

# WORLD TRADE ORGANIZATION

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General Council  
Special Session  
24-25 September 1998

## MINUTES OF MEETING

Held in the Centre William Rappard  
on 24-25 September 1998

*Chairman: Mr. J. Weekes (Canada)*

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Prior to the adoption of the Agenda, the Chairman recalled that in paragraph 7 of the May 1998 Ministerial Declaration, Ministers had welcomed the progress that had been made with the 31 applicants currently negotiating their accession to the WTO, and had renewed their resolution to ensure that the accession processes proceeded as rapidly as possible. In pursuance of this resolve expressed by Ministers, he noted with satisfaction that the Working Party on the Accession of the Kyrgyz Republic had recently completed its work, and that the General Council would be considering the Report of the Working Party in three weeks' time, at its meeting scheduled for 14 October, and that Members would be looking forward to welcoming the Kyrgyz Republic into the WTO. He also noted with satisfaction that Members might, in addition, be in a position at that meeting to consider the report of a working party set up to examine the accession request of another applicant country. This was an important area of the WTO's work, and it was gratifying to see that Members were making real progress on it.

**1. Discussion of substantive issues arising from the Ministerial Declaration of May 1998, in particular paragraphs 9, 10 and 11, including proposals by Members**

and

**2. Organization of work on these issues, including:**

- (a) The schedule of meetings of the General Council in pursuance of the process decided by the Ministerial Declaration;
- (b) Arrangements for work between formal sessions of the General Council, including for informal consultations

The Chairman said that as he had indicated to delegations in a communication earlier in the week, he wished to propose that the General Council take up items 1 and 2 of the Agenda together. He believed this would be helpful in getting some idea, early on, about delegations' thinking with regard to the question of organization of work on the issues, and in particular on the arrangements for work between the formal sessions of the General Council. He recalled, as a background to the present meeting in Special Session, that in the 1998 Ministerial Declaration, Ministers had decided that a process would be established under the direction of the General Council to ensure full and faithful implementation of existing agreements, and to prepare for the Third Session of the Ministerial Conference. The Ministerial Declaration also provided that, in this regard, the General Council would meet in Special Session in September 1998 and periodically thereafter to ensure full and timely completion of its work. As Members were aware, a number of formal and informal meetings had been held in order to prepare for this Special Session. It should be clear that the work that lay ahead, following the present meeting, would have to come from Members' initiatives, both through written contributions as well as through proposals presented orally at meetings. As delegations would have noted from the wording of Item 1, it provided for a discussion of proposals made by Members. Two contributions had already been received, from Egypt and Jamaica. A number of other delegations had also indicated their intention to submit papers soon outlining the issues of interest to them. In connection with the discussion on Agenda Item 1, he noted that a revised checklist of issues raised by Members at the Ministerial Conference, both at the working sessions as well as in written statements circulated at plenary sessions, had recently been circulated by the Secretariat and might be useful to delegations in addressing this Item.

With regard to the organization of work on the issues, he recalled that after informal consultations in July and earlier in the present month, he had made some procedural proposals, and wished to suggest that the following schedule of informal intersessional meetings might be established by the General Council at its present meeting to take up the following matters:

26 [and 27] October	Discussion on issues and proposals related to paragraph 9(a) of the Ministerial Declaration;
23 [and 24] November	Discussion on issues and proposals related to paragraph 9(b) – 9(d) of the Ministerial Declaration;
14 [and 16] December	Further discussion on issues and proposals under paragraph 9 and the schedule of future work.

As he had also suggested earlier, the next special session of the General Council on the preparations for the Third Session might be held on 2-3 February 1999. Delegations had had an initial exchange of views on this suggested programme at informal consultations held on 18 September, at which a number of useful suggestions and comments had been made. It was his intention to hold further consultations on this suggested programme during the course of the present meeting, on the

basis of which he hoped to be in a position to propose a course of action for the approval of the General Council.

The representative of the European Communities said that when WTO Ministers had met in May, they had set a number of tasks for the General Council, against the background of, as they had put it "... a time when the economies of a number of WTO Members are experiencing difficulties as a result of disturbances in financial markets". Today, this was close to a euphemism for something much more serious, and would clearly be an understatement. The impact of the financial crisis had spread rapidly, and was taking its toll not only on the financial markets but on international trade and investment. As the impact was becoming global, the response should be multilateral. The danger of beggar-thy-neighbour policies, always present in such situations, was growing every day. Hence the need for a greater sense of urgency in the WTO's work, to ensure that the WTO remained a bulwark against any protectionist backsliding. There would always be those that would argue that problems were imported and that the adoption of restrictive measures in trade or finance would help isolate their economies from the turmoil. The world's last major experience with such remedies was in the 1930s, with disastrous results. The contagion of protectionism was relatively immediate, and its impact vast on world trade, output and employment. Much of the post-war period had been spent in successive, and thus far successful, attempts to undo the damage done. While no-one would wish to repeat that experience, all would be subject to protectionist pressures and some, perhaps several, would be tempted to succumb. During the first half of the present year, the Community's trade with most of the countries affected by the crisis had shown an extraordinary change, greater than that of any other major trader. Imports from these countries had increased by an average of 20% and exports had dropped by more than 30%, or a cumulative shift of 50%. These averages concealed even greater shifts in a few sectors which, within the space of a few months, had seen cumulative changes in trade flows amounting to several billion ECUs. Some of the burden of the crisis was therefore shifting to the Community's member states through the trade balance, just as Europe had assumed the lion's share of commercial bank lending and its member states had provided massive financial support for the countries in crisis through the IMF. Yet, the Community remained more convinced than ever that the way out of the crisis required: (i) the stimulation and expansion of trade and growth; (ii) the adoption of decisive steps to reduce the risk of protectionism; and (iii) the strengthening of the multilateral system and its transparency. Over the past year, the Community had repeatedly set out its case for engaging in further, comprehensive negotiations at the millennium. Today, it wished to go further, first by explaining what it meant in substance by a comprehensive round and, second, by setting out its thoughts on the process that would best guide Members to the Third Ministerial Conference at the end of 1999, and which should make such a goal possible. The present situation strengthened more than ever the case for further comprehensive liberalization. International trade, and even less the WTO system, were not the cause, but part of the solution. The Community was heartened by the previous week's informal debate in the General Council which confirmed that this view was widely shared among Members. The strengthened rules of the Uruguay Round outlawing unilateralism and special deals of the "voluntary agreement" kind had shown how indispensable this Organization had become. The negotiations beginning in the year 2000 offered an opportunity to go beyond the confines of the built-in agenda, to further expand trade and to strengthen the multilateral system. Recognising the primacy of the multilateral system, Members should seize that opportunity. Furthermore, Ministers should envisage, as at Punta del Este, a collective commitment not to take measures inconsistent with WTO obligations, not to take restrictive measures beyond the minimum necessary in the legitimate exercise of WTO rights, and not to take measures designed to improve negotiating leverage. The Community, like many others, therefore sought further comprehensive negotiations, in the sense that they should reflect the interests of all participants. Experience had shown time and time again that a narrow, sectoral focus was only rarely able to satisfy the aims of more than a few Members, and therefore would not work. The success of the ITA might have led some, for the wrong reasons, to conclude that one could continue on this road. But the ITA had been a one-off event, whose aims had been supported by all major producers of most IT products. ITA2, however, was unfortunately showing the limitations of the narrower, sectoral approach. The Community wished to set out in broad terms some of the issues that could feature in a new round.

This range of issues was not intended to be exhaustive or exclusive, nor did it reflect only the interests of the Community. The Community knew that further negotiations in the WTO would be acceptable only if the benefits were widely shared. Furthermore, the Community was not, at this stage, suggesting any form of priority as between the issues on the list, which had to be a matter for negotiation. (i) Services: Members had both a commitment and an interest to continue negotiations on the basis of GATS Article XIX, with a view to achieving a progressively higher level of liberalization, on a mutually advantageous basis. Among other things, Members should consider all relevant means to reduce obstacles, by improving conditions for establishment and by accepting cross border commitments, and should examine ways in which the movement of persons necessary to the supply of services could be enhanced. (ii) Agriculture: Members had agreed that negotiations should take place in conformity with Article 20 of the Agreement on Agriculture which struck a delicate balance between the long term objective of substantial, progressive reductions in support and protection, resulting in fundamental reform, with other concerns, notably the experience and effects of implementing the reduction commitments agreed in 1994 and non-trade concerns. (iii) Industrial tariffs: The Community was convinced that there should be a common interest among Members to seek significant market access improvements through the substantial further reduction of industrial tariffs across all sectors, aiming at greater harmonization of tariff structures among Members, without exceptions. Industrialized countries should be prepared to show the way.

Beyond these "traditional" issues, there were many potential negotiating topics of a rule-making nature. (i) SPS: a review was already in progress. While the SPS Agreement struck a reasonable balance between the avoidance of disguised trade barriers and the sovereign right of Members to decide the appropriate level of protection, Members should together consider what other issues might be addressed. (ii) Technical Barriers to Trade: many WTO Members had attached importance to improving further the operation and implementation of the Agreement so as to secure for example: greater transparency of measures; greater certainty as to the scope and interpretation of the Agreement; the adoption of regulatory approaches which avoided unnecessary obstacles to trade; measures to facilitate access of developing countries' exports; and the wider application of the concept of "tested once, approved everywhere". (iii) Competition: the absence of even a minimal international framework for competition policy constituted a major impediment to a transparent trading environment. There should be a common interest among Members to develop a framework of binding competition rules encompassing *inter alia* key elements of a competition law structure for adoption by all Members, including enforcement, common approaches to tackle anti-competitive practices with an impact on trade and investment; and provisions on international cooperation. This should also reduce the risk of extraterritorial action. (iv) Investment: investment needed a comprehensive framework of international rules consistent with aims of sustainable development. With international flows of investment falling precipitously between developed and many developing countries, this was the time to give the right signal by creating a transparent, predictable and secure investment climate. This would be an effective way of encouraging the flow of capital. The WTO was the place to develop such a framework of rules. (v) Trade facilitation: Members should have a common interest in developing a framework to modernise, simplify and harmonise trade and customs procedures. The other technically competent international organizations were urging the WTO to do so. No economy gained from unnecessary bureaucracy, and there were few better ways of opening new opportunities for small- and medium-sized enterprises from all countries. Developmental issues and domestic capacity building should be taken into account in the discussions. (vi) Trade and Environment was another important area. Public opinion was, rightly, increasingly intent on reversing the gradual degradation of the environment. The WTO should be able to satisfy society's concern that trade liberalization be pursued in a manner compatible with sustainable development. It should continue to clarify the interaction between environmental principles and those of trade. Hence the usefulness of the High-Level Meeting that the Community had proposed. This would be a useful, free-standing exercise aimed at moving the trade and environment policy debate forward at a political level. As the world's biggest exporter, the Community had less of a reason than anyone else to devise new means to restrain trade through the environmental backdoor. He hoped no-one would deny, however, the usefulness of clarifying issues such as the relationship between multilateral

environment agreements and the rules of the WTO, while other issues (eg labelling) could also usefully be explored in order to reduce the scope of conflict. (vii) Government Procurement: all Members had an interest in considering what additional measures could be taken in the WTO to make national procurement practices more transparent and non-discriminatory, so as to make the most cost-effective use of limited public resources, as well as measures to enhance access to overseas procurement opportunities. (viii) TRIPS: Members should have a common interest in ensuring that the TRIPS Agreement kept up with new technological developments and in pursuing negotiations on matters identified by Members, including several developing countries, in the TRIPS Council. (ix) Electronic Commerce: the comprehensive work programme to be established would help Members to identify areas in which there might be a common interest to elaborate WTO provisions. (x) Other issues: the set of issues outlined above was non-exhaustive. Others certainly existed, and he anticipated that other Members would raise additional issues as the work programme developed. As for the Community, nothing was, a priori, excluded from consideration, with one single exception: it would not be willing to envisage any unravelling. Instead, it would be open to looking at other Members' concerns, so as to find a consensus on the appropriate balance and scope of the future negotiations.

The Community was convinced of the comprehensive nature of a new round, because the response needed from the international trading community had to meet an extremely broad range of interests among the WTO's Members, and within their societies at large. Hence the Community's emphasis on the non-exclusive nature of its illustrative list and its deliberate abstention from the assignation of priorities. There were also two very important systemic issues that deserved to be addressed at the present time, and which should be taken fully into account as the work programme developed: (i) The fuller participation of developing countries in the multilateral system, including special measures for least-developed countries: this should be a leitmotif running through all future work. Members of the WTO should be willing in the framework of a new round to consider the means to preserve the interests of developing countries, and to improve substantially the trading opportunities and integration of the least-developed countries. Among other things, this meant further improving market access and implementing the recommendations for action adopted by the 1997 High-Level Meeting on LDCs. Some delegations were developing proposals in some of these areas, and he looked forward to examining them seriously. WTO Members should also be ready to address questions relating to the implementation of WTO Agreements, and especially the concerns of the least-developed countries. Where genuine problems existed Members should ensure that adequate assistance was given, and be prepared to be as flexible as possible, with the aim of meeting the commitment undertaken in May to the full and faithful implementation of the WTO Agreements and Ministerial Decisions. (ii) Civil society: It was clear that the successful launch and conduct of a future round would depend not simply on Members' identifying the issues around which a consensus to negotiate could be built. It would also, in part, depend on how Members ensured that the WTO remained, and was seen to remain, relevant for society at large, against a background of growing concerns about the effects of economic globalization. These were not matters for negotiation, but loomed large in the background. Issues such as WTO's relations with the NGO community; the question of coherence in international economic policy-making; the relationship between trade and sustainable development and the need for continued cooperation between WTO and the ILO on relevant trade and labour issues. In an atmosphere in which the role of the WTO was increasingly under scrutiny, Members should ensure that the interests of civil society were adequately reflected in present and future work. This was wholly consistent with ensuring the continued effectiveness of the WTO as a forum for negotiation. As to negotiating structure, the Community's key objective for the Third Ministerial Conference was to obtain the right decisions on the modalities and scope of further negotiations. The Community would work to secure Ministerial agreement in 1999 on a broad and flexible negotiating platform, encompassing all Members' concerns. As in the Uruguay Round, the Community envisaged future negotiations as a single undertaking, with a single time-frame as the best means to achieve results of interest to all Members. The Community believed that Members should seek to conclude within a relatively short period of time, say, for example, within three years. It recognised that no consensus existed at present on these concepts, and it wished not to prejudge or

pre-empt but to launch common reflection on a concrete basis. What was important at present, as one moved into the preparatory work for the 1999 conference, was that Members kept an open mind and open options. They should do nothing that would foreclose on any of the approaches or options under discussion, or which would prevent Ministers in 1999 from taking the right decisions. As to the process between now and the Third Ministerial Conference, the Community saw the future work falling broadly into three phases: (i) An identification phase, during which different WTO groups and committees would continue the work already mandated, carry out additional work and make reports to the General Council, and, in the General Council, Members would make their proposals for subjects to negotiate. These processes should be mutually supportive. In any event, the mandate given by Ministers to the General Council was absolutely clear. The Chairman had already proposed that this identification phase begin with a series of informal sessions to discuss, sequentially, matters arising out of paragraph 9 of the May declaration, and the Community could agree to these arrangements. (ii) A stocktaking phase, which the Community envisaged taking place sometime in the summer of 1999, when all groups which were to do so should have made reports and Members should largely have made their proposals on the scope of future negotiations. At that point the contributions from below (if any) would probably merge with those coming from the top i.e. those introduced in the General Council, by means of a stocktaking by the Council. (iii) The third and final stage would be for the General Council to start defining options for negotiation, and to draw up draft general objectives and principles for those negotiations for consideration by Members. Those objectives should, while giving adequate guidance to negotiators, be set out in terms sufficiently broad to cover the various interests. Punta del Este type guidelines – in terms of the degree of detail – would strike about the right balance, and one might seek a Ministerial outcome of a comparable nature, including a standstill provision. In terms of preparation, particularly in the first phase, the Community had looked at what additional work might need to be done in the various WTO groups and committees. Its initial assessment was that they were, in most cases, already carrying out the work needed for informed decisions to be taken later. The Community did, however, suggest that work could usefully be intensified in the Committee on Market Access – in relation to industrial tariffs – in order to provide all delegations with the necessary analysis. In concluding, he said that the issues on the agenda of the present meeting were of exceptional importance, especially in the current circumstances, and that Members had a collective responsibility to make it succeed. The Community was convinced, today more than ever, of both the virtue and the necessity of an ambitious programme of further negotiations accompanied by a standstill commitment. That would be Members' collective contribution to the health of the international trading system, and the Community looked forward to working with all its partners over the coming months to make this a reality.

The representative of Australia said that since WTO Ministers had met in May, the economic and trade environment had become more difficult. One could no longer talk in terms of a financial crisis in Asia. The best contribution the WTO could make to the challenges all faced would be to prepare for the launch, as soon as possible, of a new round of comprehensive trade negotiations. The nature of Australia's economy and its global trading interests meant that it was looking for concrete gains in industrial tariffs, agriculture and services from the next round of negotiations. It believed strongly that the best way to pursue such gains was through balanced, comprehensive negotiations, in which all Members had an interest, so that all would be able to balance gains with concessions. Members needed to be able to deliver substantial gains within a realistic timeframe, and certainly faster than the Uruguay Round. A balanced and comprehensive round should be in the form of a single undertaking, so that all could enter the negotiations confident that there could be no conclusion without their own areas of interest being addressed. Australia would be open to early harvests within the framework of a single undertaking that built confidence in the ability of the multilateral system to produce results. Industrial tariffs were a major and inadvertent omission from the built-in agenda resulting from the Uruguay Round, and industrial tariff negotiations were crucial if the interests of all Members were to be addressed. The Uruguay Round outcomes for industrial goods were not complete and left scope for further concessions. Australia's basic emphasis would be on further significant tariff reductions including, where possible, to zero bindings. Australia also saw a real need for the WTO to look seriously at non-tariff measures, as these remained a major constraint on trade.

