The dates which had been proposed for 1999 were as follows: 10-12 February; 29-30 April and 3 May; 20-22 July; and 11-13 October. He added that these dates could be modified, if necessary.

8. The representative of Uruguay asked that the Committee take into account the difficulties faced by small delegations and try to keep informal meetings to a minimum, if possible. It was difficult for small delegations to cover everything and be present all the time.

C. ANNUAL REPORT TO THE GENERAL COUNCIL

9. The Chairman drew the Committee's attention to the draft of the Annual Report to the General Council (document WT/REG/W/32) dated 25 November, which had been prepared by the Secretariat following receipt of written and oral comments from a number of delegations on the draft of 20 November. Before asking for comments, he proposed to outline the differences from the previous draft, paragraph by paragraph and section by section, and to adopt each section, and then the report as a whole. In the Section entitled Introduction, the first three paragraphs were the same as in the previous draft on which no comments had been made. In the previous draft there had been a Section entitled Organizational Matters and Institutional Arrangements containing paragraph 4 on Observer Status and paragraph 5 on the Programme of Work for 1999. In the current draft this had been replaced with a Section entitled Observer Status, containing paragraph 4, which was unchanged from the previous draft. The paragraph on the Work Programme for 1999 had been dropped. The deletion of paragraph 5 from the previous draft reflected a number of concerns. First, some delegations considered that the work of the Committee was not geared to the forthcoming Third Ministerial Conference; others considered it premature to talk about making recommendations to the General Council on systemic issues. Some considered that the earlier reference to two priorities – the examinations and the discussion of systemic issues – downplayed other elements of the Committee's terms of reference. In addition, it was felt that the material previously contained in paragraph 5 was partly duplicated in paragraph 16 in the Section entitled Final Remarks. Therefore, it was considered better to delete the paragraph. In the third Section, entitled Examination of Regional Trade

Agreements, paragraphs 5–8 of the current draft were the same as in the previous draft except that the paragraphs had been renumbered and a new paragraph 8 had been added. In the new paragraph the Committee encouraged Members, who had not yet done so, to notify regional trade agreements under the relevant WTO rules.

10. The representative of India said that it was his delegation's view, as stated in the last meeting, that the Committee's mandate, listed under paragraph 5, was to examine RTAs and to report to the Council for Trade in Goods, the Council for Trade in Services or the Committee on Trade and Development, depending on the agreement. Thus, his delegation considered paragraph 8 inappropriate as the Committee was not required to encourage delegations to notify RTAs.

11. The representative of the United States said that his delegation found this paragraph particularly useful as it was within the mandate of the Committee to consider all agreements, not only those which had been referred under Article XXIV. Until the agreements were notified to the relevant Councils, there was no mechanism in place for them to be referred to the CRTA. Thus, he did not consider that the language used in paragraph 8 imposed any kind of requirement which did not already exist. The representative of India replied that he was not convinced by this argument.

12. The Chairman said that it was his understanding that the representative of India was not objecting to the reference to notification, but that it should be placed in the paragraph dealing with the Committee's mandate.

13. The representative of India replied that it was the Committee's mandate to examine those agreements referred to it by the three bodies listed in paragraph 5. Thus, his delegation did not consider it necessary to exhort Members to notify agreements which had not been notified thus far under WTO rules.

14. The representative of the Philippines said she did not consider it necessary to include the sentence in paragraph 8 because, as stated by the Indian representative, the Committee did not have a mandate to urge that all agreements be notified to it.

15. The representative of the United States said that the representative of the Philippines had made a good point: there was nothing here that required notification of RTAs to the CRTA. His delegation could accept wording as follows: "The Committee urged Members that had not done so to notify RTAs to the Committee on Trade and Development, the Council for Trade in Goods or the Council for Trade in Services".

16. The Chairman asked whether the proposal made by the representative of the United States was acceptable to the representatives of India and the Philippines. The representative of India replied in the negative.

17. The representative of Canada suggested that paragraph 8 could be redrafted with a reference to Article XXIV, instead of an implied reference to the mandate of the Committee, given that Article XXIV spoke to a requirement to notify trade agreements and preferential agreements. This might provide a way around this issue.

18. The Chairman proposed that this item be left pending for the moment and asked whether there was agreement on paragraphs 5, 6, and 7.

