

**Council for Trade in Goods
1 November 1996**

MINUTES OF THE MEETING

Held in the Centre William Rappard
on 1, 4, 5 and 6 November 1996

Chairman: Mr. S. Narayanan (India)

The proposed agenda contained in document G/C/W/64 was adopted with the inclusion of items under "Other Business", namely 2 to 7 and 9.

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The Chairman welcomed delegations to this meeting convened by WTO/AIR/471.

1. Consideration of reports of subsidiary bodies of the Council for Trade in Goods
 - 1.1 The Chairman recalled that at the last meeting of the Council on 15 October 1996, broad guidelines were agreed to with regard to the handling of the reports of 12 of the Council's subsidiary bodies (i.e., the Committees on Agriculture, Anti-Dumping Practices, Customs Valuation, Import Licensing, Market Access, Rules of Origin, Safeguards, Sanitary and Phytosanitary Measures, Subsidies and Countervailing Measures, Technical Barriers to Trade, Trade-Related Investment Measures, and

the Working Party on State Trading Enterprises). These bodies were expected to submit their reports to the Council in the context of the Singapore Ministerial Conference on a consensus basis. It was agreed that the Council would take note of those reports and decide to annex them to the Council's own report. This would be without prejudice to the ability of Members to raise points with regard to the reports, and also the ability of the Council to record observations, to make recommendations, and to take decisions, if considered necessary. With regard to the factual report from the Independent Entity under the Preshipment Inspection (PSI) Agreement and the report from the Working Group on Notification Obligations and Procedures, the Council had agreed to treat them in the same way as the other 12 reports. As concerned the Textiles Monitoring Body's (TMB's) report, it was agreed that he would consult informally on how to deal with this report. Following the consultations, he found general agreement that the TMB report should be treated in the same way as the reports of the other subsidiary bodies (i.e. to take note of the report and decide to annex the report to the Council's report), subject to the understanding that in the factual part of the Goods Council report there would be a summary of comments made by delegations on the TMB report.

1.2 The Council considered the following reports of its subsidiary bodies:

1.3 The Council took note of the report of the Committee on Agriculture on the Marrakesh Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Countries adopted on 24 October 1996 and contained in document G/L/125, and decided to annex it to its own report. The Council's attention was drawn, in particular, to the recommendations for consideration by the Ministerial Conference in paragraphs 18 (i), (ii), (iii) and (iv) of the report.

1.4 The Council took note that the report of the Committee on Agriculture on the Implementation of the Agreement on Agriculture and the work of the Committee had not been finalized. The Council agreed to revert to this matter.

1.5 The Council took note of the report of the Committee on Anti-Dumping Practices adopted on 22 October 1996 and contained in document G/L/123, and decided to annex it to its own report. The Council's attention was drawn, in particular, to the concluding observations in paragraphs 23 to 27 and the information on the state of implementation of the Agreement in Annexes A and B of the report.

1.6 The Council took note of the report of the Committee on Customs Valuation adopted on 25 October 1996 and contained in document G/L/121, and decided to annex it to its own report. The Council's attention was drawn, in particular, to the recommendation in paragraph 11 of the report.

1.7 The Council took note of the report of the Committee on Import Licensing adopted on 23 October 1996 and contained in document G/L/127, and decided to annex it to its own report. The Council's attention was drawn, in particular, to the conclusions and recommendations in paragraphs 17 and 18, of the report.

1.8 The Council took note of the report of the Committee on Market Access adopted on 1 November 1996 and contained in document G/L/132, and decided to annex it to its own report. The Council's attention was drawn, in particular, to paragraph 21 of the report which contained recommendations by the Committee to the Council. The Council agreed to endorse those recommendations.

1.9 The Council took note of the report of the Committee on Rules of Origin adopted on 18 October 1996 and contained in document G/L/119, and decided to annex it to its own report. The Council's attention was drawn, in particular, to the conclusions and recommendations in paragraphs 20, 21, 26 and 27 of the report.

1.10 The Council took note of the report of the Committee on Safeguards adopted on 25 October 1996 and contained in document G/L/129, and decided to annex it to its own report. The Council's attention was drawn, in particular, to the concluding observations in paragraphs 31 to 33 and the information on the state of implementation of the Agreement in the Annex of the report.

1.11 The Council took note of the report of the Committee on Sanitary and Phytosanitary Measures adopted on 8 October 1996 and contained in document G/L/118, and decided to annex it to its own report. The Council's attention was drawn, in particular, to paragraph 13, of the report in which the Committee recommended that Ministers endorse the approach set out in paragraphs 5, 6, 11 and 12 of the report and reiterate the strong commitment of all Members to the full implementation of the Agreement, including its notification and other transparency provisions.

1.12 The Council took note of the report of the Committee on Subsidies and Countervailing Measures adopted on 24 October 1996 and contained in document G/L/126, and decided to annex it to its own report. The Council's attention was drawn, in particular, to the concluding observations in paragraphs 34 to 38 and the information on the state of implementation of the Agreement in Annexes A to C of the report.

