

**General Council
Special Session
25 February 1999**

MINUTES OF MEETING

Held in the Centre William Rappard
on 25 February 1999

Chairman: Mr. A. Mchumo (Tanzania)

Subject discussed: Preparations for the 1999 Ministerial Conference

- (a) Report on work done since the September 1998 Special Session
- (b) Further discussion of substantive issues arising from the Ministerial Declaration of May 1998, including proposals by Members
- (c) Organization of further work on these issues, including:
 - Schedule of meetings of the General Council in pursuance of the process decided by the Ministerial Declaration
 - Arrangements for work between formal sessions of the General Council, including for informal consultations

1. The Chairman said that, as he had indicated to delegations in a communication earlier that week, he wished to propose that the General Council take up sub-items (a), (b) and (c) of the Agenda together in order to help in the efficient conduct of business at the present meeting. He recalled that in the Ministerial Declaration of May 1998, 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 had 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. At its Special Session in September, the General Council had established a schedule of informal intersessional meetings, culminating in the present Special Session, to begin the substantive preparations for the third Session of the Ministerial Conference. Those meetings had been chaired by his predecessor, Mr. John Weekes.

2. With regard to the organization of future work in the preparatory process, he proposed, on the basis of consultations that had been held, the following indicative schedule of formal and informal meetings for the second phase, covering the period March to July:

24 and 26 March	General Council Special Session: Suggested focus – Proposals on paragraph 9(a) of the Ministerial Declaration
12-13 April	Informal meeting
22-23 April	General Council Special Session: Suggested focus – Proposals on paragraphs 9(b)-9(d) of the Ministerial Declaration
3-4 May	Informal meeting
20-21 May	General Council Special Session: Suggested focus – Further discussion of proposals on paragraphs 9(a)-9(d) of the Ministerial Declaration
7-8 June	Informal meeting
21-22 June	General Council Special Session: Suggested focus – Proposals on paragraph 10 of the Ministerial Declaration
6-7 July	Informal meeting
9 July	General Council Special Session: Suggested focus – Further discussion of proposals on paragraphs 9 and 10 of the Ministerial Declaration
28-29 July	General Council Special Session: Suggested focus – Further discussion of proposals on paragraph 9 and 10, and the organization of future work

3. This indicative programme would establish a basic rhythm of regular monthly formal meetings followed by informal intersessional meetings, with an additional formal meeting foreseen for early July. The number of days devoted to each meeting, as well as the number of informal meetings, were indicative and would clearly depend on the nature and extent of the issues taken up at each meeting. The General Council needed a process that was structured yet flexible, and this proposal set out the basis for such a process. The proposed monthly formal meetings would allow for the discussion and tabling of specific proposals relating to all of paragraphs 9 and 10 of the May 1998 Ministerial Declaration, with a specific focus proposed for each meeting, it being understood that delegations would have the right to revert to any of these issues at any meeting. Due attention would also need to be given, at the appropriate time, to the question of evaluation of implementation of individual agreements that Ministers were to further pursue at the third Session, pursuant to paragraph 8 of the Ministerial Declaration. There was sufficient flexibility in the proposed structure to allow the General Council to revert to the organization of the preparatory work, as well as to take up at the appropriate time organizational matters relating to the Ministerial Conference. This indicative programme might of course be reviewed, and if necessary modified, by the General Council in the light of developments. Every effort would be made in the future schedule to minimize the burden on delegations, especially small delegations, and to avoid clashes with major meetings of other international organizations to the extent possible. However, as delegations would recognize, some clashes with other meetings might become inevitable.