19. The representative of the Czech Republic suggested that Attachment 2, referred to in paragraph 6, reflect the outcome of the Committee's ongoing Twentieth Session. Given that the examination report of the Central European Free Trade Agreement (CEFTA) was scheduled to be discussed informally in the course of this Session, he requested that the CEFTA Agreement be moved

to the first heading of Attachment 2, entitled RTAs for which Draft Reports on the Examination are Currently under Consideration.

20. Moving on to Section IV, Reporting on the Operation of Agreements, the Chairman said that paragraph 9 was the same as in the previous draft. In paragraph 10, the reference in the earlier draft to the approval of recommendations by other bodies had been removed at the request of one delegation which considered that it was inappropriate to report on what happened in other bodies. Thus, the present text simply stated that the Committee had referred its recommendations to the appropriate bodies. In Section V, Procedures to Facilitate and Improve the Examination Process, paragraph 11 was unchanged. In Section VI, Systemic Implications of Regional Trade Agreements and Initiatives for the Multilateral Trading System and the Relationship Between Them, paragraphs 12 and 13 were unchanged from the previous version. One change had been made in the first indent of paragraph 14. The second sentence which previously had contained the words "In January, Australia suggested, in what it said was an attempt to bridge the traditional controversy, that the SAT requirement be measured in terms of tariff lines as well as trade flows; that proposal together with the submission made by Hong Kong, China that preferential rules of origin be related to a quantitative definition of SAT..." had been replaced with the words "The proposals that the SAT requirement be measured in terms of tariff lines as well as trade flows and that preferential rules of origin be related to a quantitative definition of SAT...". This treatment corresponded to that used in the second indent where Members who had made a contribution had been identified and the substantive issues had been listed.

21. The representative of the United States proposed modifying the first sentence of the second indent of paragraph 14 so that it matched more closely the first sentence of the first indent of the paragraph. The sentence should read "The Committee discussed the scope of the term "other regulations of commerce" (ORCs) as contained in GATT Article XXIV provisions; written contributions were made by the delegations of Australia; ..."

22. Moving on to Section VII, Final Remarks, the Chairman said that a number of delegations had made suggestions for changes and these were reflected in paragraphs 15 and 16. In paragraph 15, the first sentence was unchanged from the previous draft. The second sentence reflected the fact that, despite the heavy workload and some delays in the submission of relevant material, the Committee had made progress in the examination of RTAs. The third sentence reflected the fact that some delegations had indicated their willingness to move forward on the basis of existing rules, but that the examination process had been impeded by various concerns, including the lack of consensus on systemic issues. This was reflected in the phrase "*inter alia*". In the final sentence of paragraph 15 the words "in-depth" had been deleted from before the word "discussions", reflecting the view of the nature of the discussions. In any case, the qualifying adjective seemed unnecessary.

23. The representative of the European Communities said that his delegation would prefer that the reference to delays in the submission of relevant material, at the beginning of the second sentence, be deleted. However, the issue of the workload and the sheer number of examinations which the Committee had had to undertake was relevant. In his view, the information necessary for examinations was being presented and the examinations were taking place.

24. The representative of the United States said that there was no reference to the EC in this paragraph, particularly with respect to delays in the submission of relevant materials. He was aware that this issue had arisen in relation to the discussion of some EC Agreements, but it was an endemic problem which the Committee had faced in many agreements. His delegation was of the view that this was one of the problems which had held up the work of the Committee repeatedly, as agenda items had had to be deleted and work had been delayed. It was the major reason why work on examinations had been impeded. If no reference was made to this fact, then the next sentence would give the impression that examinations had been impeded primarily due to interpretations of the rules,

and this was not the case. It was his delegation's view that the reason that the work had been impeded was because Parties had often not been sufficiently forthcoming in presenting requested information on a timely basis, for whatever reason.

25. The representative of Canada proposed that the second last sentence, beginning "Although some delegations indicated their willingness..." be restructured to give emphasis to the fact that there had been an agreed willingness to finalize the examination and adoption of reports. She proposed that the sentence be deleted and replaced by "Although the examinations were impeded, *inter alia*, by a lack of consensus on the interpretation of the WTO rules relating to RTAs, the need to move forward on the basis of existing rules was recognized." This would give a clearer indication of the mandate of the Committee.