1.13 As regards the report of the Committee on Technical Barriers to Trade (TBT), the representative of Egypt stated that her delegation was concerned about the issue of eco-labelling and its coverage in the TBT Agreement, as it was reflected in paragraph 15 of the report of the TBT Committee. In her delegation's view the third sentence of paragraph 15 was ambiguous and contained two contradictory statements. Her delegation agreed that there was no consensus on the coverage in the Agreement of eco-labelling schemes based on non-product-related Processes and Production Methods (PPMs) as indicated in the sentence. At the same time, the sentence indicated that it was generally felt important to review the process of eco-labelling against the principles and disciplines of the Agreement. Generating consensus on the coverage of eco-labelling should precede any review. In fact, once the position on eco-labelling with respect to the TBT Agreement was clarified, the review would not be necessary, and possibly redundant. The point was not eco-labelling *per se*, but the use of non-product-related PPMs. The objective of such a review which might be to introduce this aspect went against the position of her delegation. She drew the Council's attention to the fact that the same subject was being discussed in the Committee on Trade and Environment. It would be unfortunate if two WTO Committees were to have contradictory views on this controversial issue.

1.14 The representatives of Mexico and India supported the statement made by the representative of Egypt. The representative of India said that during discussions in the TBT Committee on eco-labelling, several delegations, including his own, had pointed out that non-product-related PPMs were not covered by the TBT Agreement. His delegation wished to stress this aspect in order to avoid any misunderstanding that might be created by the third sentence of paragraph 15 of the TBT report.

1.15 The representative of Thailand, speaking on behalf of ASEAN Members felt that the third sentence of paragraph 15 of the TBT report was contradictory. While the sentence acknowledged that there was no consensus on the coverage of eco-labelling schemes and on the criteria based on non-product-related PPMs, it also referred to a review of such schemes against the provisions of the TBT Agreement. ASEAN Members were of the view that generating consensus on the coverage of eco-labelling schemes should precede any review.

1.16 The representative of Peru associated his delegation to the statements made by the representatives of Egypt, India and Thailand speaking on behalf of ASEAN Members.

1.17 The Council took note of the statements and the report of the Committee on Technical Barriers to Trade adopted on 22 October 1996 and contained in document G/L/122, and decided to annex it

to its own report. The Council's attention was drawn, in particular, to paragraphs 11, 20 and 21 of the report.

1.18 The Council took note of the report of the Committee on Trade-Related Investment Measures adopted on 1 November 1996 and contained in document G/L/133, and decided to annex it to its own report.

1.19 The Council took note of the report of the Independent Entity under the Preshipment Inspection (PSI) Agreement contained in document G/L/120 which had been prepared by the Secretariat pursuant to Paragraph I.C of the Structures and Functions of the Independent Entity (Annex II of WT/L/125/Rev.1), and decided to annex it to its own report. This report indicated that since the Independent Entity had become operational, it had received no application requesting an independent review. The Council also took note of the information on notifications submitted by Members under the PSI Agreement contained in documents G/PSI/N/1 and Add.1 to 4.

1.20 The Chairman recalled that the report of the Textiles Monitoring Body (TMB), circulated in document G/L/113, had been considered at the Council's last meeting, and that the Council had taken the necessary action on the recommendations contained therein. The Council took note of the report and decided to annex it to its own report.

1.21 The Chairman recalled that the report of the Working Group on Notification Obligations and Procedures, circulated in document G/L/112, was also considered at the Council's last meeting and that the Council had taken the necessary action on the recommendations contained therein. He pointed out that a recommendation in paragraph 65 of the report of the Working Group had been added as point 2(a) in Section II of the Council's own report since it also implied action to be taken by the General Council. The Council took note of the report and decided to annex it to its own report.

1.22 The Council took note of the report of the Working Party on State Trading Enterprises adopted on 24 October 1996, and contained in document G/L/128, and decided to annex it to its own report. The Council's attention was drawn, in particular, to paragraph 16 and the Annex of the report. In accordance with the recommendation from the Working Party contained in paragraph 16, the Council agreed to urge all Members to fulfil their notification obligations under Article XVII and the Understanding.

2. United States - Information Technology Agreement (ITA)

2.1 The representative of the United States, speaking under "Other Business", stated that during the course of informal consultations, the US and its trading partners had been developing an initiative concerning tariffs on information technology products which it was hoped would be agreed to at the Singapore Ministerial Conference (SMC). A paper submitted informally to the Council contained a brief summary of the ITA Agreement that had been developed among interested delegations. These delegations viewed the realization of the ITA as a positive contribution to the SMC, just as the agreement to expand the existing Understanding on Pharmaceuticals. Those who had the most to gain were expected to participate in this plurilateral agreement. The summary provided outlined the basic parameters of the Agreement in terms of product coverage, which was still the subject of discussion. While an active consultation process was already underway, his delegation was ready to consult with any delegation who wished to know more about the specifics of this initiative.