It also wished to see the WTO make substantial inroads on tariff peaks, tariff escalations and on making all tariffs *ad valorem*. If Ministers were to be in a position to take a decision on whether or not to launch industrial tariff negotiations, the necessary technical work had to begin soon, including provision of information for the Integrated Data Base and discussion on the possible modalities for negotiations. Australia was preparing a paper on possible industrial tariff negotiations as a contribution to the WTO's preparatory work over the next few months. On agriculture, Australia's objectives had been set out in the Cairns Group Vision Statement from the Sydney Ministerial Meeting of April 1998. The aim was to push the reforms commenced under the Uruguay Round substantially further. The Uruguay Round had been a start to the reform of trade in agriculture, not the finish. Agriculture should not remain a second-class citizen in the WTO, still subject to distortions that were not tolerated in trade in other goods. Australia wanted the early and total elimination and prohibition of all forms of export subsidy; deep cuts to all tariffs and removal of tariff escalation; removal of all non-tariff barriers (e.g. rice, dairy quotas); and greater disciplines on support measures for agriculture. In seeking further agricultural reform, Australia was mindful of the special needs of least-developed countries and small island states. As Australia was one of the most service-intensive economies in the world, it had an ambitious agenda on services in mind. It would be looking for greater transparency in services commitments and expanded coverage across all services sectors. It considered the real priority to be the improvement of market-access commitments. Australia had been disappointed at the outcome of the work in the WTO on professional services, and this sector would be a priority for it in future market access negotiations. It would also want to focus on education, construction and transport.

A systemic issue which merited inclusion in the agenda was the role of regional trade agreements in the larger multilateral trading system. Australia believed that there was much greater scope to ensure that regional trade liberalization supported the multilateral trade system. The best way to do this was to clarify existing WTO disciplines in a way which ensured that future regional trade agreements removed substantially all the barriers to trade between regional partners. Finally, a vital part of the work of the WTO was the large agenda of accessions. Australia was willing to make the greatest possible effort to ensure that applicants acceded to the WTO as soon as possible, as long as applications were on commercially viable terms and as long as acceding countries accepted the spirit and the letter of WTO disciplines. Members had an enormous amount of work to do to prepare for the Third Ministerial Conference, particularly if, as many Members desired, Ministers were to be in a position to take a decision on whether to launch a new round of comprehensive trade negotiations and what that round should comprise. Australia could support the Chairman's proposed work programme of informal meetings. However, Members needed to intensify the proposed work programme. At the very least, a fourth informal meeting should be held in January 1999, before the next Special Session, to allow them to take stock and reflect on their discussions so that they would be better prepared for the next Special Session. Australia was strongly of the view that overall control of the preparatory process should remain firmly in the hands of the General Council. The General Council should request specific and time-bound advice from subsidiary bodies for its deliberations whenever necessary. However, it was important that the routine work of subsidiary bodies not be disrupted, as had been the case with the preparations for the Singapore Ministerial Conference, and that the participation of smaller delegations be facilitated by not having the preparatory process spread out among a large number of councils and committees. At the same time, it would be crucial to ensure that Members take stock of the adequacy of technical information for any negotiations they would or might undertake. As a first step, it would be useful for the Secretariat to report to Members on the adequacy of existing databases so that Members could then ensure they had the information they would need for negotiations.

The representative of the Czech Republic, speaking also on behalf of Bulgaria, Hungary, Poland, Romania, the Slovak Republic and Slovenia, said that in approaching the special meeting he wished to highlight three important objectives of the General Council: first, to set up an effective mechanism to shape the agenda for the 1999 Ministerial Conference which would cover all aspects

relevant to the implementation and future WTO work as reflected in the Ministerial Declaration of May 1998; second, to increase mutual understanding of the position of each Member on the basis of substantive discussion in order to identify the issues to be negotiated; and third, to send a strong message to the public and business community that preparations for future negotiations in the WTO were on the right track. A strong message reaffirming WTO Members' common support to an open, rules-based multilateral trading system was important as countries were facing a serious situation resulting from the current economic turmoil. Members should seize the opportunity to make clear that resort to protectionism was not the right way to deal with existing problems. Instead, in pursuit of the common objective of enhancing growth and prosperity worldwide, Members should show their ability to maintain open markets and sustain the momentum of liberalization. In his view, implementation and future work program of the WTO remained two sides of the same coin. Full and timely implementation of existing agreements were essential to consolidate the Uruguay Round results and increase the willingness of Members to enter new contractual obligations. Although predominantly successful, Members were aware that the implementation was not always easy and straightforward and that there was still some room for further improvements. This was also why the Czech Republic and others stood ready to embark upon a substantive discussion on all relevant implementation aspects. It was to be understood, however, that this discussion should not lead to renegotiation of existing commitments. To manage an ever growing interdependence of different areas of economic policy and to ensure increased responsiveness of the WTO to emerging new challenges of a rapidly changing globalized world economy, Members should ensure that the multilateral trading system had an ambitious, forward looking perspective. This perspective was associated with a fully-fledged new round of comprehensive multilateral negotiations which would encompass in a balanced and equitable manner the elements pertaining to the "built-in agenda", issues arising from decisions made at the Singapore Ministerial Declaration, in particular those that were gaining in prominence in the world economy and had to do with the relationship between trade, investment and competition, further lowering of industrial tariffs and, last but not least, broader integration of the least-developed countries in the multilateral system to allow them to benefit fully from new trade opportunities. A new comprehensive round of multilateral trade negotiations starting in 2000 corresponded better to the objective of stopping protectionism, strengthening the principle of the single undertaking, maintaining liberalization momentum and keeping a required overall balance of interests. He would therefore spare no efforts to contribute to preparing the ground for such a round. In this context he wished to reaffirm his continuing strong commitment to the success of the General Council.

The representative of Japan said that Ministers had agreed in May 1998 to move the WTO process forward and had instructed Members to prepare the Third Ministerial Conference. As all were aware, this would be an important event for the WTO, since it would be held immediately before the start of the next negotiations. Paragraphs 9 to 11 laid the important foundation upon which Members should prepare the mandated recommendation to be submitted to the Third Ministerial Conference. In this context, he wished to highlight points he considered of particular importance as Members looked at the process leading up to the next Ministerial Conference. First, it was important that existing Agreements were fully implemented before embarking on the next negotiations. This included the obligations that the developing country Members would have to fulfil at the end of the transition period, which would come to term, as in the case of the TRIPS and TRIMs Agreements, at the end of 1999. Japan was aware of the need expressed by some developing country Members for technical assistance and intended to continue its assistance programme. Japan also expected constructive assistance from other international organizations such as UNCTAD. Second, as stated in the Ministerial Declaration, the future work programme of the WTO should include "... further liberalization sufficiently broad-based to respond to the range of interests and concerns of all Members". On this basis Members would have to seek the understanding of all Members for a comprehensive negotiation including industrial tariffs, rules on investment and other new areas in addition to agriculture, trade in services and other areas of the so-called "built-in agenda". In Japan's



view it was the best approach to advance the multilateral agenda and achieve the overall balance of interests of all Members as stated in paragraph 11 of the Ministerial Declaration. Third, one of the important factors to strengthen the multilateral trading system was to expand the universality of this Organization. Based on the principle of full respect of the WTO rules and disciplines as well as meaningful market access commitments, efforts should be made to conclude as many accession negotiations as possible before the next negotiations started. In this regard, Members should refrain from making excessive requests to the applicants. The multilateral rule-based trading system was the best way to further the economic welfare of the world and this Organization should have the capability to ensure that this fundamental rule was observed properly. As to the organization of work including the schedule of the General Council and the arrangements between the formal sessions, Japan believed that important work was being undertaken in the existing bodies in the Council on Trade in Services, the Committee on Agriculture and in the working groups initiated by the Singapore Ministerial Declaration. For Members to make the best use of this work, the schedule of the General Council meetings should be fixed in such a way as not to undermine them. Thus, Japan agreed to hold the next formal meeting of the General Council in early February. As for the intersessional process, Japan agreed to have informal meetings to discuss paragraph 9. However, during the last quarter of 1998, Members should concentrate on the procedural aspects as well as on the interpretation of paragraph 9, so that when entering into more substantive work at a later stage, Members would have a shared understanding of the parameters of the work. The timing for tabling the negotiating proposals was a matter to be considered taking into account the time necessary for domestic discussions.

The representative of Norway said his country was also deeply concerned by the global economic problems, and their implications. The situation presented the global trading system with a challenge that could not , and indeed should not, be underestimated. The danger lay in countries ultimately resorting to protectionist trade measures. Protectionism did not represent the appropriate response to the current challenge posed by the financial crises. Fortunately, such development had thus far not been apparent. The strongest message Members could convey, given the seriousness of the situation, was to reaffirm their commitment to the multilateral trading system, including the Declarations issued by the two Ministerial Conferences. Transparent and non-discriminatory multilateral rules would constitute a stabilizing element, counteracting the volatility presently prevailing in financial markets. Norway had initiated a process of identification of its interests relating to the scope and character of the future negotiations. Engaging in any substantive debate on the issues relating to future negotiations would be premature, and would preempt Members' national preparations. The present situation appeared to differ from the preparatory phase prior to the Uruguay Round, where it had been clear from the outset that a great number of substantial topics would be emerging which had not been anchored in any part of the GATT framework. At present, Members were in a situation where most, if not all, topics that might be put on the table would be anchored in one or several of the subsidiary bodies of the WTO. Thus, it seemed logical that the process be managed by the General Council. He used the word "managed" to indicate that in his opinion, most of the basis on which the General Council would elaborate in order to agree on its recommendations to the next Ministerial Conference would have to be provided by its subsidiary bodies. Consequently, it was his delegation's understanding that the General Council should be provided with the broadest base possible, in order to make such recommendations. He believed that for many of the subsidiary bodies, their existing mandates provided sufficient guidelines in this respect. An important task would, however, be to ensure that adequate inputs were provided by all subsidiary bodies, in order to secure a qualified judgement on the recommendations to be put forward to Ministers. Those inputs should, to the largest extent possible, be factual, and at any rate not prescriptive. However, it should not be necessary to formulate specific mandates for each individual subsidiary body in order to obtain such inputs. Norway supported the idea of a phased approach to the preparatory process. Distinct and separate phases would provide Members with the structure necessary in order to avoid a potentially chaotic process. To this effect, the so-called "Identification Phase" would be crucial, and would certainly have to run into 1999. Norway would caution against setting any strict deadlines with respect to this crucial phase. Flexibility would be necessary. In addition, ample time should be

provided for the General Council to take stock of and discuss Members' proposals. To this effect, Members' contributions should be submitted by the end of the second quarter of 1999. Norway also supported the idea of intersessional meetings of the General Council in which issues set out in paragraphs 9, 10 and 11 in the Ministerial Declaration of May 1998 would be dealt with sequentially.

The representative of Cyprus associated her delegation with the general content of the statement by the Czech Republic, and expressed the readiness of Cyprus to fully participate in a new round of comprehensive negotiations with a view to strengthening further the multilateral trading system.

The representative of Mexico said that in his country's view, the process contained in paragraphs 9, 10 and 11 of the Ministerial Declaration set down the basis for the Third Ministerial Conference to agree to the launching of a broad multilateral round of negotiations that would go beyond the built-in agenda, for the benefit of all WTO Members. Mexico was in favour of the launching of a round of negotiations that would be as broad as possible because it would bring four general benefits. First, such negotiations would make it possible to avoid partial, or sectoral negotiations that were not necessarily of interest to all Members. In other words, it would make it possible to take account of the interests of all WTO Members. Second, a round would reduce the gap that existed between the liberalization processes that one had seen at the regional level and the multilateral trading system. Third, this approach would also make it possible to give recognition to autonomous liberalization measures that various countries had undertaken. Fourth, and finally, it would make it possible to tackle neo-protectionist tendencies that had been exacerbated by the financial disturbances being faced in several parts of the world. Mexico considered implementation an integral part of the process, and that this issue should be dealt with on an equal footing with all others. Mexico also believed that the discussion on implementation would be useful to address and resolve problems that had arisen in complying with certain provisions of the WTO Agreements, without this implying any general renegotiation of commitments and obligations agreed to in Marrakesh. Regarding the built-in agenda, there was much more to be done in order for Members to comply in time with the commitments that had already been adopted. If a broad round of negotiations were to be held, it would mean that results obtained would be much better than the results obtained if one were to negotiate only the built-in agenda in isolation. Regarding the follow-up to the Singapore Ministerial Declaration, Mexico was open to negotiations on any of the issues agreed to therein, as long as balance was maintained. With regard to trade and competition, his delegation believed Members should enter into a negotiating phase that would not be devoted exclusively to competition *per se* but rather to the interaction between these two dimensions. Mexico was particularly concerned with issues regarding anti-dumping matters, and had from the very outset proposed that Members examine the circumstances where the application of anti-dumping measures was not justified and, from an economic point of view, provisions of competition policy should be used.

On trade and investment, Mexico was concerned by the proliferation of incentives such as tax exemptions to attract investment. Such incentives created distortions and put countries that had fewer resources for such incentives at a disadvantage. It wished to see a solution either through a broad agreement on investment or by means of the review provided under the TRIMS Agreement. Regarding transparency in government procurement, Mexico supported moving to a negotiating phase that would make it possible for Members to move forward at least as regards transparency. Mexico had a positive interest in conducting negotiations on market access for industrial goods. His delegation had been pleased that others had spoken out in favour of an across-the-board horizontal approach which Mexico had supported and proposed on previous occasions. Mexico believed that limiting negotiations only to sectoral issues would not encourage participation of many Members. Mexico was open to any negotiations that would promote economic liberalization. However, Mexico would not be in favour of taking up issues that were not directly trade-related, and had been concerned to hear references to issues that Mexico did not consider to be trade-related. It did not believe that the disciplines of the WTO should be used for the attainment of other not purely commercial objectives. Mexico also shared the concern that measures should be taken to ensure that

the work of the WTO would be supported by civil society. It wished to see a discussion held on this matter as soon as possible in order to be able to implement a WTO information policy. This would enable public opinion to better understand the benefits of the work being done in the WTO. Regarding paragraph 10 of the Ministerial Declaration, Mexico considered that in order to ensure an equitable negotiating process and balanced results, the negotiations to be launched at the Third Ministerial Conference had to be conducted on the basis of a single undertaking. Finally, as regards the organization of work, his delegation could go along with the Chairman's suggestions. However, it believed that some greater flexibility should be allowed as to the issues to be taken up, so as not to have the discussions become too compartmentalized. He supported the holding of a further informal meeting in January 1999 to prepare for the formal General Council meeting planned for February. Mexico believed that the General Council should maintain control of work from now until the Third Ministerial Conference, so as not to detract from the regular work of the WTO, and to facilitate the participation of delegations with limited resources. Once the date of the Third Ministerial Conference had been established, one would have to count back from then and establish a timetable for the stages that would have to be covered. Mexico wished to avoid holding substantive negotiations as to the package as well as the presentation of new issues very close to the date of the Third Ministerial Conference, which could give rise to serious problems. It would prefer that Members go to that Conference with essentially everything agreed.

The representative of New Zealand said that global economic circumstances were such that the process of preparing for new negotiations would be more than usually challenging. It was essential that all Members, and especially the majors whose trade policies were so vital to all, acted responsibly. Members should live up to their WTO obligations and their markets should remain open. This would assist the process of adjustment. In these circumstances, the importance of maintaining the process of trade liberalization of reducing barriers to trade was self evident, both as an antidote to those who might seek to close markets and because it formed part of the rational global response to the crisis. What should not be done in present circumstances was to raise barriers, raise prices and so depress demand. For these reasons, New Zealand strongly supported the multilateral trading system and its fundamental role as a means of addressing the global economic situation. New Zealand therefore attached great importance to the process of preparing for a new round of multilateral trade negotiations. This special General Council would set in train a sensible and focused process which, in accordance with the direction to all by Ministers in May, would lead to the development of recommendations for consideration at the Third Ministerial Conference. There was little over one year until that meeting and preparations for it should get underway immediately. The range of issues to be dealt with in that time was extensive. The commencement of negotiations was already mandated in agriculture and services. It was essential that these negotiations be well prepared within a clear time-frame so that further substantial liberalization could occur quickly in these two important areas. In agriculture, New Zealand's broad objectives were clear. All forms of export subsidies as well as trade-distorting domestic support should be eliminated. Deep cuts in the high tariff levels prevalent in agriculture and sustained tariff quota expansion were necessary in order to put market access for agricultural products on the same basis as other goods. In this context, New Zealand also supported the comments made by Australia this morning on behalf of the Cairns Group, calling for WTO Members to show restraint in the use of export subsidies. In the area of services, new agreements should result in substantial improvements in market access and marked reductions in the lists of reservations and limitations in existing schedules. Priority services sectors for New Zealand included professional services, telecommunications, information technology, tourism, transport, education, construction, postal and distribution services. He said that with respect to the mandated negotiations, the present situation was quite different from the situation that prevailed immediately prior to the Uruguay Round. Members' expectations and responses should therefore be different. Ministerial decisions should allow a shorter, focused negotiation, in which the key issues could be addressed much earlier and much more could be achieved. However, these mandated negotiations needed the company of industrial tariffs – the necessary third leg of a broad-based market access negotiation. New Zealand believed that there was substantial unfinished business in this area, which covered a wide range of natural resource-based products, including fisheries and forestry products, of

interest to developed and developing countries. Such sectors were marked by a high incidence of tariff peaks and tariff escalation which inhibited industrial development in exporting countries. Other sectors identified in the APEC early voluntary sectoral liberalization process should also be part of liberalization in the WTO.