4. Mr. Weekes (Canada), outgoing Chairman of the General Council, reporting on the work done since the September 1998 Special Session, recalled that as agreed by the General Council in September, a series of monthly informal intersessional meetings of the General Council had been held to begin the substantive preparations for the third Session. At these meetings, held on 26-27 October,

23-24 November, and 14 and 16 December 1998, and on 27 January and 2 February 1999, Members had pursued a discussion of the issues identified in paragraph 9 of the Ministerial Declaration. These meetings, taken together, could be seen as constituting the first phase of the preparatory process, which could be considered to conclude with the present meeting. In the course of this phase, a large number of issue papers had been submitted by delegations for circulation as working documents. In addition, various informal papers, such as speaking notes, had been distributed by Members at the intersessional meetings. Following each meeting, the Secretariat had prepared and circulated as informal documents under its own responsibility checklists of issues raised by delegations pertaining to the items discussed at the meeting in question.¹ During the course of the discussions, a number of requests had been made by delegations for the Secretariat to undertake work of various kinds in support of the preparatory process. An initial list of these requests had been circulated on 3 December 1998 (Job No. 6680), and a compilation of the work already under way in relation to these requests had been circulated to Members on 23 December 1998 (Job No. 7119). He understood that the Secretariat was actively pursuing the updating and, where possible, extension of the work outlined in that informal document, and the General Council should encourage it to do so. Such work could play an important part in helping to prepare for the review of implementation of individual agreements which Ministers had agreed in paragraph 8 of the Ministerial Declaration.

5. As to the substance of the discussions, the Secretariat's checklists provided a useful picture of the range of concerns and priorities that delegations had expressed during these meetings. This had essentially been a process of issue identification, as a basis for the more focused and specific work that should follow. He believed the General Council could judge this first phase to have been successful. Members now had a more comprehensive and detailed understanding of the issues that needed to be taken into account as they moved towards a draft text for the Ministerial Conference in Seattle, and possible approaches for handling various issues had also been suggested. He had been impressed by the effort and commitment that Members had brought to the process. The well-thought-out, detailed and constructive contributions that had characterized it were a welcome sign for the future. He wished to thank delegations for responding positively to his calls for coming forward with specific issues, concerns and proposals, and for the respect and openness of mind that Members had shown towards each others' points of view. Both of these elements would be even more important in the phases ahead. In the two previous informal intersessional meetings, delegations had begun to discuss the organization of future work in the preparatory process, a subject which the present Chairman had subsequently taken up. In concluding, he wished to highlight two points which had clearly arisen from the discussions: first, that the next phase should be driven by proposals from Members concerning possible recommendations to Ministers; and second, that the process should be both flexible and interactive.

6. The representative of New Zealand said that much useful information had come forward over the past five months, and that the challenge now was to build on the good start and intensify work in preparing for Seattle. The programme of meetings proposed by the Chairman provided a good basis for this, particularly the balance between formal and informal meetings. He wished to note the need to retain some flexibility, so that Members could meet more frequently in informal meetings if that turned out to be necessary. As many had underlined, the second phase should be proposal-driven, including in relation to the important area of implementation, which needed to be fully and carefully addressed. Proposals should be concise and precise, and be expressed as negotiating objectives. All should have the opportunity throughout the second phase to explain proposals and have them explained. His delegation looked to the Chairman to take an active role in shaping, in particular, the informal meetings so that this might be achieved. He stressed the importance of all Members using the second phase period to develop and elaborate negotiating proposals so that before the summer break one had the fullest idea possible of the scope of the future work programme and had begun to develop thoughts on the structure and time-frames for the negotiations. New Zealand supported the suggestion of a paper being prepared before the summer break on the state of preparations. There was

¹ Circulated as the following Job No. documents: 6155, 7095, 7123, 434, 441, 920, 1023.

also value in the Secretariat, working with the Chairman, to maintain, perhaps from the May formal General Council meeting forward, a type of "rolling compilation" of Members' proposals, so that Members could assess on an ongoing basis where the preparatory process was at, particularly in relation to the end goal. It would be natural to have a cut-off date for the submission of new proposals. The appropriate date for such a cut-off would be shortly after the summer break, i.e. mid to late September, so that all could have a chance to reflect on the totality of the proposals tabled during the second phase. Finally, on the content of the future work programme, New Zealand's preliminary views on many of the issues would be clear from the statements it had made throughout the first phase. While New Zealand supported a broad-based negotiation, at the present meeting he would simply reiterate the importance it attached to the mandated negotiations in agriculture and services. New Zealand also saw a strong need for negotiations on industrial tariffs, and noted the positive contribution that the APEC Accelerated Tariff Liberalization initiative could make in this regard. He recalled that his delegation had recently circulated a communication on this matter (WT/GC/W/138).