2.2 The Council took note of the statement.

3. Canada - Proposal on further tariff liberalization

3.1 The representative of Canada, speaking under "Other Business", drew Members' attention to a Canadian proposal on further tariff liberalization (G/MA/W/9). Tariff liberalization had been central to the activities of the WTO and the GATT. Her delegation found it surprising that the issue of further reductions in industrial tariffs was not addressed within the built-in agenda. The SMC provided a timely opportunity to include this in the WTO work programme. The Canadian paper proposed the establishment of a work programme to ensure that further tariff liberalization would be considered by WTO Members. The paper suggested ways to achieve this objective such as the acceleration of Uruguay Round tariff cuts, including the zero-for-zero agreements, expanding the membership of such initiatives, establishing new zero-for-zero initiatives in additional sectors, expanding membership in the chemical harmonization initiative, and identifying additional sectors for tariff harmonization at lower rates. The objective was not to prescribe an outcome, but to urge Members to keep these suggestions under review, with the objective of seeking additional means to enhance trade liberalization.

3.2 The representatives of Morocco and Egypt, thanking the US and Canadian representatives for the information provided, said that long discussions regarding these proposals had been held, in particular in the Market Access Committee. They wished the records of the Council to reflect the fact that the views expressed at the meetings of the Market Access Committee on those proposals applied also to the consideration of the matter in the Council.

3.3 The Council took note of the statements.

4. Hong Kong - Proposed conclusions and recommendations on the implementation of the Agreement on Textiles and Clothing (ATC)

4.1 The representative of Hong Kong, speaking under "Other Business", and also on behalf of the ASEAN delegations of Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore and Thailand, and the delegations of Colombia, Costa Rica, Hong Kong, India, Pakistan and Peru stated that his statement concerned discussions on conclusions and/or recommendations on issues pertaining to the implementation of the ATC. He drew Members' attention to paragraph 8.38 on page 20 of the Council's draft report (G/C/W/62). This paragraph read, "Divergent views were expressed with respect to possible conclusions and/or recommendations with reference to the issues and problems referred to in [preceding] paragraphs". As correctly reflected in this paragraph of the draft report, intensive informal discussions had recently been held, involving a number of delegations, including the 12 he had just mentioned. It was the firm objective of the 12 delegations to achieve agreed conclusions and recommendations on important matters pertaining to the ATC and its implementation. To the regret of these delegations, despite the best efforts of all participants a convergence of views had not yet been achieved. To date, no consensus had been reached to enable the inclusion of conclusions and recommendations in the Council's draft report. In the view of the 12 delegations the work of this Council on the subject of the implementation of the ATC had yet to be completed. Nevertheless, this should not prevent the adoption of the report at this Council's meeting. For reasons of transparency and to facilitate continued efforts to settle the unresolved issues, the 12 delegations had circulated to Council Members proposed conclusions and recommendations¹ on various aspects of the implementation of the ATC. This proposal should be used as a basis for further consultations by the Council. He added that a number of other delegations had also participated at earlier stages in the development of the proposal, and that the sponsorship list of the proposal was not final.

¹Subsequently circulated in document G/C/W/65.

4.2 The representative of Mexico stated that the concerns put forward by Hong Kong were valid and should be taken into account in the formulation of the conclusions and recommendations in the report of this Council on the issue of implementation of the ATC.

4.3 The representative of Korea, supporting the initiative, felt that the proposed draft conclusions and recommendations accurately reflected the concerns of both sides. This draft deserved to be brought to the attention of Ministers in Singapore, and his delegation strongly supported the inclusion of these conclusions and recommendation in the Council's report.

4.4 The representative of Egypt, supporting the statement made by the representative of Hong Kong, believed that the concerns raised were legitimate. She urged that the Council attempt to reach conclusions and recommendations on this matter, which was of the highest importance to her delegation as well as to many other countries.

4.5 The representative of Cuba associated his delegation with the statement made by Hong Kong on behalf of 12 delegations.

4.6 The representative of the United States wished to register a procedural objection to the discussion. The delegation of Hong Kong had apparently attempted to insert under "Other Business", a proposal for further discussion of the implementation of the ATC which his delegation had understood was finished, and which was reflected in the Council's own report on the ATC as well as in the TMB report in document G/C/W/62. His delegation was not prepared to accept that the Council, at this stage, make further attempts to reach agreed conclusions and recommendations in this area.

4.7 The representative of El Salvador supported the proposal made by Hong Kong on behalf of 12 delegations. For her delegation this was an issue of the highest importance. Her delegation felt that there was still enough time to continue discussions and end up with possible recommendations and conclusions.

4.8 The representatives of the European Communities, Switzerland and Norway supported the statement made by the United States. Additionally, the representative of Norway stated that Members, under guidance of the Chairman, had had extensive discussions to reach agreed conclusions and recommendations on this matter. The Chairman had stated that his efforts in this respect had not resulted in agreement which was a realistic conclusion to be drawn from the exercise. His delegation did not see any possibility at this stage to reopen this discussion.

4.9 The representative of Hong Kong wished to register a different understanding to the procedural question raised by the representative of the United States. Furthermore, he wished to indicate that he had sought the guidance of the Chair, as to the most appropriate moment for this statement which had been made on behalf of a number of delegations to reflect their concern.