Implementation issues should also have a high profile. Members should work carefully through these, develop greater specificity, and identify where further negotiations might help resolve the situation. Work on implementation would feed crucially into the market access negotiations, which provided the only realistic vehicle for dealing with those shortcomings and failings of current agreements identified by Members, especially developing country Members. In addition, the Marrakesh and Singapore work programmes contained a range of potentially important issues. New issues such as electronic commerce might be added to the WTO agenda. This required a well-managed, well-organized preparatory process, which would build and gather momentum. This special General Council was just the first step in the first phase of identifying the issues for negotiation. New Zealand supported the Chairman's proposal of a series of informal HODs over the remainder of the year to discuss each of the elements of paragraph 9 of the Ministerial Declaration. This would be an appropriate next step. Given the importance of implementation issues, these should be the first to be addressed with a two-day session in October, followed by a session on the mandated negotiations and reviews in November and other elements in December. It should be stressed, however, that these HODs sessions were only the next of many steps. Thereafter, there would be a need to assess them and move the process forward. New Zealand also supported the holding of a special General Council for early February. That meeting was the next milestone; at that point, a deeper discussion on the scope of the negotiations should begin. In order to prepare properly for that meeting, it would be desirable to have a further HOD in mid-January. This would reinvigorate the process after the end of year break; it would allow some further time for reflection on the HODs meetings up to that point and could consider the work programme for the next phase. From February, the preparatory work should be intensified. It was perhaps too soon to be prescriptive about exactly what the process from February would entail, given the need to retain flexibility and gain a better understanding of all the issues involved. But it was certainly not too soon to think about the need to develop momentum in that period to ensure that the process would be concluded in a satisfactory and timely manner. In that context there should be 2 or 3 meetings of the special General Council before the summer break, and in between, there could be informal HODs meetings which would cover all the elements in paragraph 9 and would seek to advance each element. This was consistent with the view, which seemed widely shared, of a top-down preparatory process – a process which would be driven by the General Council. While existing WTO bodies could, in some circumstances, undertake some elements of the preparatory work, this should only be for precisely defined tasks within set time-frames and only at the direction of the General Council. In any such delegation of work, it would be important to ensure that the regular work programmes were not derailed. The February to July period in short would be used to refine the list of negotiating issues and develop the elements of respective negotiating mandates with more detailed work being carried out in those areas where negotiations were already mandated. After the summer break, there would be a period of intense work to fix the details of the mandates and to strike the right balance between the various parts of a package for Ministers. Taking into account the summer holiday, there was less than one working year to achieve all of this. Members should press ahead.

The representative of Uruguay said that the central objective of Members' work, in pursuance of the decisions adopted during the 1998 Ministerial Conference, was the preparation of draft decisions that would be submitted for consideration at the Third Ministerial Conference. This was not an easy task, and the time available was very short. Therefore, the procedures on which Members had to decide at the present meeting must be such as to enable them, by the end of November 1999, to come up with negotiating plans or proposals for solutions to problems that had arisen, in order to place them before Ministers for consideration. Regarding the framework, the General Council needed to bear the responsibility for this process and negotiations should be carried out in informal meetings of the General Council. His delegation agreed with the Chairman's proposal for meetings on a

monthly basis until the end of the present year and with the distribution of tasks at each meeting. However, Uruguay wished to stress that during 1999 it would be essential to have an informal mechanism in place on a permanent basis to deal with the various issues and proposals of Members, if the process was to be concluded in time. In this context, his delegation largely shared the points expressed by New Zealand regarding the work programme. As to the work itself, Uruguay had the following expectations: (i) on implementation, Uruguay hoped that all Members would be able to raise their concerns as regards specific and concrete problems in order to enable the identification of alternative solutions, whether these be in the form of new negotiations, action at the level of the competent bodies, changes in procedures, or greater cooperation, in accordance with the nature of the problem; (ii) in the negotiations already mandated, i.e. agriculture and services, as well as in any other issue on the built-in agenda where it was decided that negotiations were necessary, Uruguay hoped to be able to put before Ministers clear-cut negotiating plans that would enable negotiations to be initiated immediately. In this context, and with regard to the agricultural negotiations, Uruguay's position was that at the end of the negotiations agriculture should be subject to the same WTO rules and disciplines as other goods; (iii) regarding other issues that would be raised and agreed to by Members, he hoped that the proposed decisions would be clear as to the procedure to be followed or the solution proposed. He hoped that in this manner it would be possible to complete the task that Members had been given and, at the same time, to ensure the balance of interests that Ministers had committed themselves to in the 1998 Ministerial Declaration. With regard to the substantive issues that had been referred to at the present meeting, Uruguay shared the view that the multilateral trading system could make a substantial contribution to finding a solution to the financial difficulties facing countries at present. This contribution could be initiated at the present meeting already by a call for the avoidance of the use of trade policy measures that went against that goal, such as the use of export subsidies. Regarding the possibility of launching of a new round of negotiations of a broad-based and global nature, Uruguay believed that Members would have ample opportunity to discuss this in the intersessional meetings proposed for October and November, and would reserve its comments for that occasion. His delegation wished to make clear that all agreed issues that entered this round, in particular agriculture, should be dealt with in as broad a manner as possible and without any limitations.

The representative of Hong Kong, China recalled that Ministers had called for a process to be started "to ensure full and faithful implementation of existing agreements, and to prepare for the Third Session of the Ministerial Conference". Ministers had further directed Members to submit recommendations regarding the WTO's future work programme, including "further liberalization sufficiently broad-based to respond to the range of interests and concerns of all Members". Paragraph 9 of the Ministerial Declaration went on to list more specifically the areas in which recommendations were required. Ministers had also underlined that keeping markets open should be a key element in a durable solution to current economic difficulties. The General Council was meeting at present, four months later, at a juncture that made the task even more urgent and necessary. The WTO had a vital mission to perform, and should not fail in its duty, both to Ministers and the world at large. Hong Kong, China was even more convinced than ever that the WTO must keep moving progressively towards its objective, as laid down in the preamble to the Marrakesh Agreement, of "raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, and expanding the production of and trade in goods and services." His delegation saw paragraphs 9, 10 and 11 of the Ministerial Declaration in that light. Accordingly, it was pleased that the Chairman had set out a balanced programme of work for the coming months, logically concentrating initially on paragraph 9. He noted that the agenda for the present meeting, and the Chairman's proposed initial work programme, referred to substantive issues and proposals by Members. Hong Kong, China wished to take this opportunity to raise a number of issues of priority interest to it, some of which might indeed lead to proposals. First, it subscribed to the importance of implementation of Uruguay Round Agreements. Adequate attention had to be given to this area, in the interests of both effective management and overall balance. There was an onus on those expressing dissatisfaction with the status of implementation to identify specific issues and, as appropriate, to come forward with proposals that would give substance to their concerns. For

its part, Hong Kong, China was concerned with: (i) the virtual ineffectiveness of some integration programmes and other related problems under the Agreement on Textiles and Clothing; (ii) the slow progress made in the discussions on rule-making mandated by the GATS; (iii) the inability of the CRTA to come up with any recommendations regarding the systemic implications of regional trade agreements, notwithstanding their proliferation and the evident inadequacy of the current legal framework. There was a need for far greater clarity and scope, too, for making RTAs more complementary to the multilateral trading system; and (iv) the need to address in a more meaningful way the real difficulties which implementation posed for developing and least-developed economies. Regarding the mandated negotiations that were an integral part of the WTO's future work, Hong Kong, China, as a major service economy, accorded the highest priority to preparing for the next round of services negotiations. It supported the Analysis and Information Exchange Programme being conducted by the Services Council, but believed that the Council should expedite this work and begin discussions on negotiating guidelines and procedures as soon as possible. An early indication of the scope and modality of negotiations would facilitate preparations as well as domestic consultations. On the Singapore work programme, Hong Kong, China recognised the growing importance of the interaction between trade and competition policy and trade and investment. Discussions in the two working groups had been useful in fostering a better understanding among Members, and their work should be continued with a view to making recommendations for future activities that would tie in with preparation of recommendations to the Third Ministerial Conference. Such recommendations should reflect the interests of Members in a balanced way. Hong Kong, China also believed that trade facilitation and transparency in government procurement should be important features in future plans. The High-Level Meeting on least-developed countries represented a beginning of what should be a concerted effort to help LDCs to enhance their trade opportunities. Continuous action was needed and consideration should be given to how the needs of LDCs could be better reflected in the WTO's future agenda and, where appropriate, in the WTO budget.

As to other possible issues for the WTO's forward agenda, Hong Kong, China strongly supported the inclusion of negotiations on industrial tariffs, including tariff peaks and escalation. In addition, there should be no a priori exclusions in the product or sectoral coverage of tariff cuts. A formula approach would seem to offer the best way forward. The list of issues his delegation had raised was by no means complete or exhaustive, but envisaged quite a complex set of negotiations beginning in 2000. Others had their own sets of issues and priorities. Members had to listen carefully to each other and bear in mind Ministers' injunctions with respect to both breadth and balance. One could only give substance to Ministers' instructions by carefully constructing a balanced package of future work. His delegation believed that Ministers had foreseen that need in paragraph 10 of the Declaration, in calling for further recommendations regarding the organisation and management of future work, including scope, structure and timeframes. They had also re-emphasised in paragraph 11 the aim of achieving overall balance of interests. The way ahead lay in devising, for the consideration of Ministers at the Third Ministerial Conference, a comprehensive and balanced package of proposals aimed at further progressive trade liberalisation and strengthening of the rules of the multilateral trading system. In his view, the most effective way of carrying forward such a package would be through a single undertaking with a single timeframe. In so proceeding, Members would give the world an unmistakable signal that the WTO was a vibrant and relevant institution fully capable of responding positively to the challenges of the world today and tomorrow, however daunting those challenges might now appear. As to the preparatory process, Members were now embarking on three broad phases. First, a phase of identification of issues which would lead on to the formulation of proposals. Second, negotiations among Members on these issues and proposals. Third, coming to a common understanding as to the scope, structure and timeframe of a resultant package. His delegation looked forward to participating actively in the forthcoming, more targeted, inter-sessional discussions that the Chairman had outlined, when it would take the opportunity to elaborate on the issues it had mentioned at the present meeting.

The representative of Indonesia, speaking on behalf of the ASEAN Members, said that ASEAN considered the full and faithful as well as effective implementation of the Uruguay Round

commitments to be of utmost importance. Ministers had emphasized this, either collectively or individually in various fora, including the Second Ministerial Conference. The discussion on implementation issues, particularly the question of evaluation of implementation of individual agreements and the realization of their objectives, were essential in enhancing the credibility of this organization as well as ensuring the continued active participation of developing countries. The problems relating to implementation were by no means simple and clear cut. They involved the inability or failure of Members to fulfill their obligations due to various reasons, and also related to measures which might not violate the letter of the Agreements but clearly were in contravention with their spirit, which in the end raised misgivings over the general trading conditions for developing countries. Problem areas that were related to implementation, to name a few, were: agriculture, textiles and clothing, rules of origin, anti-dumping, special and differential treatment for developing countries, including Part IV of the GATT. All of these and others would fall under the purview of paragraph 9(a)(i) of the Ministerial Declaration, which the General Council would discuss. Equally important were the future activities of the WTO. Every Member had an important stake in the continued vitality of the system. It should not only be forward-looking but also cognizant of and sensitive to the conditions and capabilities that existed in developing countries. A key starting-point for the WTO future activities would be its built-in agenda. The built-in agenda provided a significant platform for progress both in terms of continued trade liberalization as well as improvements to existing rules. The built-in agenda would launch negotiations in the two sectors of agriculture and services by the year 2000. It would also entail major reviews of important agreements such as the TRIPs, TRIMs and the WTO Dispute Settlement Understanding. It extended to nearly all the WTO Agreements, including areas such as technical barriers to trade, sanitary and phytosanitary, subsidies, textiles and clothing and anti-dumping. Thus it was clear that the built-in agenda should constitute a major proportion of the future activities of the WTO.

In ASEAN's view the built-in agenda should begin on schedule and should not waste time in debating negotiating agenda. Another issue of great concern to ASEAN was the plight of the least-developed countries. This preparatory process should not only be aimed at addressing meaningfully the outcome of the High-Level Meeting of LDCs but should also look towards formulating other innovative means to effectively integrate the LDCs into the multilateral trading system. It was also equally important that the WTO kept abreast of changes to the world economic and trading system. In this respect, ASEAN welcomed the proposed work programme on electronic commerce. Electronic commerce had significant implications for the traditional notions of cross-border trade. Paragraph 9(d) of the Ministerial Declaration of May 1998 provided an avenue for Members to raise trade-related issues they deemed relevant to the current and future state of multilateral trade relations. Members who would have concrete proposals in relation to all the operative paragraphs of the May Ministerial Declaration should come forward with them as early as possible so that they could be given due consideration. ASEAN would endeavour to do likewise. On the preparatory process itself, ASEAN would emphasize that it should be organized in a way to allow for an adequate and balanced opportunity for all Members to address their issues of concern. In this respect, ASEAN welcomed the suggestions made in connexion with the issues to be taken up by the three intersessional meetings of the General Council. ASEAN agreed to a thematic approach being used. This would allow for a more structured discussion. Thus, it would be useful if the first intersessional meeting could tackle implementation issues, in relation to paragraph 9(a)(i) of the Ministerial Declaration of May 1998; the second, built-in agenda issues such as the mandated negotiations and reviews arising from paragraphs 9(a)(ii) and (iii); and the third, future activities (i.e. paragraphs 9(b) to 9(d)). In view of the substantial amount of work that was to be covered in this "first reading" of issues, it might be useful to also provide an opportunity for Members to revisit these issues at the second special session of the General Council scheduled to be held in early 1999. However, ASEAN was prepared to be flexible and would leave it in the Chairman's hands to find a compromise that would take on board some of ASEAN's view and which was also acceptable to all Members. Members should be mindful that they were deliberating against the backdrop of the recent economic and financial crisis with its profound impact on other sectors and widespread ramifications. Although trade was not the cause of the problem, it would have a role to play in the solution, and Members would have to ensure that all

derived the maximum benefits trade could bring. ASEAN wished to reiterate that for the WTO system to win the confidence of all parties, particularly those who would have to face the challenges of recent international economic developments, it was important to ensure that this work programme achieved overall balance in comprehensiveness, allowed for the interests of developing countries to stand at par with those of the developed, and enabled the WTO to pursue its ambitions with an adequate dose of realism and pragmatism.

The representative of Korea reiterated that Korea supported the launching in 2000 of a comprehensive round of negotiations, with a much broader scope than the built-in agenda. Trade liberalization had been one of the main forces behind the remarkable growth of the world economy over the past five decades. A broad and comprehensive trade liberalization would offer greater opportunity for economic growth in all participating countries. In order to guarantee the success of the new round of negotiations, it was crucial to maintain a balance of interests among the participating countries. Only such a balance would create the political and economic momentum required for the negotiations. A comprehensive scope would facilitate achieving the balance of interests in negotiations since it would provide the participating countries with ample opportunities to linkages and trade-offs between issues and areas. Therefore, for the new round of negotiations, Korea wished to include all issues that were mature enough to be negotiated at the multilateral level. Beside the built-in agenda, Korea was interested in market access for industrial products, trade and competition policy, trade and investment, transparency in government procedures and regional trade agreements. Korea would identify the issues that were of particular interest to it and would also listen to the suggestions of other Members with an open mind. In Korea's view, there was an increasing concern that the international financial crisis and the prospect of a world-wide recession might adversely affect international trade. In order to preserve the integrity of the multilateral trading system, Members would have to renew their commitments to guarantee and improve access to their markets. As to industrial tariffs, Korea could consider their inclusion in the agenda of the new round. Given the developing countries' concerns, however, Members might need an assurance from major industrialized countries that they would also substantially improve developing countries' access to their markets so as to secure greater mutual benefits from multilateral liberalization. As a country striving for structural reforms and deregulation, Korea was flexible on the inclusion of investment and competition policy in the agenda for a new round of negotiations. But Members might have to take into consideration the progress in the related work of the OECD, including in particular the MAI negotiations. As to the modalities of the negotiations, Korea believed that it would be too early to discuss the structure and the time-frame of the new round since the decision on both of these elements would depend largely on the scope of the round. However, a comprehensive round would require a "single-undertaking" approach. This approach would make it possible for the participating countries to conduct trade-offs between issue and areas and thus was the best way to ensure a balance of interests among them. Korea supported the Chairman's proposal regarding the schedule of meetings. At this point in time and with respect to the organization of work, it would be difficult to try to establish a schedule for meetings beyond February 1999. Korea also supported the Chairman's suggestion concerning the allocation of agenda items for the proposed meetings, as it would allow Members to hold discussions on all the items listed in paragraph 9 of the Ministerial Declaration of May 1998 by the end of the year. With respect to the organization of work, Korea hoped that the discussions from October through December would provide useful guidelines for the Members to deliberate on the next course of action at the second session of the General Council.