26. The representative of New Zealand commented on the same sentence. To begin with, the first clause referred to the willingness of delegations to move forward to the adoption of reports on the basis of existing rules. He was of the view that it would be difficult to do anything other than this in the Committee, given that discussion had focused on the existing rules. The present drafting suggested that other delegations had suggested moving forward to the adoption of reports on the basis of quite different rules. It seemed to him that the clause "on the basis of existing rules" was redundant and confusing in this sentence, and he suggested its deletion. Although the last clause stated that "the examinations were impeded", this was not the case; rather, it was the progress made in the examinations which had been impeded. He suggested that it would be better to clarify the reference to examinations by modifying the sentence to read "Although some delegations indicated their willingness to move forward to the adoption of reports, progress in this regard was impeded, *inter alia*, by a lack of consensus on the interpretation of the WTO rules relating to RTAs".

27. The representative of Uruguay said that his delegation was prepared to accept paragraph 15 as written, but he would like to see the Canadian delegation's proposal in writing before commenting on it. As regards the comments made by the representative of New Zealand, his delegation did not see any contradiction or confusion in the paragraph. On the contrary, its meaning was clear and it reflected the realities which existed in the Committee. After all, some delegations had been willing to conclude the work on agreements on the basis of the rules as they existed, which was precisely what was reflected in this paragraph. The second part of the phrase reflected the fact that, despite this, impediments to the work had arisen as there was no consensus on the interpretation of those same rules. Thus, there was a clear relationship between what some delegations were willing to accept on the basis of what already existed in terms of rules and what other delegations found more difficult to accept because of a lack of consensus on the interpretation of those rules. So the two different concepts clearly represented what had happened in the Committee. His delegation preferred to leave the phrase as it was, but would be happy to consider the Canadian delegation's written proposal to see if it served the same objective. However, the contrast between what might have been done and what might not be able to be done should remain in place.

28. The representative of Hong Kong, China said her delegation had not intended to propose any amendments to paragraph 15 as it stood, but after listening to the rather subtle amendment proposed by the Canadian delegation, she considered it useful to take into consideration the representative of New Zealand's comment about the deletion of the phrase "on the basis of existing rules".

29. The representative of Korea expressed his delegation's support for the representative of New Zealand's suggestion to delete the reference to the existing rules. In addition to the explanation given by the representative of New Zealand, his delegation considered that this phrase did not match the second part of the sentence which said that examinations had been impeded by a lack of consensus on the interpretation of the existing rules relating to RTAs. It was clear that the Committee was working on the basis of existing rules and that there had been no disagreement on whether it should work on the basis of those rules or of others. Secondly, his delegation proposed that the first part of

the sentence which read "Although some delegations indicated their willingness" which implied that other delegations did not want to move forward be changed to read "The Committee recognized the need to move forward..."

30. Before giving the floor to other delegations, the Chairman reminded the Committee that it was operating under time constraints and that it should make the best possible use of its time. He suggested that delegations register their comments quickly and concisely and avoid restarting the debate on well-established positions. He would then ask the Secretariat to redraft the report and submit a new version to the Committee in the course of the day. There remained two problems: the notification of RTAs to the Committee as mentioned in paragraph 8; and the Section on Final Remarks. In the meantime, the text proposed by the Canadian delegation would be circulated.

31. The representative of Switzerland said that his delegation found the Canadian delegation's suggestion attractive as it reflected the facts, but it also emphasized that the Committee wanted to make headway and finalize its work on reports. He agreed with the representative of the United States that the reference to delays in the submission of relevant material should be retained. His delegation recalled several meetings when agenda items had been removed, which was not an acceptable way of working.

32. The representative of Australia lent his support to the delegation of New Zealand's suggestion.

33. The representative of Norway said that her delegation did not have strong feelings *vis-à-vis* the suggestion made by the representative of the United States, but that his proposal added some valuable information. Her delegation was happy with the text of the next sentence as it stood, but having had a chance to read the text proposed by the Canadian delegation, she would support that text, as it better expressed what had actually taken place in the Committee.

34. The representative of Hungary said he supported the Canadian delegation's proposed text.

35. The representative of the United States supported the Canadian delegation's proposal as it was clearer than the current text and it addressed the concern expressed by the Korean representative with respect to some delegations being opposed to moving forward. The proposed text made it clear that the Committee had recognized the need to move forward.