4.10 The representative of Argentina stated that notwithstanding the fact that his delegation had not been in a position to co-sponsor the proposal made by this group of countries, it felt that these concerns should be registered in the minutes of this Council meeting.

4.11 In response to requests for clarification from the representatives of Norway and Canada, the Chairman stated that there was no intention to have a discussion of points raised under "Other Business" under items of the adopted agenda. He had merely indicated that the points raised under "Other Business" would have some impact on the discussions on the Council's draft report.

4.12 The Council took note of the statements.

5. EC- Proposal on "Trade Facilitation"

5.1 The representative of the European Communities, speaking under "Other Business", drew the Council's attention to a proposal which was introduced as a non-paper² in the heads of delegations process relating to the SMC. In the past, much of the work had been concerned with the reduction of tariff and non-tariff barriers. Now it was time to look at another area which had led to very significant costs to the business community and to the consumer. The costs of complying with official requirements for the importation, exportation and transit of goods could often exceed the tariff duties by a considerable extent. His delegation therefore proposed that the question of "trade facilitation" be addressed in the Council and had made a number of specific suggestions in this context. His delegation was aware that work in this area was being carried out in several international organizations, including in particular the World Customs Organization (WCO). The purpose of the Community's proposal was to draw the attention of Members to the implications for the WTO of this work. It was suggested that Ministers in Singapore should provide a new political impulse to the question of simplification and harmonization of trade procedures. His delegation wished to encourage active participation by Members in the work currently underway within the WCO. It was suggested that Ministers invite the WTO, in cooperation with relevant bodies, to undertake exploratory and analytical work. This could include an examination of the trade facilitation work currently going on in different fora with a view to ensuring that standardized trade procedures were developed in a coordinated way. The results of this exploratory and analytical work could be reflected in a report to be presented to this Council which would assess the impact on trade and the scope for more effective and transparent disciplines within the WTO. One item which should be given attention was the question of modernization of the Kyoto Convention on the simplification and harmonization of customs procedures. On the basis of the report, the Council could decide whether there was scope for a possible code to be developed within the WTO in the area of trade facilitation.

5.2 The representatives of Australia, Colombia, Czech Republic, Hong Kong, Morocco, Norway, Slovak Republic and Switzerland supported the Community's proposal.

5.3 The Council took note of the statements.

6. EC - Trade in Pharmaceutical Products

6.1 The representative of the European Communities, speaking under "Other Business", wished to record on behalf of the Members concerned the positive contribution to trade liberalization which was achieved by the 1996 review of the product coverage on trade in pharmaceutical products. Members concerned had agreed to add 465 products for duty-free treatment to the 6,000 products already covered, to be implemented early in 1997. Details on the coverage following this review had been deposited with the WTO Secretariat in the consolidated versions of Annexes 1 to 4 of document L/7430.

6.2 The Council took note of the statement.

7. Pakistan - Draft Ministerial Decision on Implementation of the ATC

7.1 The representative of Pakistan, speaking under "Other Business", stated that his delegation regretted the fact that despite numerous rounds of informal consultations under the aegis of this Council no agreement had been reached on conclusions and recommendations on the issue of the implementation of the ATC. For many developing countries like his own, textiles constituted the single most important sector in terms of its contribution to GDP export earnings and employment. His delegation believed that it would be unfortunate if no recommendations reached Singapore for consideration of the Ministers. It was against this background and as a follow-up to the statement made by the representative of Hong

²Subsequently circulated in document G/C/W/67.

Kong on conclusions and recommendations that his delegation also on behalf of some other exporting countries was submitting a draft Ministerial Decision³ for the Singapore meeting. As would be seen from this draft, it reflected not only the views expressed by the textile exporting countries, but also took into account the concerns raised by some major textile-importing countries regarding circumvention and market access.

7.2 The Council took note of the statement.

8. Adoption of the Report of the Council for Trade in Goods to the General Council in the context of the Singapore Ministerial Conference (G/C/W/62)

8.1 The Chairman drew attention to the draft report of the Council circulated in document G/C/W/62. The report comprised two sections: Section I contained the factual part and Section II the conclusions and/or recommendations arising from the Council's deliberations. He added that the report would be updated or modified in light of the work done by the Council at this meeting and comments by delegations on any of the points.

8.2 The representative of Australia referred to a proposal made by his delegation for inclusion of a paragraph in Section II of the Council's report. The text would read as follows: "Members agree to keep under review the prospect of effecting further trade liberalization, including on an autonomous plurilateral or multilateral basis." His Government was still trying to understand why there was no reference in the Council's conclusions and/or recommendations to trade liberalization, particularly in light of the commitment of all Members to progressive trade liberalization, one of the key functions of the WTO. His Government had hoped that the SMC would demonstrate the continuing relevance of the WTO to the business community, which was interested in tariff liberalization. On the basis of the contents of the Council's report so far, and more particularly the conclusions section of the report, the message to the business community was that the Council could not even agree to keep under review the prospects for further trade liberalization. This was disturbing because it would diminish the relevance of the WTO to the global business community or to world trade. Against that background, Australia hoped that delegations would be prepared to look at the text proposed by Australia for inclusion in Section II of the Council's report which would amount to a non-prejudicial and non-committal restatement of the commitments of the Members of this Organization to trade liberalization.