The representative of Peru said that the present meeting was taking place at the time of a delicate international economic situation whose consequences on international trade were as yet undefined. In any case, the final effects of the crisis would be determined according to the conduct of trade transactions and the future conduct of capital flows. However, the crisis had taught countries the need to promote a more integrated outlook on financial and trade matters. It was necessary to explore lasting and effective mechanisms affecting the liberalization of markets which assured an opportune flow of capital necessary to correct imbalances and to avoid disturbances in trade. In this context, it was evident that the evaluation of the assets of the WTO as concerned trade liberalization



and future negotiations on services and agriculture should use the experience of this crisis to affirm Members' commitment to open markets. In the context of the current international situation, his government attached great importance to the objectives of the process that the General Council was initiating at its present meeting, in accordance with paragraphs 8, 9, 10 and 11 of the Ministerial Declaration. Members had to define important aspects of the procedure and the substantive outlook which would orient the preparations for the Third Ministerial Conference. Peru considered that the issues relating to the evaluation of existing agreements should be subject to a procedure which would ensure the fulfilment of two basic conditions: the exhaustive analysis of problems in the implementation of existing agreements, and the forecast of a procedural methodology which would allow Members to arrive at specific conclusions and the identification of concrete solutions. This procedure should be transparent and efficient, and should permit results particularly in the following aspects: (a) a wide evaluation of the degree of implementation reached; (b) the identification of proposals that would allow for a solution to the problems which had emerged during implementation; and (c) possible cooperation mechanisms so that developing countries might overcome difficulties encountered in the implementation of existing agreements. As a general criteria, it was indispensable to establish means that would allow the special and differential provisions for developing countries to be operational and efficient from the point of view of the impact on trade flows or on the use of concessions granted. In this context, Peru attached special importance to the evaluation of the results obtained in the implementation of the textiles and services agreements. As regards consultations and negotiations that were ongoing for new areas, Peru considered that priority should be given to the negotiations foreseen in agriculture and services. It was indispensable, here too, to have a negotiating format that was transparent and included time limits. With regard to preparations for the Third Ministerial Conference, particularly in relation to paragraph 9 of the Ministerial Declaration, his delegation believed, first, that Members should clearly distinguish between those recommendations based on agreements already reached and for which there was an existing mandate, and others for which there was no such consensus yet. In this context, Peru was convinced that the first task was to make recommendations regarding implementation of agreements and the built-in agenda. Second, any eventual decision on additional trade liberalization negotiations should not be a condition for the initiation of pending negotiations. The above guidelines should be directed to ensure an adequate framework and a systematic order in the negotiating process which would facilitate and not be an obstacle to conciliating positions with the final objective of achieving agreements and commitments that were mutually beneficial and acceptable. It was evident that all the subjects and questions linked to the Third Ministerial Conference were substantive matters, and his delegation had abstained from giving a view at the present time on these substantive matters. Peru was agreeable to the Chairman's proposals for a calendar.

The representative of Egypt, speaking on behalf of the African Group, said that despite the continued growth in world trade, and with a population that now exceeded 700 million people, the share of the value of African merchandise exports in global trade had declined from 5.9% in 1980 to 4.2% in 1985, and further to 2.3% in 1996. This was a source of deep and justifiable concern to African countries, and should be so to their trading partners as well. The 1998 Ministerial Declaration recognized that more remained to be done to enable all the world's peoples to share fully and equitably in the achievements of the multilateral trading system. Ministers had also renewed their commitment to ensuring that the benefits of the multilateral trading system were extended as widely as possible. African countries therefore expected wide-ranging practical steps aimed at rectifying this imbalance, and would continue to monitor the situation and developments closely. They believed that the utmost priority should be given to addressing the difficulties facing developing countries, and African countries in particular, in implementing the Uruguay Round Agreements as well as to the effective implementation of the special and differential treatment provisions in these agreements. The African countries had continued to commit themselves to achieving progressive trade liberalization in goods and services in the last Ministerial Declaration. They recognized that there were wide-ranging expectations from the process that all were embarking on. However, they had to emphasize to their trading partners that they should have realistic ambitions. As a result of the Uruguay Round, the obligations of most developing countries had increased dramatically. A number of these obligations

were yet to be implemented, while the implementation burdens were already high. Moreover, in order to ensure public support for any new liberalization efforts in their countries, the multilateral trading system should effectively meet these legitimate expectations and address the concerns of the weaker trading partners as already referred to in the Ministerial Declaration. It should contribute to their full integration in the system and not to their further marginalization. The WTO should not continue to move in a direction where computers and silicon chips would enjoy free access under the Information Technology Agreement while many products of export interest to developing countries still faced all kinds of barriers and constraints, whether in terms of tariff peaks or tariff escalation. In some cases, restrictive and even protectionist technical standards and trade measures had been introduced. They reiterated the hope that the Director-General's proposal in 1996 for the elimination of market access barriers to exports of LDCs could be implemented as soon as possible. Meanwhile, they would continue to monitor closely the follow-up of the outcome and of the commitments made at the High-Level Meeting for LDCs, two-thirds of which were in Africa. Members should also address the difficulties facing African countries ineffectively using the dispute settlement mechanism to safeguard their interests and defend their rights. Otherwise, these countries would not be able to benefit from one of the major opportunities in the multilateral trading system after the Uruguay Round, namely, a strengthened dispute settlement system. Finally, the members of the African group wished to pledge their cooperation to the Chairman and to their trading partners. They would approach this process in a practical and pragmatic manner and hoped to be able to make a constructive contribution.

He emphasized the priority to be given to addressing all problems of implementation of the relevant provisions and decisions adopted at the end of the Uruguay Round negotiations, particularly those relating to the needs and interest of developing countries. Egypt pleaded for an end to the practice of misuse and abuse by some developed countries of the various provisions of the WTO, aimed at depriving developing countries of their comparative advantage and thus creating additional market access difficulties for products of export interest to developing countries. Implementation should therefore be dealt with in all stages of the preparation for the Third Ministerial Conference, and in the meeting proposed for October, November, December and beyond. As regards the issues deriving from the Singapore Ministerial Declaration referred to in paragraph 9(b) of the 1998 Ministerial Declaration, these could not be addressed before Members had received and studied carefully the reports of the three working groups established to explore and study trade and investment, competition policies and transparency in government procurement, together with the report of the Council for Trade in Goods relating to trade facilitation. These issues could not be taken up before the following year, and should preferably be considered in February 1999. His delegation had noted the call by some for a comprehensive new round of trade negotiations to start in the year 2000, and even the proposal that such a round should end within a three-year span. Egypt was committed to the built-in agenda to negotiate further trade liberalization in agriculture and in services respectively, together with the individual reviews of other Agreements. Since Egypt was still suffering from the scourge of marginalization and non-implementation of the various provisions and decisions of the Uruguay Round Agreements, it was not ready to face further marginalization by engaging in a new round of negotiations that would benefit most the developed and strong economies to the detriment of the poor and weaker economies. Egypt shared the deep concern expressed by a number of delegations in relation to the financial crisis that faced the world at present. This crisis had resulted in substantial economic and social implications. Members should send a message to the public that protectionism was not the solution to this crisis. However, equally importantly, they should not be insensitive to the suffering of hundreds of millions of people as a result of this crisis, by taking the approach that the solution to these difficulties was through further liberalization and additional marginalization. Egypt also wished to support other delegations in stating that it would not accept negotiations or consideration of any non-trade-related issue such as labour standards. The question of movement of natural persons was lagging behind, and it should be given priority in the future work programme. As regards the various dates for the schedule of meetings, his delegation suggested that any duplication with major meetings should be avoided, and proposed that the February 1999 meeting be held in the second half of February to avoid duplication with the G-15 Summit.

The representative of Chile said that Chile was in favour of continuing with trade liberalization and with making the standards ever more perfect in a multilateral framework. Members had undertaken in Marrakesh to implement the Uruguay Round results and, *inter alia*, had committed themselves to continuing with liberalization of trade in agriculture and services. Chile reaffirmed the need to continue with this rigorously, and emphasized that these negotiations should begin on the dates already set. Members should also add industrial products to the negotiating agenda without excluding any sector so as to achieve a balanced result in the area of tariff cuts. It was necessary also to elaborate and make more perfect the disciplines in the areas such as countervailing duties and anti-dumping so that these instruments were not used with protectionist aims. As regards the subjects for the working parties as contained in the Singapore Ministerial Declaration, it was necessary to consider in a future negotiation multilateral disciplines for investment. The links between trade and investment were a reality, and the time had come to consider the negotiation of disciplines in this field. Chile was also open to considering the drawing-up of disciplines on the interaction between trade and competition. These suggestions were by no means exhaustive, and Chile was interested also in many of the issues raised by other Members. It was important to draw up a global negotiating package that was balanced, and where trade-offs could be achieved so that all Members would benefit from a trade round that would show liberalizing results in a brief time-period, such as three years. As regards the process, it was the General Council's duty to carry out and monitor the process, as indicated in the 1998 Ministerial Declaration. The Chairman had proposed a work programme until the next General Council meeting in special meeting, and Chile supported the proposal. It was necessary to agree on the order of the subjects to be discussed so as to facilitate preparation and discussion by Members. At the same time, Members had to preserve the necessary flexibility to allow for the discussion of matters already dealt with previously, if a Member so wished. The February 1999 meeting should aim at a stock-taking and agree on a programme of work until the Third Ministerial Conference. In order to prepare such a meeting in an optimal way, it would be necessary to have another informal meeting in, say, mid-January as several delegations had suggested. The process should be undertaken in the General Council in special meetings. The General Council should receive all the inputs by Members so as to draw up a menu of subjects, and should decide if any matters were to be sent to a subsidiary body with a specific mandate limited in time. After the February 1999 meeting, the process should be intensified through informal meetings of HODs and also informal meetings of the General Council in special meetings which would take note of progress. As of January, Members should hear more detailed proposals in connexion with paragraph 10, in other words, on the scope, structure and calendar of the work programme and negotiations in order to be able to adopt recommendations for the Third Session of the Ministerial Conference, taking into account the general balance of interests of all Members referred to in paragraph 11.

The representative of Brazil said that Brazil was convinced that trade was not at the root of the present international crisis, either as a cause for its eruption or a reason for its deepening, although trade flows had been and were continuing to be negatively affected. He emphasized that there was a need in this crisis to seek global solutions and that part of the solution was related to maintaining and sustaining the open, rule-based multilateral trading system. While all had a common responsibility to maintain the WTO acquis, there were different responsibilities to be borne, and the major developed countries, due to their larger shares in world markets, were better equipped to provide trade-related answers to the crisis. With regard to the work programme, Brazil wished to underline that the issues referred to in paragraph 9(a) (i), (ii), and (iii) of the Ministerial Declaration carried a different weight than the post-Uruguay Round issues that were referred to in the remainder of paragraph 9. The sequencing of the topics in paragraph 9 of the Declaration had a particular hierarchical importance which should be retained in addressing these issues. If Members were to develop a broader base of negotiations, the principle of a single undertaking would be critical. Brazil would not envisage sectoral negotiations as a recommended way of proceeding. That being said, he wished to clarify that mandated negotiations were not to be considered as sectoral negotiations. As regards the organization of work, his delegation agreed with proposals outlined by the Chairman regarding the informal intersessional meetings to be held in the coming months.

The representative of Cuba said that his country attached particular importance to paragraph 9(a)(i) of the Ministerial Declaration. Developing countries had entered into a number of commitments through the adoption of the WTO Agreements and had undertaken an important liberalization process. Nevertheless their expectations of economic progress had not been satisfied due to insufficient market access for products of interest to them, and also due to low and unstable export prices, among other problems that had been compounded by the recent international financial crisis. The crisis clearly concerned the international financial system, and it was therefore essential to ensure the reform of this system to avoid its negative effects. His delegation therefore attached great importance, under implementation, to the discussion of the issue concerning the relation between trade and international monetary and financial stability. The discussion at the informal General Council meeting on 18 September had pointed to the urgency of squarely facing up to the need for reform of the world monetary and financial system. This problem required a deep-rooted restructuring for it to be resolved. It was essential that the WTO send out to the world recommendations and an evaluation that would guarantee the growth and stability of international trade based on the reform of the financial system, valid for all regions and countries of the world. Another issue to be dealt with under implementation involved the consideration in greater depth of special and differential treatment for developing countries as a way of promoting equitable trade and the development of the poorer economies. It was necessary to keep in mind the different levels of development at the time when obligations were set, taking into account the specific needs of the weaker economies. Transition periods should be increased in order to take into account the real problems that developing countries had had to face in implementing the WTO Agreements, and to enable them to bring their legislation into conformity. It would also be extremely important to deal with the economic and legal consequences of the application of unilateral and extraterritorial measures, and of the countries which suffered the resulting consequences directly or indirectly. It would be unthinkable for the Third Ministerial Conference not to touch on this issue and its systemic ramifications. In the same vein, Cuba opposed the increasing use of non-tariff measures, among others, transitional safeguard mechanisms, anti-dumping measures applied unfairly to developing countries, as well as other barriers to trade in the form of environmental rules, technical or sanitary and phytosanitary regulations. Cuba would consider unacceptable any initiative aimed at reducing the stipulated transition periods for the reduction or consolidation of tariffs in the area of industrial and agricultural goods. Another key point for Cuba was that a detailed discussion be undertaken in the light of paragraph 7 of the 1998 Ministerial Declaration to ensure that the 32 countries in the process of accession would become WTO Members as rapidly as possible. Cuba agreed that accession to the WTO required full respect of WTO rules and disciplines as well as meaningful market-access commitments on the part of acceding candidates. It nonetheless rejected any pressure that might be brought to bear by certain trading partners aimed at obtaining greater commitments and concessions from acceding countries than those that had been established in the WTO Agreements. This was unfair and clearly showed the urgent need for greater and more complete universalization of the WTO, without which one would otherwise send a negative message to the international community. Finally, his delegation agreed on the need for a calendar of meetings that would give sufficient time to the discussion of implementation issues in the three informal meetings that were being proposed for the forthcoming months. In the course of these meetings, the built-in agenda should also be examined, and new issues could more appropriately be discussed after December in order to enable capitals to have time to reflect on the results of the work being undertaken by the three working groups established at Singapore.

The representative of India said that the General Council's task had been made easier by the fact that both the mandate for the work programme and classification of its different components in order of priority and importance, in their essentials, had already been indicated through the Ministerial Declaration. India wished to see that the work programme now being initiated followed the Ministerial Declaration with regard to the emphasis and priority to be placed in the handling of subjects. Thus, issues relating to implementation of existing Agreements should receive prime consideration, and one might thereafter move to the other issues in accordance with the agenda

already decided at the last Ministerial Conference. India would wish to concentrate on paragraphs 9(a)(i), 9(a)(ii), and 9(a)(iii) during the present quarter, as issues that arose in these paragraphs were commitments already undertaken in Marrakesh. Details of these could be worked out in the informal meetings of HODs that were being proposed. Although India agreed in general with the "top down" approach being suggested by several delegations, meaning thereby that some aspects of the preparatory process for the next Ministerial Conference could be delegated by the General Council to relevant subsidiary bodies, it strongly advocated that implementation issues and concerns requiring political sensitivity in their handling be directly under the charge of the General Council. India had given utmost importance to the implementation of existing Agreements and Decisions in their proper spirit, since it was only through this that the basic rationale for the creation of WTO could be realised, which, as stated in the Preamble of the Marrakesh Agreement, was to raise standards of living and to ensure that developing countries, and especially the least-developed amongst them, secured a share in the growth of international trade commensurate with the needs of their economic development. It was in this perspective that the element of special and differential treatment to developing countries assumed crucial importance. The special provisions in the WTO agreements with regard to the developing countries were designed to take into account the constraints inherent in their international trade relations occasioned by the peculiar structural features characterising their economies, their low level of industrialisation, their inability to access advanced technologies, and non-availability of adequate infrastructure. The special and more favourable treatment provisions fell under two major categories: First, time-limited derogations in the form of longer transition periods, more favorable thresholds in the application of countervailing measures and for undertaking certain commitments, and greater flexibility with regard to certain obligations. Second, clauses providing for specific, although undefined, action by developed countries under certain agreements, while dealing with developing countries. As regards the first category, the experience of developing countries over the past three years would have to be evaluated to determine whether the negotiators' intentions had been effectively translated into practice. In certain cases, such as the Agreement on Textiles and Clothing, while provisions might have been implemented in letter, meaningful market access had not accrued to developing countries. As regards the second category of provisions, which were in the nature of "best endeavour" clauses, these were virtually ignored in the process of implementation of the agreements. Article XVIII:B of the GATT, dealing with quantitative restrictions on imports maintained by developing countries for balance-of-payments considerations, was a case in point. It was distinguished from Article XII by the fact that it explicitly provided for assessment of the adequacy of foreign exchange reserves after taking into account the long term development needs of a developing country. In actual practice, however, Article XVIII:B and Article XII were treated similarly. Again, Article 15 of the Anti-dumping Agreement provided for special regard to developing countries and urged developed countries to seek constructive remedies under the Agreement before imposing anti-dumping measures. In actual practice, developing countries were often targeted for repeated anti-dumping proceedings on the same commodity. Similarly, the injunctions contained in Article 10 of the SPS Agreement and those contained in Article XII of the TBT Agreement for taking into account the special needs of developing countries in their formulation and application of standards, were hardly ever honoured in implementation. This led to the imposition of standards by developed countries, adherence to which was frequently beyond the technical competence of developing countries, and which did not take into account their special development, financial and trade needs. Similarly, a lack of understanding of developing countries' problems could be seen in the Agreement on Subsidies and Countervailing Measures, which considered as non-actionable the subsidies used by developed countries, but considered actionable the kinds of subsidies usually used by developing countries for development, diversification and upgrading of their industry. Article 27.2 of this Agreement provided a special dispensation for poor-income and developing countries, but the subsidies maintainable under these provisions were subject to countervailing measures, thus nullifying the apparent benefit given through Article 27.2. The GATS, although enjoining through its Articles IV and XIX, the facilitation of increasing participation of developing country Members in world trade, in its implementation aspect revealed an increasing pressure on developing countries to undertake greater market-access commitments without adequate trade-offs in market access accruing to them in sectors and modes of supply of export interest to them. The Dispute Settlement

Understanding did have several provisions for special and more favourable treatment of developing and least-developed countries, but they remained largely as "best endeavour" clauses, not visible either in the procedure or in panel reports.