7. The representative of Uruguay recalled that at earlier meetings, his delegation had suggested that the implementation issues raised be classified in some way in order to contribute to a more productive and effective discussion on this subject. Uruguay's objective had been to try and make a clear distinction between the issues relating to implementation of existing agreements and decisions, under which Members already had rights and obligations, and other issues that might possibly require amendments to texts and which could also be the subject of future negotiations. His delegation had suggested the following classification: (i) issues which could be resolved immediately through already existing WTO procedures and mechanisms; (ii) issues which could be resolved through an interpretation by the General Council; and (iii) issues which should be included in the future agenda, including the negotiations due to start at the end of 1999 and the beginning of 2000. His delegation had already undertaken an exercise along these lines, which had resulted in a first draft outline of this work, and had subsequently been consulting on this matter with a number of other delegations. If the results of these consultations, which were not over yet, indicated that there was a positive outlook on the suggested methodology, his delegation would be prepared to present this document to the General Council. However, if Uruguay's suggested methodology met resistance and objections from other delegations, it would leave the matter pending and would not insist upon it. His delegation's only objective was to try to make progress on this matter, which it felt was of great importance. As to the organization of further work, Uruguay agreed with the Chairman's proposal, and considered that there should be a degree of flexibility insofar as informal meetings were concerned.

8. The representative of Norway said that his delegation largely agreed with the Chairman's proposal on the future organization of the preparatory process. The next phase should indeed be proposal-driven, and Members should be urged to present concrete, succinct proposals for elements to be included in recommendations to Ministers. His delegation also agreed to the idea of a target date for submission of proposals, at the end of which the Secretariat should draw up a list of the proposals presented. However, there should be some flexibility in this respect. His delegation agreed with New Zealand that there should be a formal cut-off date set for late September. He also wished to underline the importance of the proposals being geared towards establishing a text for a Ministerial Declaration, and not leading into a phase of pre-negotiation. Norway attached importance to the ongoing work in various subsidiary bodies, and expected that reports on this work would be presented to the General Council during the second phase, and that it would thus constitute part of the basis on which Members would make their recommendations. His delegation believed that the Punta del Este formula had worked well, and that it should be looked at before the Seattle Ministerial Conference. It was of crucial importance that the multilateral trading system prepare an agenda for the forthcoming negotiations that was broad enough to balance the interests of all, and which took into account the need to respond to the challenges of a rapidly changing international trading environment by delivering results in a reasonably short period. Increased transparency in multilateral trade policy formulation and due consideration of qualitative aspects of trade were also necessary to enhance legitimacy of the multilateral trading system. It had also to be recognized that WTO Members were at

different levels of development, and were thus able to draw the full benefits from open markets to a varying degree. The multilateral trading system should take due account of this fact through the elaboration and full implementation of relevant provisions for special and differential treatment, as well as through improved market access for LDCs and the efficient provision of technical assistance for both human resource development and capacity building at the domestic level. Without addressing this core challenge, the marginalization of LDCs in particular could not be countered and the cohesiveness of the organization would be at stake. In this context, Norway attached great importance to the upcoming high-level symposium on trade and development. The WTO's legitimacy also depended on its taking into account the more qualitative aspects of trade, including issues such as health, environment and consumer interests, rural development, and core labour standards. These issues were essential to public opinion as they affected everyday life.