8.3 The representative of Norway stated that his delegation had both formally and informally expressed interest and support for the Australian and Canadian proposals. It had also accepted that there was no consensus for including such a recommendation in the report. With regard to the relatively modest goal expressed by Australia, his delegation noted with concern that the WTO as a multilateral trade organization was not in a position to agree to keeping under review the prospect of effecting further trade liberalization, which in his delegation's view had very much to do with the "raison-d'être" of the GATT/WTO.

8.4 The representative of Morocco stated that the Australian proposal should be reflected in the factual part of the Council's report, as had been the case with other proposals and initiatives on trade liberalization submitted by the United States, the European Community and Canada. There were too many divergences of views on this matter, and any additional discussion would be pointless at this stage.

8.5 The representative of Hong Kong stated that his delegation would continue to support the Australian proposal. However, Members had to be guided by the practice of consensus.

³Subsequently circulated in document G/C/W/66.

8.6 The representative of New Zealand concurred with the comments made by the representatives from Hong Kong and Norway with respect to the Australian proposal and expressed disappointment with the outcome of the discussion on this matter. Considerable effort had been expended trying to reach both in the Council and in the Market Access Committee a forward looking statement on the possibility of further tariff liberalization. His delegation would have hoped that WTO Members could have done better in the lead up to the first Ministerial Conference of this Organisation. While some Members of the Organization were not ready to embark upon preparations for further liberalisation, his delegation felt that Ministers should collectively keep such initiatives under review at all times; since this was the final purpose of this Organization. A recommendation concerning the possibility of further liberalization would have allowed to present a more positive picture to the world at Singapore.

8.7 The representative of Brazil stated that in Brazil, both the government and the private sector appeared to be still overwhelmed with the implementation of the WTO Agreement. Brazil was still adapting to new rules, still drafting internal regulations, still evaluating the concrete consequences of its commitments. The Australian representative had referred to giving a signal to the business community. But there were different businesses in the world and as far as business in Brazil was concerned, Brazilian businessmen were worried with the pace of liberalisation commitments undertaken by the government. In the recent trade policy review of Brazil, certain delegations had mentioned that the government should resist protectionist pressures, something that his government had been trying to do. If Brazil were to accept inclusion of the reference to further liberalisation in the Council's report, even in the simple form of a review, this might cause negative reactions in his country. Therefore, at this stage, his delegation was not in favour of including such language in the Council's report.

8.8 The representative of Canada shared the views expressed by delegations of Australia, Hong Kong and New Zealand. His delegation would find it anomalous that this Organisation could not even reflect a fairly modest proposal to keep under review the possibility of effecting further trade liberalisation. Canada had also presented a paper along similar lines. His delegation recognized that there was no consensus on the Australian proposal and under these circumstances, it would not be possible to have conclusions or recommendations to that effect in the Council's report.

8.9 The representative of Chile supported the Australian proposal. It would be unfortunate for the WTO if Members could not agree on a text as innocuous as "keeping under review the prospect of effecting further trade liberalisation". Her delegation regretted that there was no consensus on this matter.

8.10 The representative of India stated that the Australian proposal for further industrial tariff negotiations was discussed in the Market Access Committee as well as in the Council. In both fora, the Australian proposal was opposed by a large number of delegations for various reasons. In the Market Access Committee, Australia had requested that this proposal be incorporated in the recommendations part of the Committee's report. The Committee had been unable to agree to this, as there was no consensus. This Council had also discussed the Australian proposal and there was no consensus on it. Hence, his delegation could not agree to the inclusion of the Australian proposal in Section II of the Council's report.

8.11 The representative of Egypt stated that the views presented by her delegation in the Market Access Committee on this matter were valid also in this forum, and as a result she could not agree to have the Australian proposal included in the recommendations and conclusions section of the Council's report.

8.12 The representative of Venezuela stated that recommendations by Ministers were not needed to "keep under review the prospect of further trade liberalisation in the industrial sector", because any country that wished to reduce tariffs on industrial products did not have to wait for recommendations

from Ministers to do it but could do so autonomously. His delegation did not have difficulties as regarded the actual draft of the Australian proposal, but it was obvious that the proposal had not managed to obtain a consensus either in the Market Access Committee or in the Council. As the principle of consensus was fundamental to his delegation, it could not support the inclusion of the Australian proposal in Section II of the Council's report. However, he did not see a problem with its inclusion in the factual part of the Council's report.

8.13 The representative of the European Communities stated that the Community was committed to further liberalisation and was associated with a number of specific initiatives in the area, for example information technology products and pharmaceuticals. The language proposed by the Australian delegation reflected not more than what should be part of the normal work of this Council and therefore, his delegation saw merit in the proposal. However, as had been noted, the Council had to be guided by the practice of consensus.