He emphasised that there should be no expectation that developing countries seeking solutions for their legitimate concerns in the implementation area should pay a price for what was only a redressal issue. Implementation issues were essentially an overhang from the past. They related to asymmetries and imbalances in the agreements for developing countries, and a review of the empty platitudes of special and differential treatment for developing countries, in order to substantiate them. This indeed should rightly have been done earlier, and should be done now, delinked from any new negotiations. These issues should not, therefore, be viewed as part of any new package, but as a realistic realignment and balancing of an earlier imbalanced package, so as to facilitate the meaningful involvement of developing countries in the "process" mandated by Ministers earlier in the year. In this context, paragraph 9(a)(i) to 9(a)(iii) of the Ministerial Declaration would constitute a sufficiently large volume of work, and it would be unrealistic to take up paragraph 9(b) in the last quarter of 1998. Several other areas were of significant importance. Issues of food security, specifically highlighted in the Preamble to the Agreement on Agriculture, needed to be adequately addressed. It would be too simplistic to assume that the agricultural liberalization sought to be ushered in by the agreement would, by itself, be able to overcome the problems of food security for developing countries with sizeable populations. The application of regimes in the Agreement meant to curb the trade distorting subsidies used by some Members were likely to cause enormous hardships if applied with the same rigidity to countries that did not distort international trade and whose subsidies were mainly meant to produce adequate food at affordable prices and provide a livelihood for their poor populations largely dependent on agriculture for a living. This, juxtaposed with the fact that some of India's major trading partners were still maintaining unacceptably high levels of subsidies, clearly implied that while thinking about further liberalisation of international trade in agricultural products, concerns of countries like India relating to food security had to be taken on board. The prevailing view in the WTO had been that the WTO Agreements did not permit Members to impose unilateral trade restrictions otherwise inconsistent with their WTO obligations. Yet, there were examples of Members that, under their domestic laws, undertook investigations and trade actions outside the multilateral trading system. It was also necessary that Members took a close look at the provisions relating to regional trading arrangements that were tending to threaten the thrust towards global free trade. Another cause for concern to India were the imbalances and asymmetries in the TRIPS Agreement, which extended high protection to industrial products, but did not recognize the rights of countries of origin while granting patents on products developed by using traditional bio-resources of developing countries. The higher protection under Article 23 of TRIPS available to wines and spirits, which were products of export interest primarily to developed countries, without corresponding higher protection for the region-specific exports of products of developing countries, was another obvious inequity in the Agreement. The question of transfer of technology at fair and reasonable cost had been raised by India in the context of the Committee on Trade and Environment, in the Committees dealing with SPS Measures and Technical Barriers to Trade, as also in connection with the new subject of electronic commerce introduced in the course of the last Ministerial Conference. Unless means were provided to developing countries to access advanced technologies at affordable costs, it would be difficult for them to discharge their obligations under existing WTO Agreements, and moreover to participate in the high technology thrust areas now being proposed to be added to the universe of multilateral trade disciplines by the developed countries. Whether in terms of opening an environmental window into WTO or asking developing countries to conform to higher health and technical standards prevalent in industrialized countries, or securing developing country participation in commerce through electronic media, a crucial factor which had to be introduced into the WTO agenda was a new type of "enabling clause", one designed to facilitate transfer of advanced technologies. National regulations on rules of origin were threatening market access of developing countries, particularly in the textiles area. The pressure on developing countries to liberalize areas of interest to the industrialized world, while meaningful market access was delayed in areas where they had comparative advantage, such as textiles and the movement of professionals and skilled personnel, made it apparent that the balance of

concessions promised to developing countries as equal partners in the multilateral trading system had thus far not been achieved. For the credibility of the WTO, it was important that Members realise what was intended. As regards the built-in agenda, India believed that fresh negotiations under the Agreement on Agriculture and the GATS should commence after 1 January 2000, as mandated. Similarly, with regard to the future work of mandated reviews, the designated Committees concerned with relevant Agreements should continue their work in accordance with the agreed schedule. There was no need to bring forward the consideration of these issues or to prejudge them at this stage. Regarding the work programme agreed to at the Singapore Ministerial Conference, the education process was continuing in the area of Trade and Investment, Trade and Competition Policy and Transparency in Government Procurement. A wider and deeper understanding of the issues was necessary before one could conclude that a multilateral trade agreement in each of these spheres was necessary. Regarding trade facilitation, he noted that the proposal included two major aspects: first, the simplification of customs documentation and procedures, and second, the improvement of infrastructure for trade transactions, including through electronic modes. Regarding the first issue, the World Customs Organization (WCO) under the Kyoto Convention was looking into simplification of various aspects of customs documentation and procedure, and India was participating in this work. As long as the WCO's work in this regard was not complete, there was no likelihood of any substantial simplification being implemented by any country. Therefore, the WTO should await the completion of this work in the WCO. It was the perception of developing countries that environmental concerns were being used as disguised trade barriers and as causes for unilateral action by developed countries to restrict market access. A considerable amount of work had already been done in the Committee on Trade and Environment in this regard. The CTE discussions had highlighted that no commitments in the area of trade and environment could be undertaken, despite the initiative in this regard by developed countries, unless the developed countries first met their obligations under the Convention on Bio-diversity and the Rio Principles. Until the developed countries had proved the genuineness of their intentions by engaging themselves in commitments in the area of international environment conventions, no weight could be given to their professed interest in safeguarding the environment through action limited to the trade and environment interface. As regards new issues sought to be raised by Members, such as the proposals for initiating a new round of reduction of industrial tariffs, a high level initiative in the sphere of Trade and Environment, an initiative to introduce greater transparency in the WTO functioning, *inter alia*, through greater involvement of "stakeholders", or the proposal for launching a comprehensive new round of trade talks, it was India's perception that these were premature if they were to carry with them the voluntary participation of developing countries. These countries were still in the process of implementing the last round of tariff negotiations and would be so engaged until 2000. They would need, as would many others, time to assess the impact of these reductions before launching any new commitments. Overloading the WTO agenda would not be productive, and it was premature to talk about any comprehensive new round of negotiations as suggested by some. India was also opposed to the induction of non-trade issues such as labour standards into the WTO agenda. Members should first address implementation problems and the built-in agenda, and ensure that trade became an instrument for promoting development, as envisioned by the Uruguay Round negotiators. Members should be conscious of the limitations of developing and least-developed countries and their inability to undertake more and more commitments, to participate meaningfully in negotiations relating to ever-expanding areas of commercial and economic activity, and to discharge a growing number of obligations in diverse sectors. The thrust towards global free trade would be far more fruitful if the realities prevailing in the world economy were fully understood and the needs and problems of developing and least-developed countries were taken into account. It was also too early to deal with the question relating to a single undertaking, since Members were now in the very early stage of discussing a work programme mandated by the 1998 Ministerial Declaration. He endorsed Egypt's suggestion to schedule the next Special Session in the second half of February 1999.

The representative of the United States recalled that Ministers had decided in May that the present meeting of the General Council in Special Session should be the start of a process designed to enable the General Council to ensure full and faithful implementation of existing agreements and to

submit recommendations to the Third Session regarding WTO's future work programme. Among those recommendations were those that would relate to the commencement of already agreed negotiations and those which could relate to other further liberalization initiatives which might be desirable in order to respond to the range of interests and concerns of all Members. The United States, at the present time, had not come to conclusions as to what these recommendations might be. It had started a process of consultation with its private sector and with the Congress, which would be on-going for the next several months. Until this consultative process had been completed, the United States would not know the answers to some important questions that would need to be known before one could decide on recommendations to be forwarded to Ministers. Addressing these questions and developing the answers was, in essence, the thrust of the work programme. Experience had shown that Members should be deliberate and serious in their work. This was particularly true in light of the need to arrive at consensus recommendations. Some delegations seemed to feel they had the answers already, and knew what the recommendations to Ministers should be. The United States did not. As the United States President had stated on the occasion of the 50<sup>th</sup> Anniversary commemoration event in May, in the fast-moving global trading system, one could no longer afford to take seven years to finish a trade round or let decades pass between identifying and acting on a trade barrier. Members needed to explore what types of negotiations were best suited to the new economy. They should explore whether there was a way to tear down barriers, without waiting for every issue in every sector to be resolved before any issue in any sector was resolved. Furthermore, this should be done in a way that was fair and balanced. Members also needed to consider that the WTO's future agenda might dictate that they needed to consider other ways to address their concerns. The United States believed that the best way to approach decision-making was to adopt a work programme that followed the order in which issues were addressed in the 1998 Ministerial Declaration. Members needed to spend adequate time – in the very beginning – addressing the important issue of implementation. They needed to consider issues relating to the launch of the already agreed negotiations, and to ensure that these negotiations were launched on time. New issues, such as those addressed in the Singapore work programme, would need to be carefully considered and Members would need to wait for the end-of-year reports of the working groups in order to begin their collective consideration of these issues. There should be a phase in which all delegations had an opportunity to present their proposals for recommendations to Ministers. Finally, there should be a consolidation phase at the end of the work programme, which accorded Members the time to finalize their recommendations to the Third Session. Her delegation believed that this was the thrust of the proposals that had been discussed with Members by the Chairman of the General Council. The approach the Chairman had put forward was well-organized, balanced and deliberative, and the United States strongly supported them.

The representative of Jamaica said he wished to make a few points under very specific headings. First, he wished to follow the agenda that had been adopted by dealing with some substantive issues and the organization of work. Second, he wished to draw attention to Jamaica's proposal in document WT/GC/W/97, which set out its thinking on dealing with the issues, and asked whether this could be appended to his short statement and be circulated as a derestricted document. He wished to recall also the process leading up to, and the end of, the Uruguay Round. At the launch of those negotiations, there had been some substantial autonomous trade liberalization measures undertaken by developing countries. At the end of the Round, a multiple of the trade covered and engaged in at the import level of developing countries had been bound under WTO rules, and that was a plus. He also recalled that the process had been started with a standstill commitment with regard to measures on trade in goods under the GATT. Also, while negotiations had not begun on both goods and services as a single undertaking, they had ended as a single undertaking. He recalled this because it was important that as one moved to the next phase of comprehensive negotiations, one be clear when one referred to a single undertaking. It was clear that when the Uruguay Round had been started, there was not a permanent negotiating forum as such. In the WTO, Members now had permanent negotiations, and they should therefore be very clear that a single undertaking did not mean starting today and ending everything tomorrow. Some results could be implemented if they led to a balance of benefits among the trading partners. Regarding the substantive issues, Jamaica had every confidence that, in launching the services negotiations in the year 2000 and the agriculture



negotiations by the end of 1999, Members would fulfill the commitments undertaken in the Uruguay Round without any damage to a single undertaking that they might undertake in the future. He wished to underscore that one did not need to wait for a comprehensive Round for these negotiations to begin and to make progress. There was a distinction to be made between the mandated negotiations and the other issues on which there was as yet no agreement that Members would formulate additional rules, disciplines and commitments. It was only when those decisions were taken in the General Council that these issues could be brought to that level. As part of the ongoing work, the least-developed and developing countries should have their substantial concerns addressed at the outset, and he agreed with India that one might have "enabling" legislation in this regard. In addition to the points in WT/GC/W/97, he wished to briefly mention a few areas that gave Jamaica some difficulty, and which it wished to see dealt with. First, he recalled that the ACP countries and the European Community had been granted a waiver not once, but twice, and yet the waiver had nevertheless been challenged, and the benefits that these countries thought they had derived from the WTO had been brought into question. Second, with regard to the Dispute Settlement Understanding that would be reviewed starting in October, he had seen some interpretations, such as for example regarding the Agreement on Agriculture and its consistency with the WTO Agreement, and he believed that those issues should be addressed. One had also seen sectoral negotiations such as the ITA that had now been multilateralized, but had a curious place in the WTO and had affected the balance of benefits of countries like Jamaica that had negotiated concessions with its partners. Jamaica also had difficulties in areas such as anti-dumping, technical standards and phytosanitary measures. It had also seen that some regional trade agreements, such as that between the ACP and the Community, had been brought into question, while other agreements had not been addressed, and consequently some of the adverse effects on Jamaica had been allowed to stand. Finally, with respect to agriculture, it was not sufficient to take account of the net food-importing developing countries; rather, one now had to have a single undertaking on agriculture where everything of interest to developing and developed countries was negotiated.

In the area of services, particularly financial services, his delegation had tried to draw attention to the difference between prudential supervision and a regulatory framework that would be part of the liberalization measures in the WTO. This had not found favour, and one now saw the effect of lax prudential supervision. Consequently, he believed that in any new services negotiations, some of the measures that had not been considered important should be taken fully into account. In respect of TRIPS, Jamaica believed that it was not sufficient just to seek implementation and compliance by national legislation, but that one should be aware that new avenues were being opened up, so that the review of the TRIPS Agreement would be all-embracing to bring to new entrants the benefits of the TRIPS Agreement. With regard to accession, he believed that the introduction or inclusion of new Members in the WTO could only be to the advantage of all. With regard to the organization of work, his delegation believed that the timetable proposed by the Chairman was broadly satisfactory. Jamaica had indicated in WT/GC/W/97 that Members should set out clearly at the present meeting the schedule of the formal and informal meetings for the coming months, that any informal consultations should be open to all Members, and that there should be sufficient advance notice of dates and the subject-matter for each meeting so that all could participate effectively. Furthermore, his delegation believed that background documentation by the Secretariat, where possible or relevant, should be made available in good time. He supported other delegations that had suggested that the next formal session be held in the third week of February, and suggested that account be taken of the proposal for a further informal meeting in late January 1999. Regarding suggestions that had been made for a new comprehensive round of trade negotiations as a single undertaking, he asked whether, in light of proposals being made elsewhere for negotiations for reform of the international monetary and financial system - and even that they be undertaken and completed within the year - it was timely for governments in the framework of the WTO to be undertaking global, comprehensive negotiations at the same time. He asked whether one should not continue on a methodical approach using the WTO as a permanent negotiating forum. As regards the proposal for a standstill, he believed that such a commitment on the part of WTO Members could be a contribution of the WTO to the discussions that would be taking place in Washington over the coming days. He

believed that a standstill commitment not to undertake any new measures or rules that were more trade restrictive could be useful in indicating that the WTO was not only opposed in rhetoric to protectionism, but that its Members were committed by virtue of a solemn undertaking to maintain a standstill on new trade barriers. Members should at the same time make a commitment to advance and proceed more expeditiously on liberalization measures in favour of developing countries.

The representative of Switzerland said that his Minister had already provided the major outline of the Swiss position regarding future negotiations. Switzerland was aware that the present meeting was taking place in a difficult economic environment, more so than that which prevailed during the Ministerial Conference in May. The economic crisis had brought about major macro-economic adjustments which in turn would have an impact on the international community as a whole. However painful these adjustments might be, they were unavoidable and should make it possible to bring about a healthier situation in the long term and establish the basis for healthy economic growth. He believed that the main contribution that WTO Members could make consisted of three elements. First, maintain open markets in conformity with WTO obligations. Second, consolidate the multilateral trading system through the full implementation of the WTO Agreements. Third, develop this system on the basis that Members had already been able to identify or that the recent crisis had in fact demonstrated. The overall process that Members would undertake at the present meeting would go along two distinct paths: first, work on the implementation of WTO Agreements and preparations for the future trade negotiations. Implementation remained the most urgent priority, and involved the very credibility of the multilateral trading system. In this regard it would be imperative to respect the implementation time-frame, put into place the necessary domestic legislation, and scrupulously comply with notification obligations. Switzerland was prepared to examine any concrete problems which arose in this area, and was prepared to contribute pragmatic responses. However, this exercise should not in any way challenge the commitments already taken under the WTO Agreements. All were aware of the difficulties which least-developed countries had encountered in implementing the agreements, and Members had a responsibility to help these countries through intensified technical assistance. The objective would be to enable these countries to respect the obligations they had entered into and to maximize benefits which they expected to derive from the multilateral trading system.

Regarding future trade negotiations, these should guarantee the balance of interests of all the Members. Therefore, no issue could *a priori* be excluded and the only approach possible was that of a global round of negotiations. Like the Uruguay Round negotiations, the results of the future negotiations should be the object of a single undertaking. Negotiations should permit notable improvement of market access and adapt the multilateral trading system to the requirements of the beginning of the twenty-first century. Such negotiations should include areas that were not already covered by the system but which necessitated action by the WTO. Regarding sectors where negotiations had already been mandated, the first area was services. Negotiations in this area should make it possible to pursue liberalization in this sector by ensuring greater market access and reduction of restrictions for m.f.n. treatment. The obligations that were undertaken should not be limited by procedures authorizing non-conformity with the criteria of transparency and proportionality. In the area of agriculture, Switzerland was ready to continue its reform process in the long term in accordance with the four specific modalities set out in Article 20 of the Agreement on Agriculture. The choice of measures and rhythm of reform should fully take into consideration the multi-functional character of agriculture. Furthermore, it would be essential to aim for a substantial cut in tariff and non-tariff barriers on industrial goods across all sectors. Members should also aim to eliminate excessively burdensome or complex customs operations whose costs were often higher than the customs duties that were collected. He referred here not only to trade facilitation, but also harmonization of rules of origin. Regarding sanitary and phytosanitary measures and technical barriers to trade, the present provisions should be reinforced and clarified. The negotiations should also aim at drawing up multilateral rules to improve, on a non-discriminatory basis, respect for government procurement transactions which in substance constituted an important part of the whole issue of market access. Regarding investment and trade, these were closely linked and both required,

for their development, a predictable and coherent multilateral framework. The WTO should undertake the natural role which fell to it in this area, as also in the area of the interaction between trade and competition policy. Regarding trade and environment, the aim of sustainable development, to which all countries had subscribed, called for a coherent practice in trade policy and in environmental protection policy. It was therefore essential to work at ensuring the coherence of WTO rules and the trade provisions of international environmental agreements. Members should also aim at strengthening the cooperation between the Bretton Woods institutions and the WTO. The current international economic situation clearly argued for this. Furthermore, Members should accord all necessary attention to the problems of the least-developed countries, and should put into effect the recommendations of the High-Level Meeting and to improve coordination between the agencies charged with providing technical assistance. Finally, with regard to the programme of work proposed by the Chairman, his delegation agreed that the preparatory work for the Third Ministerial Conference could be undertaken in three phases. First, a phase of reflection during which the issues for the next negotiations would be identified and discussed. Second, an inventory phase in the course of which Members would take stock of the work and take note of proposals put forward. Third, and finally, a phase devoted to elaborating a programme of negotiations that would be submitted to Ministers for consideration. The first phase should be relatively short, as the positions of various Members were already known to a large extent.