9. In the next phase of the preparatory process, Members would continue the work with respect to the built-in agenda, as well as other possible negotiating topics. Through Article 20 of the Agriculture Agreement, Members were committed to initiating negotiations for continuing the agricultural reform process with the long-term objective of substantial progressive reductions in support and protection, taking into account all elements included in that Article. In particular, Norway was concerned that the special characteristics of its agricultural sector be understood and respected, including non-trade concerns such as food security, viability of rural areas and environmental considerations. The multifunctional role of the agricultural sector was of crucial importance to Norway and would, due to the difficult natural conditions in Norwegian agriculture, imply a need for special treatment on a permanent basis to be maintained. In this regard, he referred to his delegation's statement on this issue at the informal intersessional meeting on 27 January and 2 February. In the services area, he underlined that negotiations on maritime transport should resume from the commencement of the coming negotiations. With regard to trade and environment, he said that trade had environmental effects, while taking account of environmental concerns often also had trade effects. The challenge in the WTO was to ensure that the two policy areas were mutually supportive and legally consistent in order to promote the objective of sustainable development. It was fundamental that in the context of the upcoming negotiations environmental concerns be taken into account in all fields subject to negotiations. He expected and trusted that the upcoming high-level symposium on trade and environment would contribute to this end. Norway had been engaged domestically in a broad process of identification of its interests, including in areas outside the built-in agenda, covering such issues as market access for goods, including fish and fish products, electronic commerce, government procurement of goods and services, trade and environment, trade and competition, and trade and investment. Norway took a broad approach to the multilateral trade agenda for the next millennium. It believed that a comprehensive round of negotiations would be a way to achieve a balanced outcome to the benefit of all Members, and that the negotiations should deliver results within a reasonable time.

10. The representative of the European Communities said that the Community remained deeply committed to the launch of a comprehensive trade round the following year. If a single conclusion could be drawn from the informal intersessional meetings, it was that only a comprehensive approach could satisfy the wide range of priorities and concerns expressed by delegations. Many Members had joined the Community in advocating a comprehensive round and, like the Community, regarded it as the best possible way to deliver further trade liberalization to the benefit of all. Many Members had also called for a new round to be conducted as a single undertaking, which was indispensable for a truly multilateral approach. It had been tested by time and was the only way to guarantee benefits to all Members, as well as to improve the chances that the end result would be adopted by national parliaments. The Community had also detected growing support for new negotiations to be conducted and concluded in about three years.

11. The need for an approach encompassing a wide variety of interests had also emerged in the discussions on implementation as well as on the follow-up to the high-level meeting on LDCs. These discussions had highlighted the particular needs of developing countries in the WTO, which had

clearly not yet been fulfilled. Concerns had been expressed in the implementation debate about the lack of administrative means to implement certain commitments, and the need for substantially more assistance in building capacity or flexibility in transition periods. Many developing countries had also called for the provision of substantially better market-access opportunities. Some had also suggested that elements of the Uruguay Round package had proven to be imbalanced, and had called for re-balancing and a more operational form of special and differential treatment. These concerns deserved serious consideration. The Community, for its part, had committed itself to offering tariff-free treatment to essentially all products from LDCs, and had met that target with 99 per cent of LDC imports entering the Community duty free. The Community called on other developed countries to commit themselves to providing similar tariff-free treatment no later than the third Ministerial Conference. A decision at Seattle to do so would constitute a very important deliverable for many Members. A contribution by the more advanced developing countries would also be useful. The Community also suggested a specific, and qualitatively different, focus on capacity building, particularly for LDCs. Members should also develop ways to strengthen developing countries' capacity to use the dispute settlement mechanism. Interesting proposals had been made on a mechanism to provide legal advice to developing countries on dispute settlement. The Community had proposed strengthening the resources within the WTO Secretariat to provide legal assistance. It hoped that agreement could be reached as soon as possible, and certainly no later than the end of the year, on these proposals as a practical measure to assist developing countries' integration into the system and to improve the opportunities of these countries to derive further benefits from it.