8.14 The representative of Korea stated that from a procedural perspective his delegation believed that this proposal should have been reflected in the report of the Market Access Committee. A more substantive discussion had already taken place in the Market Access Committee on this proposal, and the Committee had completed its work and tabled its own report. It was difficult to understand why Australia wanted to include the same text in Section II of the Council's report, especially when it had not achieved consensus on it in the subsidiary body of the Council. While his delegation was of the view that the Australian text was innocuous, other Members did not think so. As there had been no consensus on the same matter in the Market Access Committee, his delegation could not support the inclusion of the Australian proposal in Section II of the Council's report. In fact, if Australia had proposed the present text at the initial stages, his delegation could have supported it without any problem. The possibility of further comprehensive negotiations on industrial tariffs was a politically sensitive issue in Korea. Korea was firmly committed to trade liberalisation but could not support the Australian proposal at this juncture.

8.15 The representative of Australia stated that it was important not to amplify the divergences between delegations, and it was with this in mind that Australia had tabled its revised proposal as a conclusion of the extensive discussion that had taken place in the Council on trade liberalisation. It was not unnatural to see compromise proposals in the context of the debate that had preceded them. That might be regrettable but it was understandable. What he wished delegations to do, even at this late stage, was to consider the words of the Australian proposal. His own understanding of the words was that Australia was not asking for a commitment to specific tariff negotiations, nor for preparations for negotiations, nor for positive consideration of the proposal that it had made for further industrial tariff negotiations in the year 2000. The only thing Australia was asking for was a reaffirmation by this Council of the core business of the WTO. He hoped that other delegations would try to look at the words proposed by Australia in the spirit in which they had been proposed. He recognized that there was no consensus to Australia's original proposal for industrial tariff negotiations in the year 2000, and he could accept that that proposal be included only in the factual part of the Council's report. It would, however, be a helpful conclusion of the discussions if the Council could reaffirm to the first WTO Ministerial Conference that it would keep under review the prospect for effecting further trade liberalisation. With respect to the adoption of the report of this Council, the Australian Government was still assessing the situation.

8.16 The representative of Hong Kong, referring to the issue of implementation of the ATC, wished to make clear that it had not been the intention of the 12 delegations to depart from the established practice of the WTO nor to cause any delay in the process of adoption of the Council's report. In response to Canada's suggestion to reflect the concerns of the 12 delegations in the factual part of the report as well as in the minutes of this meeting, the delegations concerned would give it positive consideration. Regarding the query by the United States on the procedural propriety of the suggestions

made by the delegations concerned, he wished to propose three possible ways of action: (1) continue discussions on the "Implementation of the ATC" that had not yet been concluded; (2) if there were results, they should be adopted by this Council; and (3) incorporation of possible results in the final report. No assumptions were being made, and there was no prejudice to the outcome. In the view of his delegation, efforts should continue to be made on an issue of such importance to many delegations. It was not the intention of his delegation to block the adoption of the report. He had understood that today's meeting might not be the last occasion to meet in this session of the Council, and therefore there was opportunity for further work. He hoped that this would be taken advantage of and he would welcome suggestions which would enable progress.

8.17 The representative of Japan stated that his delegation had some sympathy for Hong Kong's suggestion that the Council should continue discussions to reach consensus on the conclusions and recommendations regarding this subject. From the procedural point of view, in spite of the response and additional clarification given by Hong Kong, the concerns and views put forward by Canada, US, the Community, Norway and Switzerland were legitimate. However, if there was consensus to reopen and continue work in order to reach agreement on this matter, his delegation would be willing to participate in the process.

8.18 The representative of Norway said that his delegation would participate in a constructive manner in any discussions on this issue.

8.19 The Council took note of the statements and suspended the meeting in order to discuss informally the action to be taken on matters raised in the discussion.

8.20 Following the resumption of the meeting, the Council agreed to continue its meeting on 4 November 1996 in order to consider the report of the Committee on Agriculture on Implementation of the Agreement on Agriculture and the work of the Committee. The Council noted that there was no consensus with respect to the Australian proposal, nor agreement with regard to further consultations before 4 November 1996 on the implementation of the ATC.

8.21 The Council resumed its meeting on 4 November 1996. The Chairman recalled that there were three issues pending from the meeting of 1 November 1996, which had prevented adoption of the Council's report to the General Council: (1) Australia's request that the recommendation "Members agree to keep under review the prospect of effecting further trade liberalization including on an autonomous, plurilateral or multilateral basis" be included in Section II of the Council's report; (2) possible inclusion of recommendations and conclusions regarding the implementation of the ATC; and (3) finalization of work concerning the report of the Committee on Agriculture. He added that a revision to the Council's report had been issued in document G/C/W/62/Rev.1, which reflected the Council's work at its 1 November 1996 meeting.