The representative of Uganda associated his delegation with the statement by Egypt on behalf of the African group. For Uganda, a critical test of the WTO lay in how it integrated the least-developed countries into the world trading system and enabled them to benefit. The High-Level Meeting in 1997 had been a positive step, and Members needed to move to its implementation. Only a few Members had come up with market access proposals, and it was Uganda's hope that as Members discussed the follow-up to this meeting, it would be possible to evaluate the offers, how they had been implemented, and their contribution to the integration of the least-developed countries into the multilateral trading system. For Uganda, special and differential treatment for developing countries was very important, and he hoped it would be possible to provide a legal basis for preferential treatment for regional subgroupings of developing countries. A recourse to waivers for providing such treatment, as had been the case under the GATT, no longer offered a practicable long-term solution. More flexible provisions could also be provided for autonomous trade preferences offered by developed countries to regional subgroups. Developing countries had also encountered problems in the areas of technical barriers and sanitary and phytosanitary measures. As had been indicated by many, the Uruguay Round commitments in these areas had been mostly in the nature of "best endeavour" clauses. It was his hope that as Members prepared for the Third Ministerial Conference, these best endeavour provisions would be examined with a view to making them more concrete. He hoped that it would also be possible for developed countries to assist least-developed countries where they could, to meet any new standards that might be developed. The transitional provisions in the WTO Agreements for the least-developed and developing countries were not only meant to allow time for these countries to put into place the relevant domestic legislation; there was also an assumption that in the meantime the developing countries would be assisted to be able to fully implement the agreements. He hoped that there would be a balanced outcome to the Third Ministerial Conference that would take into account the interests of the least-developed and other developing countries. With regard to the organization of work, his delegation could go along with the proposals made by the Chairman. However, it wished to emphasize that there should be a central role for the General Council in the process, and that the General Council should continuously monitor developments and take up cross-cutting issues.

The representative of Tanzania associated his delegation with the statement made by Egypt on behalf of the African group. Most of Tanzania's concerns had been raised in that statement as well as in statements by Uganda and several other delegations. With regard to the statements made by a number of delegations concerning the recent international economic crisis, he noted with interest the emerging consensus that a subject that had earlier been seen as falling within the ambit of other international organizations could have an adverse trade impact on Members of the WTO. His

delegation together with some others had expressed concern on previous occasions regarding other issues which, in their interpretation, had had an adverse impact on their countries' trade viability. Unfortunately, they had met strong resistance from various quarters, and had been told that those issues could well be addressed in other fora, and in particular the IMF and World Bank. He hoped that the realization by some countries that developments in other areas could have trade effects would extend also to the concerns that his delegation, among others, had raised previously. As Members embarked on a new work programme, he hoped that the beginning of the process would not worsen the situation for smaller delegations, and that the organization of work that would be agreed would take into account their predicament in the face of the large number of meetings being held. His delegation supported the Chairman's proposals for the organization of work in the coming months, and believed that an effort should be made to maintain the number of meetings as proposed. With regard to substantive issues, it was his delegation's expectation that the status of implementation of commitments made at the High-Level Meeting for least-developed countries would be reviewed, and that a careful assessment would be made of the implementation of the integrated framework in order to make the necessary recommendations to the Third Ministerial Conference. His delegation also hoped that the commitments made in paragraph 6 of the Ministerial Declaration regarding improved market access for products exported by least-developed countries would be implemented as proposed by the Director-General in 1996. Finally, his delegation attached great importance to the implementation of existing agreements and decisions, and hoped that in the discussions on implementation, due consideration would be given to the areas of interest to least-developed countries.

The representative of Costa Rica said that he viewed favorably the Chairman's proposal regarding the organization of informal meetings in the coming months, and believed the suggestion for a further meeting in January 1999 was a good one. Although each of these meetings should focus on the issues in the 1998 Ministerial Declaration in the order proposed by the Chairman, the possibility should be left open for delegations to raise issues that had been raised at earlier meetings. Costa Rica attached great importance to the issue of implementation, as well as to issues relating to the built-in agenda, and in particular the work on agriculture and services. As regards the commitments and further work agreed in Singapore, Costa Rica had a particular interest in the relationship between trade and investment, and believed it was necessary to develop a multilateral framework for investment in the WTO. In the light of the current international financial sector difficulties, a clear signal in this direction was absolutely necessary in the shortest period of time. This would help create an environment of security that would favor direct investment and undoubtedly benefit economic growth and development. Costa Rica was also interested in seeing progress made in discussions on the interaction between trade and competition policy as well as in transparency in government procurement. She hoped that the forthcoming process would make it possible for Members to identify issues where development of multilateral disciplines was necessary. Her delegation hoped also that the process of work being launched would lead to the Third Ministerial Conference approving an overall negotiating framework for all sectors of trade. Her Government had undertaken considerable commitments in earlier sectoral negotiations, such as in the area of information technology, because it considered that the benefits of trade liberalization in these sectors could not wait any longer. However, it now believed that further liberalization should be sought in all sectors by means of a global negotiation in which benefits and concessions for all could be included by means of a commitment to a single undertaking. Furthermore, that a standstill commitment would be necessary on the way towards such a global negotiation.

The representative of Argentina said he wished to endorse the views expressed by others as well as by the Director-General that the present economic crisis could not be resolved by returning to protectionism. Indeed, the best signal the WTO could send, and the best contribution it could make towards a solution to this crisis, was by reiterating Members' determination to keep markets open and their wish to carry forward a new stage in the trade liberalization process. As far as implementation was concerned, Members should draw a distinction between three types of problems. First, those that resulted from non-application of existing agreements or violations assumed by Member states. These

problems could only be resolved by means of consultations between the countries concerned, with a final analysis through the dispute settlement mechanism. The second set of problems concerned the issues that had not been foreseen in the Uruguay Round Agreements, or those that had arisen after the implementation of the Agreements. These problems would have to be discussed within the framework of the work referred to in paragraph 9(a)(i) of the Ministerial Declaration, and which could lead either to the negotiation of new instruments or the review, revision or agreed interpretation of certain aspects of existing rules. The third set of problems concerned non-implementation of commitments collectively assumed during the Uruguay Round. The most relevant case of such problems was the delay in the development of agreed multilateral disciplines on export credits. Argentina hoped that the Marrakesh commitments would be fully implemented before Members began new comprehensive negotiations. With regard to the negotiations already agreed to and the reviews contained in the built-in agenda, if a future round of negotiations were to include new issues and objectives which went beyond those agreed to in Marrakesh, one would logically have to review the objectives set out in Marrakesh. This would be particularly relevant in the case of agriculture and Article 20 of the Agriculture Agreement which set out the scope for future negotiations in this sector. As regards the repeated references made in some statements to the supposed multi-functionality of agriculture, his delegation believed that behind this new term lay an old agricultural protectionist theme suspiciously being voiced by the same countries. His delegation hoped this was not a new attempt to hold back the liberalization process in this sector, and that this sector would be given the same treatment under WTO rules and disciplines as given to other sectors covered by the WTO's activities. If this were not to be the case, there would once again be several countries that would find no encouragement at all to begin negotiations in other sectors. Finally, his delegation supported the Chairman's proposal regarding the organization of work. Argentina also supported holding an additional meeting in January for the purpose of taking stock of issues discussed at the three earlier informal sessions of the General Council. Argentina also supported the possibility of splitting the process between now and the Third Ministerial Conference into three stages, as suggested by New Zealand and Switzerland.

The representative of Colombia said that his delegation supported the Chairman's suggestions regarding the calendar of meetings for the coming months. The areas of work had been clearly spelled out, and it would be up to the General Council to establish a method that would facilitate the analysis and discussion of the proposals submitted by Members. Colombia believed that the starting point should be the evaluation of the implementation of agreements, with special attention being paid to the problems and difficulties that developing countries had encountered. Developing countries had stated on several occasions in the General Council the necessity of taking into account, in any future development or progress in the process of liberalization, the very often adverse conditions in which they had been assimilating and adapting to the multiple obligations flowing from the complex multilateral trading system. While enormous institutional efforts had been made, there were still considerable difficulties that required attention and the corresponding technical assistance from WTO. It was important also to give thought to an extension of certain exceptional regimes so that the transition to the application of rules of a general nature would be in accordance with developing countries' possibilities. Furthermore, careful consideration should be given to concerns expressed regarding the contribution of developed countries to the liberalization of trade in areas of interest to developing countries, such as market access for agricultural goods and textiles. In this respect, the General Council should consult the reviews and studies that had been undertaken by the various subsidiary bodies. As to the negotiating mandates contained in the Agreements on Agriculture and Services, Members should aim to recommend a reference framework which, on the basis of the relevant provisions, would specify the methodology, the scope and the time frame for the negotiations. In the preparation, in the formulation of recommendations for Ministers, and in their decisions, there should be no interference whatsoever from developments regarding additional negotiations in other areas. The new negotiations should furthermore be oriented toward attaining the greatest symmetry possible in market access between products originating in developed countries and those of particular interest to developing countries. As regards the consideration of new issues and multilateral disciplines, such as moving towards a greater liberalization in the industrial goods area,

Colombia would approach the discussion positively, but would set its position only in light of the positions and the analysis of the scope of the proposals made.

The representative of Pakistan said his delegation was pleased to note that many delegations had prefaced their interventions by referring to the broader economic context in which the present meeting was taking place. This demonstrated Members' collective awareness of the manifold and direct implications of the ongoing financial crisis on the work that they were engaged in the WTO. However, Pakistan was concerned at the somewhat simplistic lessons drawn by some from the financial crisis. While Members did indeed need to ensure that there was no emergence of protectionist tendencies as a result of the financial crisis, and that they should work together to further strengthen the multilateral trading system, this did not mean that there should be a rush towards an ambitious liberalization agenda. In fact, the one clear lesson that had emerged from the financial crisis was that there should be a very careful and measured approach towards liberalization. Indeed, there was now general agreement that a major cause of the financial crisis was the hasty opening of financial markets. Regarding the work that Members were to engage in in the run up to the Third Ministerial Conference, the issues to be considered had not only been explicitly set out in the 1998 Ministerial Declaration but had also been accorded a certain hierarchy of importance and, in effect, had been prioritised. The focus of work had to be on the areas pertaining to paragraph 9(a) of the Ministerial Declaration. These encompassed implementation issues and the negotiations and other work already mandated for the WTO. At the second Ministerial Conference, his delegation had highlighted, in broad terms, Pakistan's concerns regarding implementation issues. These included concerns regarding the lack of liberalization in the textiles sector that had been subject to MFN restrictions for the past five decades, the inequities in the Agreement on Agriculture, the misuse of certain provisions of the Anti-Dumping Agreement, and the tendency to minimise and even roll back the provisions in various Agreements on special and differential treatment for developing countries. Pakistan would be submitting papers with specific proposals for addressing these concerns, and would not go into details at the present meeting. However, he reiterated that if the implementation exercise was to be meaningful, it must not be a mechanical exercise. It should, instead, be a broader economic and political evaluation which would: (i) assess whether the anticipated benefits of the Uruguay Round Agreements were being achieved; (ii) identify the problems encountered in the course of implementation or inherent in the agreements; and (iii) suggest ways and means to redress these problems and meet anticipations regarding the benefits supposed to flow from these Agreements. Pakistan was prepared to discuss the proposals which might be introduced by Members, but wished to mention certain caveats: first, in putting forward proposals, especially on any new issues, Members should be realistic in their level of ambition; second, there should be no linkage between any new issues and the issues that Members were already mandated to consider and negotiate on; third, non-trade-related issues, for instance the question of labour standards, could not be addressed in this Organization. Finally, in regard to the organization of work in the coming quarter, he had taken note of the schedule of meetings proposed by the Chairman. However, his delegation was strongly of the view that given the many, and fairly complex, issues covered by paragraph 9(a) of the Ministerial Declaration, it would be necessary to devote at least the first three intersessional meetings to an exclusive consideration of paragraph 9(a), and that there should also be the possibility of returning to these issues in subsequent intersessional meetings. With regard to the dates of the proposed meetings, he joined those that had suggested a rescheduling of the February 1999 meeting.

The representative of Guatemala said that the world crisis had given Members food for thought and, as had been stated by others, the multilateral trading system was part of the solution to the crisis. The rhythm of trade liberalization should be maintained, and Members should ensure that the WTO work continued at its present rhythm. At the same time, there was a need for positive efforts to ensure that developing countries could benefit from further liberalization and therefore that there be a balance in the further liberalization efforts. As regards agriculture, Members should seek real liberalization with regard to all products, eliminating all subsidies for agricultural products. His delegation agreed with the statement by Australia with regard to the objectives of the Cairns Group. Developing countries competitive in the area of agriculture needed real access for their products so as

to guarantee a better quality of life for their populations. As regards services, his delegation sought a liberalization that would respect the principles and rules that had been flagged with the aim of achieving the expansion of services under conditions of transparency and progressive liberalization, while recognizing the existing asymmetries and enabling smaller economies like Guatemala's to have access to technology and information. As regards implementation, Members should ensure that all the agreements were complied with. His delegation supported the calendar proposed by the Chairman and was agreeable to holding a fourth informal meeting in January 1999.

The representative of Turkey said that the current global economic problems should not affect the programme outlined for Members by Ministers in May, and Turkey hoped that Members would not give in to protectionist pressures building up due to the current crisis. With this in mind, Turkey attached importance to the continuation of efforts for a liberal international trading system based on the principles of free competition, non-discrimination and elimination of barriers to trade, ensuring at the same time a balanced approach with the interests of all Members in mind. Turkey believed that the negotiations and reviews covered by the built-in agenda should be given priority. It attached great importance to the launching of negotiations on services and agriculture and the review of the TRIPs Agreement as scheduled. It was important, for the credibility of the WTO, to do this in time. Turkey also supported the proposal to include negotiations on industrial tariffs for further liberalization through significant market access improvements in all sectors. Members should take up new issues such as investment, competition, government procurement and electronic commerce after the working groups and relevant subsidiary bodies had finished their work. Turkey welcomed the work programme on electronic commerce which would enable Members to identify issues on which they could collaborate within the WTO. In order to ensure the credibility and the universal nature of the WTO and the multilateral trading system, the ongoing negotiations on the accession of applicant countries should be concluded in the shortest period. Accession to the WTO required full respect for WTO rules and disciplines, but a balanced approach for all acceding countries should also be ensured at the same time. Turkey believed that consideration should be given to the special needs and development requirements of the developing and least-developed economies. Consideration should also be given to the difficulties encountered in implementing the outcome of the Uruguay Round Agreements. In this regard, providing technical assistance and capacity-building programmes for developing and the least-developed countries had significant importance for the effective participation of these countries in the multilateral trading system. Turkey also attached importance to improved market access for the least-developed countries. The integration of these countries' economies in international trade was important not only for their economic development but also for global trade. Finally, his delegation agreed in general with the timetable proposed by the Chairman for meetings to prepare for the Third Ministerial Conference.

The representative of Sri Lanka said that his delegation supported the views expressed by a number of delegations to focus attention on paragraphs 9(a) and 9(c) of the operative part of the 1998 Ministerial Declaration in the organization of the work programme being deliberated at the present meeting. However, this did not mean that Sri Lanka was opposed to the work identified in paragraphs 9(b) and 9(d) of the Declaration. On the contrary, it was fully supportive of all the work that had been agreed to during the Ministerial Meeting. However, the latter work would naturally need to be programmed in such a manner that it was taken up after the implementation issues had been fully dealt with. Having listened to some of the vary ambitious plans expressed by certain delegations relating to the organization of the work of the General Council, Sri Lanka wished to emphasize that it preferred first things to be first, i.e. evaluation of the implementation of existing agreements and decisions and then, in a logical sequential manner, matters coming under the built-in agenda. With regard to the launching of a new round of comprehensive negotiations, to which some delegations had referred, his delegation was of the view that it was far too early for countries such as his to even think of such issues. As in the case of a large number of other developing countries, Sri Lanka was scratching the surface of the enormous challenges and obligations that it had already undertaken following the last comprehensive round of multilateral trade negotiations. The situation of small economies such as Sri Lanka's could not be over-emphasized if one took into account the disastrous

consequences the current economic crisis had brought throughout the world. These economies were extremely vulnerable to these developments, over which they had absolutely no control. It was only common sense that they tread slowly but surely in their future endeavours. Sri Lanka nevertheless wished to reiterate its full commitment to the obligations under the Uruguay Round and to the further strengthening of the multilateral trading system. In that context, its priority was to see that Members completed the extensive work already undertaken under the various WTO Agreements before embarking on any comprehensive round of negotiations. His delegation was in broad agreement with the work programme and the associated timetable proposed by the Chairman.

The representative of Canada said that the present special session of the General Council came at an opportune time. It was crucial that Members showed the world that they were committed to maintaining an open multilateral trading system. As the Director-General had said, and as Members appreciated, trade and investment, goods and services and capital, demand and growth, did go together. As one sought to restore growth, create employment, and thus develop markets in affected countries, some success should be maintained in accessing markets in Japan, North America and Europe. Closing borders, or other manifestations of increased protectionism, could aggravate the situation. Conversely, more meaningful adherence to existing WTO-based rules of transparency, fair and non-discriminatory regulation, and market access would offer traders and investors the confidence to enter these markets and contribute directly to jobs and growth. Put simply, the WTO rules-based framework was not part of the problem, but part of the solution. Another concrete way to demonstrate Members' commitment to the rules-based multilateral trading system was to move ahead with preparations for the Third Ministerial Conference. In that respect, it was clear that many countries were advanced in their thinking about the scope of the negotiations upon which Members would embark by the end of 1999. Her Government had begun the process of seeking input from interested domestic constituents. This was a much more complicated task than in the past, in large part because of the very success of the WTO. More and more elements of civil society considered that the multilateral trading system had direct and immediate impact on their well-being. They were rightly concerned to ensure that their views were taken into account in developing detailed Canadian positions on the issues with which all were dealing in the WTO. Canada had some clear objectives in mind which served as the backdrop for the domestic consultations that it was undertaking. It would continue to give priority to ensuring that the results of prior multilateral trade negotiations were turned into real benefits, an objective that all Members no doubt shared. Canada was also looking to the opportunities that new negotiations provided in areas that Members were already committed to, namely on agriculture and services, beginning at the end of next year.