36. The representative of Poland said that, in the past, reports had been adopted on the basis of existing rules despite differences on the interpretation of these rules, but that this seemed no longer to be the case. The rules had not changed and, in principle, the problems of interpretation were the same. He suggested that the phrase be amended to read "as it was so far the case on the basis of the existing rules".

37. The representative of Japan said he would like to see the proposal made by the delegation of New Zealand circulated so that he could examine it. He also shared the view expressed by the Korean representative.

38. The Chairman reminded the Committee that all proposed texts would be circulated, and that the Secretariat would make an attempt to consolidate them into a single text in the hope that the Committee would be able to adopt it.

39. The representative of India asked when the Secretariat's new draft would be ready for circulation and when it would be discussed.

40. The Chairman replied that once the Secretariat considered that all the points had been covered, a new draft would be circulated, and he, the Chairman, would manage the agenda of the meeting to revert to the adoption of the report. He could not foresee exactly when this might be.

41. The representative of the European Communities said that, on the first reading, he was attracted by the Canadian delegation's proposal. It made it clear that it was not just the adoption of reports which had been impeded by a lack of consensus, but rather it was the examination process itself.

42. In reference to the Canadian delegation's proposal, the representative of Hong Kong, China drew the Committee's attention to the list of documents submitted by delegations, in particular, the one submitted by her delegation on elements in Article XXIV which required clarification (which, she added, did not represent the view of her delegation, or of any other). If she took this paper together with the Canadian proposal, there did seem to be a lack of consensus on the existing rules, hence the use of the Canadian formulation "on the basis of existing rules". She considered the proposal of the New Zealand delegation to be relevant, but added that she had received no instructions to amend paragraph 15.

43. The Chairman said that the Secretariat now had enough information to formulate a compromise between the views of the delegations of Canada and New Zealand. He asked the representative of New Zealand to repeat his suggested text and his argument for the use of it.

44. The representative of New Zealand repeated his proposed text, which was "Although some delegations indicated their willingness to move forward to the adoption of reports, progress in this regard was impeded, *inter alia*, by a lack of consensus on the interpretation of the WTO rules relating to RTAs." "[P]rogress in this regard" related to the examination process as well as the issue of adoption of reports, which was a part of the examination process. He said that he had some difficulty with the Canadian delegation's proposal as it did not make much sense when read. It said that the examination process had been impeded by the lack of consensus on the interpretation of the existing WTO rules relating to RTAs, but that nevertheless the Committee needed to move forward on the basis of existing rules. This suggested a number of problems to him, but did not provide any answers. His delegation would prefer the existing text in the document over the Canadian proposal, and he hoped that the Secretariat would take this into consideration.

45. The representative of Argentina expressed his support for the Canadian delegation's text as it made sense and clearly reflected the position of some delegations, including his own. What was important was that the text should reflect that there were some delegations which were in a position to accept examinations which complied with the provisions of the existing rules. In the very last part of the text put forward by the Canadian delegation, the words "by some delegations" could be added, as he did not think that it applied to all delegations. There were some delegations that were prepared, on the basis of the existing rules, to go ahead with the examinations in hand.

46. The representative of United States asked that a full stop be added after "recommendations to the General Council" in paragraph 16 and that the remainder of the sentence be deleted.

47. The representative of Hong Kong, China recalled that at the last meeting her delegation had suggested that after "recommendations to the General Council", the words "*inter alia*" be added, which would suggest that there might be other things to recommend to the General Council. She was making this point again, as she was not sure if the United States representative's problem was with highlighting one area of possible recommendations to the General Council or with indicating possible future work of the CRTA.

48. The representative of Uruguay, speaking on behalf of the members of MERCOSUR, said that he agreed with the proposal made by the representative of the United States that a full stop be placed after the words "General Council", followed by deletion of the rest of the paragraph.

49. The representative of Hungary said that his delegation could either support the proposal made by the representative of the United States or it could keep the present text, but in the latter case after the word "agreements" the words "to be concluded in the future" should be inserted. The representative of Switzerland said his delegation could support either the proposal made by the representative of the United States or that made by the representative of Hungary. The representative of Poland supported the proposal made by the representative of Hungary. The representative of Norway supported the proposal made by the representative of the United States. The representative of the Philippines, speaking on behalf of ASEAN, supported the proposal made by the United States representative.