8.22 The representative of Australia informed the Council, that following further reflection and consultations with his authorities, Australia was no longer insisting on the inclusion of its proposal in Section II of the Council's report. This had been a difficult decision for his government to take given that there was no conclusion or recommendation in the report on tariff liberalization, not even the confirmation recently proposed by Australia that this Council would keep under review proposals for further liberalization. His delegation was pleased that the factual part of the Council's report recognized the extensive discussion on Australia's original proposal for further tariff liberalization as well as proposals made by other Members more generally for further trade liberalization. His delegation had been encouraged to know that a significant number of delegations agreed that the first Ministerial Conference of the WTO should send a positive message on one of the Organization's core functions, i.e. tariff liberalization. Australia would not stand in the way of adoption of the Council's report. His delegation would continue to work with other delegations towards the objective that the SMC

underline the commitments of the WTO to further progressive liberalization of tariffs through successive rounds of multilateral trade negotiations. His delegation believed that this could be done in a way that accommodated the very real concerns of those countries that had made significant concessions during the Uruguay Round, and were presently fully absorbed in the difficult task of implementing those commitments. Australia believed that the present draft of the Singapore Ministerial Declaration provided a good basis for a commitment to further trade liberalization and it intended to build on that basis.

8.23 The Chairman informed the Council that as regards possible conclusions and/or recommendations on the implementation of the ATC, additional text had been included at the end of the section of the Council's report dealing with the implementation of the ATC, i.e. the factual part starting on page 16, paragraphs 16.1 to 16.41. Since this text had been arrived at after plurilateral informal consultations among all delegations, he would deem that this issue was resolved as far as the Council was considered. Furthermore, the work of the Committee on Agriculture relating to its report had not yet been finalized. Many delegations had expressed a desire to continue work in the Committee on Agriculture, to arrive at a consensus-based report. Therefore, he proposed that the Council encourage the Committee on Agriculture to continue work with a view to finalizing the report on a consensus basis at its meeting scheduled on 5 November 1996. He proposed that all issues, with the exception of the report of the Committee on Agriculture, had been satisfactorily resolved, and that the Council should adopt its report leaving out the part relating to the report of the Committee on Agriculture. The report from that Committee would be forwarded as an addendum to the Council's report to the General Council.

8.24 As concerned the Council's draft report, circulated in document G/C/W/62/Rev.1, the Chairman indicated that the structure of the report had been changed by bringing administrative issues to the front of the report and addressing the more substantive issues later. The following specific changes were made to the text: (1) on page 1, at the end of the first introductory paragraph, the words "as outlined under item 19(a)" had been added; (2) on page 14, a new sub-item (i) had been added to point 13 of the report, i.e. paragraph 13.12 relating to the EC proposal on "Trade Facilitation"; (3) on pages 16-23, paragraphs 16.1 to 16.41 had been introduced on the "Implementation of the ATC and related matters"; (4) on pages 23-26, paragraphs 17.1 to 17.8 had been introduced on the "Textiles Monitoring Body"; (5) on pages 26 and 27, paragraphs 18.4, 18.6 and 18.7 had been added on "Proposals and Initiatives for Further Trade Liberalization"; (6) on page 27, paragraph 19.4 had been added reflecting the concerns of some delegations with a paragraph of the TBT report; (7) the title of Section II had been changed from "Conclusions and/or Recommendations arising from the Council's deliberations" to "Conclusions and/or Recommendations"; and (8) two introductory sentences had been added just after the title of Section II on "Conclusions and/or Recommendations" and before the text of the recommendations themselves.

8.25 The representative of Norway stated that the last sentence of paragraph 17.1 of document G/C/W/62/Rev.1 on the TMB read that "The TMB's report is therefore not a report by a body consisting of WTO Members". His delegation had raised a concern informally about this sentence because it might give the impression that representatives of countries who were not WTO Members might be appointed to serve on the TMB; this was clearly not the case. The point was that persons serving on the TMB were appointed among Members, but they served on the TMB in a personal capacity, which was made clear by the previous sentence. Therefore, his delegation felt that the sentence was misleading. His delegation would not insist on re-opening discussion on this text, but reserved its position with regard to any precedents the sentence might create in terms of a possible interpretation of the role of the members of the TMB.

8.26 The representative of Morocco stated that a number of delegations had supported the EC proposal on "Trade Facilitation", and it might be useful to reflect this fact in the relevant section of the Council's report. With respect to the Australian and Canadian proposal and the information provided by the

US on the Information Technology Agreement (ITA) and by the EC on pharmaceutical products it would be useful to include the following text which formed part of the report of the Market Access Committee on the same matter: "the Council welcomed the information provided and took note of the communications".

8.27 The representative of Egypt stated that her delegation wished to have a sentence included on the Canadian proposal which reflected the views of the delegations regarding this proposal. One possibility could be: "Divergent views were expressed by delegations, some of them even expressed opposition to this proposal".

8.28 The representative of India stated that a sentence to reflect the divergent views expressed by delegations on the Canadian proposal should be included in paragraph 18.6, for example, "Members expressed divergent views on the Canadian proposal". He also proposed that the following sentence be included at the end of paragraph 18.7 which dealt with the other trade liberalization initiatives: "the Council welcomed the information provided and took note of the communications".