Like many others, Canada had not yet decided what other issues should be injected into this negotiating mix; this needed to be decided in the coming months. However, a range of issues needed to be addressed systematically before Members determined the final recommendations for Ministers in 1999. These issues included the following: first, reducing traditional barriers: industrial tariffs, quotas and import restrictions, as well as border measures that increased administrative burdens instead of facilitating the cross-border movement of goods and services; second, as tariff barriers were lowered, Canada had increasingly become concerned with non-tariff barriers, such as technical standards and sanitary and phytosanitary measures that might unduly restrict trade. Members should maintain the balance that WTO rules provided between avoiding unwarranted trade restrictions, on the one hand, and protecting a government's right to regulate for legitimate public interests, on the other; third, Canada fully supported the decision of Ministers at the Singapore Ministerial Conference to add a work programme on trade and competition, on trade and investment, and on transparency in government procurement. Further analysis in these areas and the reports of the respective groups to the December meeting of the General Council would allow Members to make more informed decisions on next steps. Taken together, the increasing focus of the work on non-tariff barriers, services, competition and investment, on sound regulatory frameworks, and on transparency, signified to Canada that the trade agenda was increasingly about strengthening markets in addition to opening markets. Its focus became the horizontal, domestic agenda of regulatory reform, democratic development and good governance. All were working under existing WTO rules to create a



predictable and transparent supervisory structure that ultimately avoided corruption and created a stable environment for traders, investors and consumers. This in turn underlined the importance of increased transparency in the work of the WTO, and especially in the preparatory work. This was a demanding agenda. Members would need to decide how to structure the negotiations to deal with it. Many delegations at the present meeting had supported a comprehensive new round of trade negotiations. Members should also consider how to achieve results in a timely fashion. Canada considered that consideration should be given to clustering or packaging groups of issues together for concluding negotiations at different times. This could offer a balance of incentives to encourage countries to move forward, and could lead to an early harvest in some sectors. These were complex issues, both with respect to the substance of negotiations and to the process of carrying them out. They would require much preparation, both in Geneva and domestically. The process of preparations leading to the Third Ministerial Conference that the Chairman had outlined fit well with the domestic consultations which Canada had begun, and her delegation fully supported it.

The representative of Venezuela said that, like others, Venezuela was convinced that world trade was an integral part of any solution to the present international crisis, and that its liberalization would contribute to development and economic growth. The difficulties inherent in the current financial crisis would lead to other weaknesses and deficiencies that would have to be corrected. The search for greater trade liberalization and new disciplines to regulate trade would constitute a contribution to avoiding future crises. His delegation agreed that the present meeting should send a clear message of alarm to neo-protectionist agents that might try to take advantage of the present difficulties that many countries were going through. The launching of the preparatory work for a new round of negotiations should be seen in a complete and real dimension. Members had to be very clear as to the context in which they operated and the content with which they wanted to imbue the round. His delegation also believed that future negotiations should be broad in scope to encompass the greatest number of options within a schedule which should have as its basis already established commitments. Flexibility in the process would be important. Members would need to discuss also the issue of implementation. A clear-cut inventory of the difficulties that developing countries had encountered in implementing their commitments should be analyzed in depth, and the necessary time allowed to ensure that the real sources of the difficulties being faced could be determined and thereby solutions found. Furthermore, the obligation of maintaining the existing commitments undertaken by all in the WTO should continue to be a first priority. The issue of market access, for example in sectors of essential interest for developing countries, was particularly important. Developed countries should understand the aspirations of the poorer and the less important countries in the trading system. His delegation fully supported the calendar of meetings proposed by the Chairman, and stressed the need to show the necessary flexibility that would ensure sufficient time was allowed for the discussion of the first parts of the mandate set out in the Ministerial Declaration. Members should also be flexible as to the time-frame to enable them to comply with the recommendations in the Ministerial Declaration.

The representative of Israel said that his delegation shared many of the views that had already been expressed and would focus in his statement on points that were of greater importance to his delegation. Israel supported a comprehensive trade round that allowed for trade-offs between different sectors and areas and, as such, provided mutual benefits to all Members. Israel attached great importance to the built-in agenda, in particular to the mandated negotiations concerning further liberalization in the services sector. Israel also supported further negotiations on the traditional issues, i.e. the reduction of duties on industrial goods as well as the removal of non-tariff barriers. However, the time was right for Members to launch a process of negotiations on other issues as well. Israel attached importance to issues that were part of the Singapore Ministerial Declaration, particularly to transparency in government procurement. All Members stood to gain from greater access to public tenders. His delegation encouraged Members to positively consider the possibility of joining the Agreement on Government Procurement. Israel also affirmed its support for all efforts to simplify customs procedures and other procedural and bureaucratic issues under the framework of trade facilitation. Regarding electronic commerce, his delegation welcomed and supported the

development of the proposed work programme. His delegation supported the Chairman's proposal with regard to the organization of work, and would accept any adjustments that were necessary to satisfy all Members.

The representative of the Dominican Republic said that one of the necessary conditions for overcoming the effects of financial crises such as the one being experienced at present was a reinforced, fair and effective multilateral trading system that was able to prevail over unilateralism and protectionism. His delegation believed, like Brazil and India, that the treatment of topics in the preparatory phase was implicit in the order in which they were presented in paragraph 9 of the Ministerial Declaration. In particular, implementation issues had focused until now on evaluating compliance of developing countries with their obligations. Little or no attention had been paid to compliance by developed countries, or to how they had exercised their rights, especially in agriculture, textiles and clothing, and special and differential treatment. His delegation was concerned also that although GATS Articles IV and XIX were pending application since being negotiated, Members were already proposing new negotiating topics which would erode the integrity and equilibrium inherent in the GATS. The consequences would be that the scope of the GATS would be limited to the coverage of certain aspects of cross-border services trade. For these and other reasons, his delegation joined Egypt in requesting that the topics under paragraph 9(a)(i) of the Ministerial Declaration receive continuous attention through the preparatory process leading to the Third Ministerial Conference. For that reason, these topics had to be included on the agenda of all forthcoming meetings. As regards the launch of a new round of negotiations, his delegation agreed with other delegations that had commented about the built-in agenda. The work already mandated on services and agriculture should not affect the preparatory process. Most of the objectives presented for agriculture by the Cairns Group were adequate for balanced results. In services, the mandate of Article XIX should be implemented fully, and should lead to concrete results in sectors in which little change in the status quo had been seen during the current century, such as in maritime transport. The possibility should also be explored of bringing air transport under the scope of the GATS, given that all could clearly see the effects of the growing number of "open skies" agreements signed after the conclusion of the Uruguay Round. The consideration of this topic would be crucial for the increased liberalization in tourism trade, which was one of the rare sectors in which there was a surplus for developing countries. The increased participation of developing countries in services trade required the elimination of barriers to access to transport networks and distribution systems. Among these, the Dominican Republic placed priority on the distortions present in world air transport networks, most of which were distortions to competition, with a palpable effect on the capacity of developing countries to attract tourists on regular flights. He agreed with Members who had proposed further discussion on the rules in WTO Agreements that covered regional integration agreements or free-trade areas. The Dominican Republic was concerned that new integration agreements were being proposed for negotiation which would, in theory, be WTO-plus agreements, but to which only certain provisions of the WTO Agreements were applicable. His delegation believed that any WTO-plus agreements should take into account not only the rules and disciplines but also the rights and obligations of Members of the WTO. The debate on regional integration should also analyze certain aspects that demanded deeper consideration, such as the effects of rules of origin and trade remedies, which had not been disciplined effectively even with the clear provisions of GATT Article XXIV. The application of GATS Article V was also unsatisfactory.

Regarding the work programme initiated at Singapore, his delegation sympathised with the arguments presented by Community on competition policy. The Working Group on this subject should continue its work under the present mandate, even after having prepared its report at the end of November. The Group should further explore the relationship between trade and competition, focusing on trade in services. This topic had not been examined deeply, for most of the attention had been focused on the relationship between trade in goods and competition, given the anti-competitive effects of trade remedies. For his delegation, competition policy in the WTO was one of the topics that deserved consideration in the quest for a balanced result of any new round of multilateral trade negotiations. Members should take into account the precedent created by the TRIPS Agreement.

Since 1992, when negotiations for this Agreement had been concluded, not all countries had been in a position to present their laws and institutions in conformity with the minimum standards of the Agreement. The solution was to provide for a transition period, and in this fashion ensure the eventual enforcement of the commitments to protect these rights under the rules of multilateral trade. A negotiation on competition policy could lead to a similar result: minimum standards; legal, procedural and cooperation issues; and transition periods for the legal and institutional work required for enforcement at the national level. Therefore, in the same manner that negotiations for a comprehensive single undertaking Free-Trade Area of the Americas (FTAA) had been launched in April 1998, Members could launch new WTO negotiations at the next Ministerial Conference. This would avoid sectoral or single-issue negotiations that would further unbalance the multilateral system against developing countries, as well as the consideration of other non trade-related topics such as labour standards and the environment. The preparatory process might be managed in informal meetings by the General Council, if and only if there was no repetition of the exclusion that a majority of Members had experienced at the Singapore Ministerial Conference. Finally, the work programme of meetings proposed by the Chairman for the rest of 1998 was adequate, although it would be necessary to hold a fourth meeting by mid-January 1999 and a second Special Session of the General Council towards the end of February.

The Chairman recalled that at the beginning of the present discussion, he had reminded delegations that Ministers in their Declaration had decided that a process would be established under the direction of the General Council to ensure full and faithful implementation of existing agreements and to prepare for the Third Session of the Ministerial Conference. He believed that an important start to the process had been made at the present meeting. Having listened to the debate, he drew the conclusion that this task was even more important at the present time because of the deterioration in international economic conditions. Many delegations had spoken of the need in these circumstances to resist protectionism and to proceed expeditiously with the full and faithful implementation of the WTO Agreements, and to maintain the momentum towards further trade liberalization which would be of benefit to all Members. Delegations had also made the point that such efforts would make a positive contribution to alleviating the crisis. Some delegations had already begun to talk of their aspirations for the Third Ministerial Conference, and many had indicated their intention to set out their views or to make proposals in the coming months. The inputs and the proposals from delegations would drive the work forward. The view had also been reaffirmed that all of this work should be under the clear direction and control of the General Council. He proposed that the General Council suspend its formal meeting to allow for further consultations to be held on the question of the organization of future work.

The General Council so agreed.

Upon resumption of the meeting, the Chairman drew attention to the following proposed schedule of formal and informal meetings of the General Council for the coming months:

26 [and 27] October 1998	Suggested Focus: Issues and proposals relating to paragraph 9(a)(i) of the Ministerial Declaration
23 [and 24] November 1998	Suggested Focus: Issues and proposals relating to paragraphs 9(a)(ii) and (iii) of the Ministerial Declaration
14 [and 16] December 1998	Suggested Focus: Issues and proposals relating to paragraph 9(c) of the Ministerial Declaration
Third week of January 1999	Suggested Focus: Issues and proposals relating to paragraphs 9(b) and 9(d) of the Ministerial Declaration, and the organization of future work

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It would be understood that once an issue had been raised in the informal meetings, delegations would have the possibility of returning to it at subsequent meetings. In particular, it would be useful to consider the meeting in December as an opportunity for delegations to be able to return to the issues that had been raised in earlier meetings under paragraph 9(a).

The representative of Argentina recalled a suggestion made by the Chairman in informal consultations that when Members in successive meetings revisited items discussed at an earlier meeting, they should do so only after the conclusion of the discussion on the item that was the focus of that particular meeting.

The representative of Pakistan said that while the point raised by Argentina might be a logical way of proceeding, Members should perhaps not tie themselves down too rigidly into compartments, since some of the issues in paragraph 9(a) might have implications also for subsequent discussions on other items. His delegation would be comfortable with the suggested organization of work as initially proposed by the Chairman, without seeking to constrain future discussions in any way.

The representative of Egypt said that implementation was an ongoing business, and should be taken up at all the informal meetings of the General Council. If the understanding read out by the Chairman was not shared by all, then it should be made clear. There should be equal treatment for implementation issues and all the other issues that would be dealt with in the coming meetings. Implementation encompassed a number of issues and, as his delegation had indicated on earlier occasions, Egypt intended to submit papers reflecting its concerns and preoccupations in this area throughout the forthcoming preparatory process for the Third Ministerial Conference. If this understanding was shared by all, his delegation could agree to the proposal made by the Chairman.

The representative of Australia said that Members should not spend valuable time debating this procedural matter. There was no question that all issues would be taken up and treated equally. It was common practice at meetings to take up first issues first before going on to other matters, and there was therefore no question of equal or unequal treatment,. Argentina's point was a useful one, and it was important that Members set themselves specific tasks to be completed at the forthcoming meetings before taking up other matters.

The Chairman suggested that the understanding be left the way that he had suggested it. The additional comments would be reflected in the record of the meeting and would serve as a useful reminder to the Chairman of the matters he would need to keep in mind as the organization of each meeting was planned. He would also wish to be in touch with delegations before those meetings to have some idea of the issues that they wished to raise. It was important to recognize that Members would need to address all of the issues that they felt needed to be raised at these meetings.

The representative of Venezuela said that the issue of implementation was of importance to his delegation, and asked if the Chairman could give some indication of how the discussion scheduled for 26 October might be organized so as to ensure the best possible progress on this subject. This would help avoid delegations making statements at that meeting without a general theme.

The Chairman said this was something that delegations themselves would need to reflect on as they prepared for the meeting. He could certainly sound out delegations to see if there was a desire to hold consultations on how to organize the discussion at the forthcoming meetings, although he noted that the agenda for October was already very busy. Delegations had of course been given some guidance in the Ministerial Declaration, as also in the WTO Agreements themselves. Additional guidance could also be found in the discussion that had been held on the present Agenda items, in which many delegations had raised a considerable number of points with regard to implementation issues. It would be useful if the Secretariat could have the record of the discussions on these items

ready as soon as possible so that delegations would have the benefit of being able to look at precisely what had been said. This would be important in terms of permitting delegations to prepare properly for the discussion. He believed, furthermore, that the discussion would also certainly be driven by the consensus among delegations on these issues and the proposals that were put forward.

The General Council took note of the statements and agreed to the organization of work as proposed by the Chairman, including the understanding thereon read out by him.

### **3. Date of the Third Session of the Ministerial Conference**

The Chairman recalled that at the 1998 Ministerial Conference, Ministers had agreed to accept the offer from the government of the United States to host the Third session, and had invited the General Council to determine the date and duration of that session.

The representative of the United States said that having reviewed a number of options and having consulted with a considerable number of cities that had offered to host the Third session, her delegation proposed that the General Council agree at the present meeting that the next session of the Ministerial Conference be held from 30 November- 3 December 1999. Her delegation hoped to be in a position to notify the General Council of the city in which the meeting would be held within the next few weeks.

The representative of Egypt said that his delegation had noted the dates proposed by the United States. As his delegation had stated on earlier occasions, it was Egypt's understanding that the Ministerial Conference should be held every two years and therefore that the Third Ministerial Conference should be held in the year 2000. If that date were to be advanced to November-December 1999 with the intention of launching a new round of comprehensive trade negotiations, he wished to underline that Members had not by any means agreed as yet to launch any new multilateral trade negotiations. Egypt had always stressed the importance of implementation of existing commitments before acting on any new issues, and this needed to be kept in mind. His delegation wished to make this point very clear for the record, and wished to reflect on the convenience of the dates proposed by the United States in the light of the engagements of delegations relating to other international events or conferences that might be held at that time.

The Chairman proposed that the General Council take note of the statements and agree to revert to this matter at an early opportunity with a view to finalizing agreement on the date of the Third session of the Ministerial Conference.

The General Council so agreed.

### **4. Work programme on electronic commerce**

The Chairman recalled that the Ministerial Declaration on global electronic commerce required the General Council to establish a comprehensive work programme to examine all trade-related issues relating to global electronic commerce, including those issues identified by Members. This was to be done by the time of the present meeting of the General Council in Special Session. The General Council was also required to report on the progress of this work, with any recommendations for action, to the Third session of the Ministerial Conference. The Declaration also stipulated that the work programme would involve the relevant WTO bodies, take into account the economic, financial and development needs of developing countries, and recognize that work was also being undertaken in other international fora. He recalled that Members had had considerable discussion on this matter since the adoption of the Ministerial Declaration. On the basis of informal open-ended consultations that had been held over the past two months, a draft comprehensive work

programme had recently been circulated to delegations for their consideration as document no. 5099, dated 23 September 1998. With regard to the penultimate sentence of paragraph 1. 1 of the draft work programme as contained in that document, which read "Further issues may be taken up at the request of Members by any of these bodies", he wished to make clear for the record his understanding that the words "request of Members" meant request of any Member.