50. The representative of the United States said that, while he appreciated the comments made by the representative of Hong Kong, China, he thought that his original proposal should stand.

51. The representative of Hong Kong, China noted that the title of this Section had been changed to Final Remarks.

52. The Chairman said that it seemed that the Committee had reached agreement on everything except paragraphs 8 and 15 and that the Secretariat would shortly propose an amended text. After the text had been distributed, the Chairman proposed that the Committee move into an informal mode to facilitate discussion of the remaining paragraphs. Once this discussion was complete, he reconvened the formal meeting and the Committee adopted the report.

D. SYSTEMIC IMPLICATIONS OF THE MULTILATERAL SYSTEM

53. The Chairman said that there were a number of sub-items to consider under this Agenda Item: the communication made by the delegation of Hong Kong, China, entitled "An Illustrative List of Elements in Article XXIV Requiring Clarification" (document WT/REG/W/31); the informal paper by the Secretariat on the Mapping of RTAs; and thirdly, an updated list of RTAs in force as of November 1998, also provided by the Secretariat. The last two documents which had the job numbers 6240 and 6239, respectively, had been distributed on 17 November. He proposed that the Committee first turn its attention to document WT/REG/W/31, which was first submitted by the delegation of Hong Kong, China on 23 September 1998 as a non-paper. In the last meeting, delegations had indicated that they wanted to revert to this document.

54. The representative of Hong Kong, China said that she had not expected to elaborate further on this paper as her colleague had already done so at the previous meeting, but that her delegation would be grateful for comments and further discussion from Members. One point that she might make was that this was not a position paper of her delegation, but rather was intended to be a reflection of the ongoing systemic debate.

55. The representative of the United States expressed his appreciation to the delegation of Hong Kong, China for the submission of its paper. He said that the comment in paragraph 5, relating to substantially the same duties and other regulations of commerce did not seem to reflect what was contained in Article XXIV:8(a)(ii), but this was a minor point. His delegation did not consider that this paper should serve as the basis for recommendations to the General Council, not because the items raised were not interesting, but rather as this was not part of the Committee's work at this point. The paper dealt almost exclusively with Article XXIV, which was only one third of the Committee's mandate with respect to systemic issues; GATS Article V and the Enabling Clause was also within the

ambit of the Committee. Lastly, he requested clarification as to what was meant with respect to how to ensure the openness of RTAs by way of accession.

56. The representative of the European Communities expressed his delegation's appreciation for the paper presented by Hong Kong, China and said he had taken note of the introductory comments that the document was not intended to be prejudicial either to the position of Hong Kong, China or to that of other delegations. He found it interesting as a listing of some issues, but he agreed with the representative of the United States that this was not a comprehensive listing of all issues that might need to be considered. He added that the Secretariat had already presented a checklist of issues relevant to Article XXIV.

57. The representative of New Zealand said that while he had not had the opportunity to examine the paper by Hong Kong, China in great detail, it raised a number of issues that had been the subject of some discussion in the Committee up till now. His delegation supported the thrust of the paper which was to focus greater attention on the issues which had arisen in the Committee's discussions so that it could move forward in the systemic debate.

58. The representative of Japan said he would comment later on paragraph 5 and on the Mapping paper submitted by the Secretariat.

59. The representative of Australia welcomed the paper submitted by Hong Kong, China and recognized that it had provided some impetus for the Committee's ongoing work on systemic issues. However, he had also noted the other elements mentioned by the representatives of the United States and the EC relating to GATS.

60. The representative of Canada said that the Hong Kong, China paper provided a good reflection of the uncertainties surrounding certain provisions. However, she supported the statement made by others that while it was a list, it was not necessarily comprehensive.