8.29 The representative of Korea, stating that at the previous meeting his delegation had supported the proposal submitted by Hong Kong on behalf of 12 delegations on proposed conclusions and recommendations on the implementation of the ATC, his delegation wished this to be reflected in the relevant section of the report. The representative of Argentina stated that his delegation had also supported this proposal.

8.30 The Chairman wished to clarify that a number of the comments made by delegations related to items raised under "Other Business". In this context, he proposed that he hold informal consultations on the textual changes proposed by delegations in respect of certain paragraphs of the Council's report. The Council agreed to the Chairman's proposal.

8.31 The Council adopted its report to the General Council contained in document G/C/W/62/Rev.1 except for the portion relating to the report of the Committee on Agriculture. The Council further noted that its report would be amended in light of the discussion held at this meeting and issued in its final version in document G/L/134.

8.32 The Council agreed to suspend the meeting and resume on 5 November 1996 in order to consider the report of the Committee on Agriculture.

8.33 The Council resumed its meeting on 5 November 1996. The Chairman recalled that at the resumed meeting of 4 November 1996, the Council's report had been adopted with the exception of the part on the report of the Committee on Agriculture. The Council had also agreed to resume its meeting on 5 November 1996 on the expectation that the Committee on Agriculture would have by then finalized its report. The Chairman pointed out that the final version of the Council's report in document G/L/134 was now available.

8.34 The Chairperson of the Committee on Agriculture, Mrs. Tantraporn, informed the Council that the Committee, at this stage, had been unable to reach consensus on its report. Members of the Committee had requested more time to consult with their respective authorities, and the Committee had agreed to adjourn the meeting until 6 November 1996 in order to finalize its work.

8.35 The representative of Pakistan recalled that this Council was supposed to have finished its work on 1 November 1996. It was in view of the deadlines established for the submission of reports of all the Committees and Councils to the General Council by 7 November 1996 that Members had sought to expedite the work of this Council. For that reason, his delegation and several others had agreed not to continue work on possible recommendations and conclusions in the Council's report on the subject

of textiles. Now the Council was faced with the prospect of further delay in the finalization of its report because of the issue of agriculture. He believed that in this case as in that of textiles, the Council should note that agreement could not be reached.

8.36 The representative of Australia agreed that the representative of Pakistan had been right in reminding the Council of existing deadlines and the sensitivity of particular issues; agriculture was a very sensitive part of this Council's work. The Chairperson of the Committee on Agriculture as well as a number of delegations had been working hard to achieve an acceptable outcome regarding the report of that body. Time was short, but it was in the interest of the proper functioning of this Council and in the interest of obtaining the best outcome on a whole range of areas that utmost efforts were being made to reach consensus. In light of this, the Council should allow that extra time in order to enable the Committee on Agriculture to bring its work to a successful conclusion.

8.37 The Council agreed to request the Committee on Agriculture through the Chairperson of that Committee to continue intensive efforts to arrive at a positive outcome and ensure that the Committee was in a position to adopt its report at its meeting scheduled for 6 November 1996. This was all the more important as this Council had to make available its report to the General Council on 7 November 1996.

8.38 The Council agreed to suspend the meeting and to resume on 6 November 1996 in order to consider the report of the Committee on Agriculture.

8.39 At the resumed meeting on 6 November 1996, the Chairman informed the Council that the Committee on Agriculture had adopted its report. The Council took note of the report of the Committee on Agriculture circulated in document G/L/131, and decided to annex it to its own report and to forward it to the General Council as an addendum to its own report.

8.40 The representative of Pakistan stated that his delegation was pleased to note that the Council had adopted the various reports including that of agriculture on a consensus basis. However, his delegation was extremely disappointed with the outcome of the Council's deliberations on the implementation of the ATC. His delegation considered it a matter of deep regret that despite long drawn deliberations, it had not been possible to reach a consensus in the Council on conclusions and recommendations on the implementation of the ATC. His delegation continued to be deeply concerned with the fate of the implementation of the ATC as it believed that without fair treatment to the textiles sector, the outcome of the SMC would be far from balanced. Pakistan would, therefore, continue to press for the faithful implementation of the ATC in the General Council as well as in the parallel preparatory process for the SMC. In this context, Pakistan would be seeking the reaffirmation of the Ministers at Singapore that: (a) the ATC was implemented in letter and spirit; (b) the second and third phase integration programmes reflected the progressivity as embodied in the ATC; (c) the sanctity of Article 6 of the ATC was maintained by strictly following the concept of the sparing and circumspect use of the safeguard measure; (d) changes in the rules of origin were not made in such a way as to impair the market access of the textiles exporting countries; and (e) that the TMB played an active, impartial and effective role in ensuring the implementation of the ATC in letter and spirit. Notwithstanding these remarks, Pakistan reserved its right to raise the textiles issue in any other relevant fora including the General Council and the heads of delegations process.

8.41 The Council took note of the statement.

9. Date of the next meeting

9.1 The Council took note that its next meeting was scheduled for 29 November 1996.