The representative of the United States thanked delegations for their contribution to finalizing this work programme so that part of the mandate in the May Ministerial Declaration on electronic commerce could be carried out. The United States looked forward to the work ahead and to the educational process and any resulting recommendations and report required for the 1999 Ministerial meeting. The work programme outline and the Declaration itself would guide Members into discussions that would examine the trade and WTO relevancy of issues identified in the illustrative lists and of others that might arise in the course of discussions. The Declaration also charged Members to take into account the work already underway within the competence of other organizations. There were many important issues of domestic and international proportion that the WTO need not be tasked with, but which were significant for all countries. Many of these issues were being expeditiously and diligently handled by other competent organizations, and the contributions of those organizations would assist Members and would complete the evolving picture of global electronic commerce. The invaluable contribution of the private sector would also be needed in order to learn more about electronic commerce and how to enhance trade benefits. The work programme acknowledged the need for private sector involvement. As provided in the Declaration, the needs of developing countries would also be a major focus. Without the necessary discussion and examination of trade-relevant issues in development and the active participation of developing countries, the growth and scope of electronic commerce would not be global. It was the United States' goal in the WTO to pursue initiatives that the entire membership would accept. Some developing countries were already very active in electronic commerce. The United States looked forward to enhanced participation by those countries and the inclusion of others. The work programme would reveal more of the ideas expressed in the April Secretariat report that electronic commerce would facilitate greater development and trade access for developing countries. Her government intended to launch an Internet Economic Development Initiative, which would include development assistance to accelerate the role of the Internet in developing countries. The United States expected that any examination and consideration of electronic commerce during the work programme would result in the promotion of its growth. Any commitments and rules should only encourage its expansion, not burden the remarkable growth already seen. Without prejudging the outcome of the work programme, her delegation noted that the Declaration contained a separate mandate to examine the continuation of the commitment not to impose customs duties on electronic transmissions. That commitment sent the right message to industry and consumers as the 21st century approached, and encouraged the benefits and expansion of electronic commerce for all participants.

The representative of the Dominican Republic said that the work reflected in the draft work programme was considerable as a result of the Uruguay Round negotiations, and that the subject-matter was sufficiently rich for Members to be in a position to deal efficiently with the issue of electronic commerce. A number of issues related to electronic trade should be the subject of further negotiations, such as issues relating to intellectual property and new negotiations if necessary. Members were dealing with a new product of digital information which might require a new agreement unless it could be covered under the terms of the existing Agreement on Trade in Services.

The representative of Norway said that his delegation attached great importance to the initiation of work in the context of the WTO on issues related to electronic commerce. The adoption of the work programme was an important step. It showed that the WTO was able in a timely fashion to respond to the challenges posed by technological developments in world trade. The WTO's engagement in the field of electronic commerce would also contribute to its legitimacy in the eyes of public opinion and as such should be helpful in demystifying the WTO's work, which was politically so important. The work programme would to a large extent leave it to the subsidiary bodies to

determine how to manage their work. Considerable resources could be spent on this work programme, both by the Secretariat and by delegations. Norway, for its part, intended to follow actively and, to contribute to the discussion on electronic commerce in the different WTO fora. However, Norway cautioned that the resources spent on this process had to be seen in the context of other aspects of the work of the subsidiary bodies in question.

The representative of Japan said that his delegation supported adoption of the draft work programme. Members were now starting intensive efforts as follow-up the Ministers' instructions in the May Ministerial Declaration. While most of the technological developments that had so dramatically changed many aspects of life had occurred in the private sector, the government sector as well should create an appropriate environment for electronic commerce. The WTO had an important role to play in encouraging activities in the private sector in an unrestricted trading environment. Its work should be carefully defined in order to avoid duplication of work being done by other international organizations. A balanced approach was necessary between the comprehensive nature of the work and the efficient management of the process. The main job was to look extensively for issues which had a significant impact on trade. Given the time-frame of this work programme, extraordinary efforts would be necessary to meet the deadline which was only ten months away. None of these efforts should lead to a downgrading of the existing WTO framework. There were many aspects of electronic commerce where the existing WTO framework already applied, and the values protected by that framework should be retained. In this context, the following three issues should be addressed: (i) were there any elements missing in the WTO framework that were necessary to address identified issues? (ii) if so, was it the role of the WTO to address those issues? (iii) if so, what were the options to pursue? Since most electronic commerce activities were being initiated in the private sector, close contact with the non-governmental sector should be maintained; this was mentioned in the work programme. It was essential to find out what was happening in the business community and to identify the role of the WTO. Japan supported informal contacts between the WTO and the private sector.

The representative of Indonesia, speaking on behalf of the ASEAN Members, said that these countries had no major difficulty with the work programme as currently drafted. The work programme would be a guideline for carrying out the mandate of Ministers. It was not exhaustive and could be supplemented in the course of deliberations. He then presented the ASEAN Members' views as well as their understanding of various points in the work programme. While the latter had broadly described the central role of the General Council and what should be done by its subsidiary bodies, it had also reflected the need for particular issues, such as customs duties, to be discussed in the General Council as well as in its subsidiary bodies. It was expected that the economic, financial, and development needs of developing countries would be taken into consideration in all aspects of the discussion of electronic commerce and in all bodies of the WTO. The ASEAN Members understood that the definition of electronic commerce in the work programme was exclusively to provide a common parameter in order to guide the deliberations. As the process of examination of electronic commerce proceeded, it might be necessary to provide further precision to the definition. There was also a need to involve other intergovernmental organizations, such as UNCTAD, in examining the issues. Their input could provide information on activities undertaken in the respective IGOs, thus avoiding duplication of work. Interactions with the private sector should be on an informal basis through symposia, seminars, projects etc. The ASEAN Members hoped that it would be possible to discuss adequately and exhaustively the issues outlined in the work programme. Without a proper knowledge of the implications of electronic commerce for the future of developing countries, it would be difficult for them to participate actively in this field. They further hoped that issues of interest to developing countries, such as human resources development, transfer of technology and access to global infrastructure, as well as the impact of electronic commerce on developing countries' small and medium enterprises, would be adequately discussed.

The representative of Peru said that in the course of negotiations on the work programme his delegation had identified five general areas of agreement: (i) this was a complex matter which would

impact on trade practices and would have an increasing impact on international trade flows; (ii) electronic commerce was a consequence of new technologies, new information and communication data exchange, e-mail, and global networks. These new electronic media and means were producing radical changes in commercial transactions; (iii) there were very unequal levels of development in the technological capacity of various countries, which could be decisive in their capacity to make the best use of the development of electronic commerce. This specific aspect had been recognized in the Ministerial Declaration of 20 May 1998, which pointed to a number of financial and development inequalities among Members; (iv) Members had agreed to maintain for the time-being the current practice of not imposing customs duties on electronic transmissions; (v) the importance and urgency of agreeing on general rules within a work programme which should be both comprehensive and balanced. His delegation had taken part in a number of talks prior to the present meeting of the General Council, and had agreed on the need to focus on specific understandings which should be developed within the competent subsidiary organs of the WTO. In prior consultations each subsidiary organ had been assigned a number of specific issues within its competence. It was necessary, however, to take into account a number of general trends which by their very nature could not be discussed at a sectoral level, and in particular, the issue of the special situation of developing countries. This development aspect should be present wherever electronic commerce was discussed in the subsidiary organs. Developing countries and firms and enterprises of developing countries should be in a position to have access to electronic commerce in order to be able to benefit from the development in such commerce. Transparency was essential, and right from the start, the crucial issues of access to technologies which serve as a vehicle to electronic commerce, and the transfer of technologies with a view to improving developing countries' participation in electronic commerce should be examined. Another relevant aspect was the link-up between rules and disciplines which could be adopted with regard to electronic commerce and general commercial transactions. This should be viewed in the light of the general global objective of promoting a free, safe, transparent, mutually beneficial trading system. Firms and enterprises should be consulted, and this should be done within a national framework established through *ad hoc* seminars and events. One final aspect which required a global treatment and approach within the General Council was the legal regime applying to electronic commerce and the specific decisions that should be taken under the Marrakesh Agreement. Electronic commerce would not develop fully unless economic agents and business circles fully trusted the validity and mandatory nature of transactions. The identification of possible commercial partners through an open network, the integrity and security of information, the confidentiality of such information, the reliability of transaction mechanisms, the right of recourse in case of error or negligence, and the effect of transactions on third parties were all matters related to the legal dimension of electronic commerce. These issues gave rise to legal problems which should be resolved at a global level not only to create rules but also to make them compatible with the existing structures of the WTO. The General Council should provide the necessary means and arbitration mechanisms in order to ensure that these matters were dealt with globally and comprehensively, irrespective of developments in the subsidiary organs.

The representative of Cuba said that the work programme had been improved due to the initiative of a number of developing countries and that this was a positive development. Thus, Cuba would not oppose the consensus. However, from the time this issue had first been introduced in the WTO, Cuba had advocated the need to carry out in-depth studies, in view of the complexity and novelty of the subject, before this item was placed on the agenda of the WTO. It was vital to have a broad knowledge of the impact of this new means of world commerce before new rules and increased obligations were agreed, mainly for the sake of developing countries. Never before had a new subject been integrated so swiftly on the agenda of the WTO without prior studies. This was due in part to the quasi-monopolistic character of electronic trade, which conferred benefits to the major trade partners. For this reason, it was necessary to provide special modalities and special conditions for developing countries in order to ensure the balanced and fair development of this area of commerce. This implied the transfer of resources, technology and vocational training for developing countries, all of which should be agreed before new trade rules were agreed within the WTO. It was essential that the General Council carry out an ongoing review of the work programme about to be adopted, that it



play a steering role and that it establish priorities in this regard. It was also vital to keep a close watch on the process in order to ensure that developing countries benefited equally from this type of commerce. Access to telecommunication infrastructures, technology transfer and the development of human resources, which were issues covered in the work programme, were of major significance for developing countries. They should therefore be duly analyzed and channelled, amongst other routes, through technical cooperation. Once the implications of electronic commerce for trade and for the organization were known, WTO Members - especially the developing countries - would have to draw their own conclusions and to determine the benefit or otherwise of maintaining the standstill on customs duties on electronic transmissions. In this regard, Cuba fully supported the statements by the Dominican Republic and Peru.

The representative of India said that the draft work programme underscored not only the complexity of the issues that govern electronic commerce but also the broad spectrum of expectations of WTO Members from the exploratory and information-seeking phase being undertaken. India considered the following issues, among others, to be important. First, every facet of electronic commerce should be addressed thoroughly and with full and effective participation of all WTO Members. The work programme covered issues which had been listed as well as issues that might emerge during the conduct of the examination. Second, the Ministerial Declaration explicitly enjoined Members to take into account the economic, financial, and development needs of developing countries. This emphasized that these countries faced serious resource constraints, both human and financial, which had to be addressed when the work programme was executed. It also reiterated that the work programme had to examine how the growing importance of electronic commerce in the conduct of international trade would impact on the trade and development opportunities of developing countries, as well as the role electronic commerce would play in the development process itself. The work programme also had to pay equal regard to the revenue and other fiscal implications of electronic commerce for developing countries. This implied in particular, first, that the work programme had to spell out ways and means of enhancing the participation of developing countries in electronic commerce, and second, that it had to ensure that market access and trade opportunities of developing countries were not eroded due to the substitution of traditional means of conducting commerce with electronic means. Third, issues in the work programme, such as the examination of customs duties on electronic transmissions, that were *prima facie* cross-cutting in nature, should not be fragmented for consideration by different subsidiary bodies, but should be examined in the General Council itself, which had the necessary competence as well as the mandate to seek relevant inputs from subsidiary bodies. This was important to maintaining cohesion and direction in the examination process and would facilitate the participation of small delegations in these discussions. Fourth, policy challenges, as outlined in Chapter 5 of the March 1998 WTO publication on global electronic commerce, should be an integral part of the work on this subject. Fifth, issues related to intellectual property and the ability of developing countries to ensure the participation of domestic constituents in global electronic commerce were inextricably linked. There was an urgent need for developing countries to have a modern infrastructure in place if they were to reap any benefit from electronic commerce. In addition, there were implications for unrestricted access to technologies, including state-of-the-art encryption technologies, on fair and reasonable terms, as well as to products and equipment related to electronic commerce, including high-performance and sophisticated computing systems. Such access to infrastructure, including the Internet, and transfer of technologies, whether or not embodied in products, were key elements in the study process. India would raise the issue of transfer of technology in this context, and would address this issue with specific reference to paragraph 4.1 of the work programme. The manner in which standards would be established and administered would be equally germane. Therefore, it was appropriate that these aspects be studied by the TRIPs Council as well as the Committee on Trade and Development as set out in the work programme. His delegation understood that the draft work programme would enable WTO Members to deal with all the issues relevant to electronic commerce, including those just referred to. In the light of this, India agreed to the adoption of the draft work programme.

The representative of Uruguay said that the draft work programme significantly improved the text of the original draft, and represented a proper framework for the work on this subject. Uruguay supported the work programme and wanted to highlight three factors which were important for carrying out these activities: (i) the particular importance in all this work of economic, financial and development needs of developing countries; (ii) the need to bear in mind fully the work that had already been done or was being done by other international organizations; and (iii) clarification that the definition of electronic commerce to be used was not a legal and definitive definition, but merely a working definition that would be used as a basis on which to begin the studies and that would probably be a theme of great importance in future discussions.

The representative of Egypt said that the views his delegation had expressed in both formal and informal meetings had been reflected in a balanced manner in the draft work programme. Egypt shared many of the views expressed at the present meeting, and felt that Members were embarking on the right track for fulfilling the mandate in the May Ministerial Declaration on global electronic commerce. The needs of the developing countries - whether economic, financial or development - had to be taken into consideration, as reflected in the work programme, and the development perspective should be observed throughout the work to be undertaken by the various bodies. The contribution of other international organizations should be taken fully into consideration within the mandate of each one, in particular UNCTAD, ITC, ITU and WIPO. The ITC role was extremely important in view of the need for input from civil society and the non-governmental organizations. This input should be in a framework of seminars or workshops financed through extra-budgetary resources. The enhancing of the participation of developing countries in electronic commerce should be effected through the transfer of technology and the improvement of access to infrastructure. Another important issue to bear in mind was the movement of natural persons.

The representative of Argentina said that his delegation fully supported the draft work programme. Argentina attached great importance to the discussion of this matter in the WTO and at all times had highlighted the need to go into more detail in its study. In his delegation's view the work programme as submitted was satisfactory, and covered many of Argentina's expectations for this first stage of study. The objectives of this work had been clearly set out in the Ministerial Declaration in May 1998, and the purpose of the work programme was not to rewrite that declaration, but rather to implement the study process that Ministers had agreed upon. The work programme should be, and was, flexible. Overly ambitious objectives for this first stage should be avoided. The wording of issues in a neutral way, without prejudging the outcomes of the studies, would enable Members to tackle each of them from all facets. He emphasized that this was an illustrative list on issues which, due to their very nature, did not rule out the consideration of any other issue. Other issues could be included or existing ones debated as the analysis proceeded and knowledge of the nature of electronic commerce expanded. He emphasized that the analysis of the issues contained in the illustrative list as well as the inclusion of new issues should be in line with precise criteria which should be exclusively aspects of electronic commerce connected with trade. Regarding the definition of electronic commerce agreed upon for the work programme, this was a first working definition, which should be adopted without prejudice to the results of future studies or to what was finally adopted as the definitive definition of electronic commerce.

The representative of Pakistan said that the draft work programme was well balanced and reflected many of Pakistan's concerns, and his delegation supported its adoption. However, it was Pakistan's understanding the Committee on Trade and Development, while examining the financial implications of electronic commerce, would cover the entire spectrum of fiscal implications, including the revenue impact on developing countries.

The representative of Uganda said that his delegation could support the work programme and expected the various Committees to deal with the developmental aspect in their examination of the issues related to electronic commerce. Uganda expected the Committee on Trade and Development to take into account particular programmes of the least-developed countries, and hoped that the Sub-

Committee of the Least-developed Countries would also examine this issue and integrate it into the programmes for these countries. The process being undertaken was essentially one of education, at the end of which Members would know the challenges and opportunities electronic commerce presented and how existing provisions covered electronic commerce, and would be able to assess whether there was a need for change. For the least-developed countries, the essential infrastructure components required for electronic commerce were the necessary hardware and software as well as access to networks. Trade in digital form on the Internet mixed the traditional roles of goods and services and could blur the distinction between them. This presented challenges for cross-border regulatory provisions and monitoring. Another important point for developing countries was how to determine where a transaction had actually taken place. Further, the cost of the infrastructure for electronic commerce could be an important barrier to export expansion and could make for an unlevel playing field. These were some of the issues Uganda hoped could be examined in terms of the development dimension.

The representative of Israel said that by developing a comprehensive work programme on electronic commerce the WTO had demonstrated its ability to respond quickly and efficiently to new challenges facing the international trading community. Israel attached great importance to this issue.

The representative of Brazil recalled that his delegation had been very active in the informal discussions that had led to the draft work programme. Brazil welcomed and supported adoption of the work programme which would help Members to deal with this complex issue.

The representative of Jamaica recalled that his delegations had made a specific set of proposals in a written document. A number of these had been taken into account in the draft work programme. He emphasized that in the informal consultations, Jamaica had indicated that Members should look at all of the activities in all of the WTO bodies. Jamaica's proposals had referred to the Information Technology Agreement (ITA), because technology was essential to any efficient global electronic commerce. Jamaica had also suggested the plurilateral Agreements should be examined to the extent that some of them, such as the Agreement on Government Procurement, covered a significant exchange of services or goods via the Internet. These elements had not been reflected in the draft work programme. However, Jamaica trusted that since the plurilateral Agreements and the ITA were all integral parts of the WTO, the issues that turned up in those Agreements would not be overlooked. He said that the WTO was now a comprehensive trade investment, intellectual property, services organization with a powerful dispute settlement mechanism. He hoped that in the process of elaborating on the work programme Members would not lose sight of the fact that this was a process which might lead to the drafting of rules and thence to disputes which would be subject to the Dispute Settlement Understanding.

The representative of Colombia said that his delegation had consistently supported adoption of the text which had become the Ministerial Declaration as well as the work programme under discussion. This work programme was well balanced and would allow Members, both in Geneva and in capitals, to work on a suitable schedule. His government had worked intensively on this issue and a draft bill was under review. It was essential that issues such as development of basic infrastructures for electronic commerce be duly dealt with.

The General Council took note of the statements and adopted the Work Programme on Electronic Commerce in document Job. No. 5099 dated 23 September 1998 with the understanding that the Chairman had proposed at the outset of the discussion on this item.

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