61. The representative of Hong Kong, China explained that the paper had been submitted as a non-paper in the last Session of the Committee, but that her delegation had decided to submit it as a formal document so that delegations which had not been present at the last meeting could easily refer to it for future reference. She added that during the last meeting, she had mentioned that her delegation was in the process of preparing a paper relating to GATS Article V. In response to the comment made by the representative of the United States as to the relevance of the openness of RTAs by way of accession, she said that this was an issue that her delegation had raised in relation to the Secretariat's background note, An Inventory of Non-Tariff Provisions in RTAs, which contained an observation in Section II.4 that, out of the 69 RTAs considered, only nine permitted third-party accession to the agreement. This raised the question of whether an RTA with no accession clause would preclude the participation of others and how that would affect claims as to the openness or the contribution of RTAs to the multilateral system. She emphasized that this was a general observation that had been made as a result of the Secretariat's note and which she did not think was on the Secretariat's Checklist of Systemic Issues.

62. The Chairman thanked the representative of Hong Kong, China for her contribution to the debate and noted that her delegation had submitted its paper as a true contribution to the exercise of common thinking about systemic issues, distinct from its own position. The paper itself noted that it was not comprehensive. Turning to the Secretariat's document on the Mapping of Regional Trade Agreements, the Chairman said that this document had been circulated originally as an informal paper on 23 September, with an updated version sent out on 17 November. The document had been prepared following a request that a global picture of all RTAs, including those notified and those which had not been notified, as well as regional initiatives under negotiation, be provided to the

Committee. The paper included details on historical developments, a regional dimension, depth of integration and frequency of RTAs.

63. The representative of Argentina said that the document was very useful and complete. However, the maps contained some inaccuracies and information was, in some cases, incomplete. One point that should be borne in mind was Cuba's recent accession to the Latin American Integration Association (LAIA). Within the framework of LAIA, there were agreements between Argentina and Costa Rica and other Central American countries. Other members of LAIA also had agreements with other Central American countries. Argentina had agreements with Chile and Bolivia. He was not sure about the status of the agreement with South Africa, but he would provide further information to the Secretariat in writing.

64. The representative of the European Communities expressed his appreciation for the document, as it contained a lot of interesting information which deserved study. It demonstrated the sheer number of regional agreements, not all of which would or should be notified to the WTO, but a considerable number of which should be. He felt obliged to make one comment in relation to paragraph 33 in the Section entitled Future Trends, in which the Secretariat had said that the increasing membership of the European Communities and of the European Union would add to complexity. In his view, the opposite was the case in that expanding membership of the European Union and the obligations that came with membership would entail the disappearance of independent tariff schedules of those countries which became bound to the common external tariff. As the European family grew and the table was extended to accommodate all members, this would simplify rather than complicate the situation.

65. The representative of Switzerland thanked the Secretariat for the useful document and its subsequent update. His delegation found it extremely useful to have a complete picture of free-trade areas.

66. The representative of United States thanked the Secretariat for the considerable work that had gone into the preparation of the document and said that he had already found it useful as a reference when trying to identify particular RTAs. He drew the Committee's attention to paragraph 32, which stated that a total of 74 non-notified RTAs had been identified by this study. He had already noted the comments made by the EC representative that, while not all of these agreements needed to be notified, many of them clearly should be and he encouraged those Members that were Parties to such RTAs to submit notifications.

67. The representative of Hong Kong, China expressed her appreciation for the document and was pleased that it would be updated on a regular basis. She had taken note of the comments made by others that while 74 non-notified RTAs had been identified by the study, not all of them needed to be notified. Secondly, she expressed her delegation's concern about the increasingly common phenomenon of WTO Members being party to more than one RTA. According to the Secretariat's note, 14 European countries were party to 35 RTAs and 12 countries in the Americas had signed more than four RTAs. This overlapping membership of RTAs had resulted in a complex web of rules for the purpose of administering and enforcing RTAs' provisions. One example was the adoption of multiple preferential origin rules and she wondered if this might run counter to the primary objective of RTAs, which was to facilitate trade between constituent territories and not to raise barriers to the trade of others. These were recurrent themes in the Committee's systemic debate.

68. In response to the comment made by the representative of Hong Kong, China, the representative of Hungary said that the pan-European system of cumulation of origin was proof of how countries could simplify the complicated system to which she had referred.

69. In conclusion, the Chairman said that the materials supplied were voluminous, important, and complex. The Committee would return to the issue at future meetings.

E. EXAMINATION OF REGIONAL TRADE AGREEMENTS

70. (Minutes for these examinations are being circulated as separate documents.)

F. REPORTING ON THE OPERATION OF AGREEMENTS

71. The Chairman reminded the Committee that it had adopted recommendations on 20 February 1998 on how the requirements for submission of information on regional trade agreements should be carried out, as contained in documents WT/REG/4-6. At the Committee's last Session, it had been agreed that these recommendations would be transferred to the relevant bodies for adoption: the Council for Trade in Goods, the Council for Trade in Services and the Committee for Trade and Development. The Chairman informed the Committee that these recommendations had been approved by these bodies on 30 November, 23 November and 2 November 1998, respectively. In order to operationalize the reporting requirements for RTAs notified under Article XXIV, the Secretariat had circulated an informal note, dated 16 November 1998, providing an updated timetable for the submission of biennial reports on the operation of such agreements in 1999. A previous version of this note had been circulated in March 1998 and the Committee had discussed both the general method proposed for the drawing up of the timetable and the timetable itself. The updated note contained only minor amendments to the March version.

72. The representative of Canada said that she had noticed that the EC was not scheduled to submit a report in 1999 and she understood that this was due to the fact that the examination of the EC Enlargement to include Austria, Finland and Sweden was currently under consideration by the Committee; hence it was not deemed appropriate for the EC to be subject to reporting in 1999. She asked if this understanding was correct.

73. The representative of the Secretariat replied that this interpretation was correct. She drew attention to paragraph 3(a) which stated that, as a general rule, the first report would fall due two years after the examination of an agreement or an enlargement. This had been discussed or tacitly understood by the Committee earlier in the year.

74. The representative of the United States asked if this meant that there would be a report submitted for EC-12 and a separate report for EC Enlargement (EC-15). The representative of the Secretariat replied that, in the case of the EC, the next biennial report would cover EC-15 and would be due two years after the adoption of the report of the latest enlargement.

75. The representative of the United States thanked the representative of the Secretariat for her clarification, but said that he would rather see two separate reports as he did not envisage that there would be much to report on EC-12 in two years time, whereas there were several issues specific to the enlargement which would need to be updated. It was his delegation's understanding that there would still be two separate reports in the next reporting cycle, but that thereafter they would be combined.

76. The representative of the European Communities said that he had not anticipated that this issue would arise as it had been discussed earlier in the year. His understanding was that two years after the completion of the examination of EC-15, an updated report on the operation of EC-15 would fall due, as specified in paragraph 3(a) of the Secretariat's note. He was not in a position to respond to something which was not part of the proposal.

77. The representative of the United States said that he had not made a proposal, but had asked for clarification as to whether there would be a single report or two to cover the EC.

78. The Chairman said that the Committee would take note of the clarification which had been given.

G. OBSERVERSHIP OF INTER-GOVERNMENTAL ORGANIZATIONS

79. The Chairman recalled that since early 1997, the following inter-governmental organizations had been granted observer status to the CRTA: EFTA, FAO, IMF, OAS, UNCTAD, and the World Bank. A decision was still pending on other requests for observership, as listed in document WT/REG/W11/Add.1. As agreed by the Committee in its Eighth Session in February 1997, informal consultations had been held concerning such requests and he wished to inform the Committee of the results. Before doing so, he drew the Committee's attention to the request by LAIA to be granted observer status in the Committee and to the communication by the Latin American and Caribbean Group (GRULAC), contained in document WT/REG/W30, supporting this request. He gave the floor to the representative of Chile for further comment on this issue.

80. The representative of Chile, speaking on behalf of the countries that made up the Latin American and Caribbean group (GRULAC), said that the group supported LAIA's request for observership to the CRTA. He explained that the Secretariat of LAIA was the forum which was responsible for promoting trade between its member countries and thus it would be relevant for LAIA to be an observer to the CRTA.

81. The Chairman stressed that requests for observership would be considered on a case-by-case basis. In light of the remarks made by the representative of Chile and the consultations which had been conducted on this subject, he proposed that the Committee grant observer status on an *ad hoc* basis to LAIA and invite it to its next Session. He added that the consultation process concerning other requests for observer status had not yet been completed and he would continue to consult on this matter and keep the Committee informed of any progress. The Committee adopted the proposal.

H. OTHER BUSINESS

82. No items were raised under Other Business.

83. The Committee took note of the comments made.