12. The nature of some of the issues that the Community hoped to include in a new round might also demand new approaches to development assistance, cooperation, and capacity building. A more coherent and comprehensive approach to these issues by the WTO was needed. A new round should focus on ways to improve market-access opportunities for all. The industrialized countries should be ready to approach the next phase of negotiations without excluding, a priori, any issues of justified interest to developing countries. Members had heard proposals from developing countries aimed at improving market access, strengthening rules, or re-balancing agreements. They had also heard calls to adjust the anti-dumping disciplines, for the reduction of tariff peaks in developed-country markets, the simplification of origin rules, modification of certain provisions of the Subsidies Agreement, and for a fresh look at special and differential treatment in, for example, the TBT and Customs Valuation Agreements. There were many more examples. However, simply stating the problems or objectives in the abstract would achieve nothing. A new round provided the best opportunity to address the problems that had arisen, while the others that did not demand negotiation could be addressed in parallel through, for example, the review processes. It was up to Members who wanted to pursue these issues to make concrete proposals.

13. With regard to the built-in agenda, the Community shared the assessment of many that the preparatory process on agriculture and services was basically on schedule. It also noted that several Members had called for the negotiations on agriculture and services to be carried out, together with the other subjects of a round, as part of a single undertaking. The Community agreed with this view, and believed it was the best way of maximizing the chances of an optimum outcome in these two sectors. As for the Singapore subjects, there had been considerable support for addressing these issues in a new round. Greater transparency and predictability of investment rules would attract badly needed capital and improve the economic performance of the recipients. Competition rules would benefit consumers, small and medium sized companies, stimulate competition, and strengthen Members' regulatory capacity. On trade facilitation, simplified procedures would reduce the cost of red tape for businesses, and help all Members, whether developed or developing, to improve access to overseas markets, reduce bureaucratic waste and release resources for more worthwhile employment. The Community had also noted support for pursuing the work on transparency in government procurement, which in itself was an important contribution to good governance. The Community wished also to see further market opening at all levels of government, central, regional and local, and the removal of discriminatory practices by all major trading partners. The maintenance of antiquated buy-national rules was hardly consistent with a modern advanced market economy. As regards new

issues, the Community had proposed addressing the relationship between trade and the environment in a new round in a manner that would lead to greater clarity surrounding the interpretation of existing WTO rules, reinforce Members' common objective of sustainable development as set out in the preamble to the WTO Agreement, and avoid action that would allow protectionist action in ecological disguise. The forthcoming high-level symposia on trade and environment and trade and development should provide an important opportunity for Members to exchange views among themselves and with non-governmental organizations on the best means to foster both economic development and environmental protection in an open world economy. There had also been support from many countries for negotiations on industrial tariffs. Many had shared the view that only a comprehensive approach on industrial tariffs could bring market access benefits to all Members, and that a purely sectoral approach could only serve the biggest trading countries. A number of countries, both developed and developing, had called for the elimination of peak tariffs in sectors of interest to them, such as textiles. The Community called for the elimination of peak tariffs in all industrial sectors, and believed that maintenance of peak tariffs, in particular by the most highly developed economies, had lost all justification.

14. It would be disingenuous and incorrect to suggest that there was already a consensus on negotiating such a wide array of issues in a new round. While support was widespread, it was clearly far from universal. Unreasonable or excessive ambitions had to be avoided by all. The Community was fully prepared to address concerns of partner countries in order to ensure that new market-access commitments and rule-making were of mutual benefit and would be absorbed at an acceptable pace. On the other hand, the world would not stand still. Globalization was a fact, and it was in the interest of all that it be conducted within the context of better multilateral rules, negotiated and concluded rapidly so that they did not become obsolete before they were even ratified. The third Ministerial Conference would also provide an opportunity for decisions other than those directly concerning future negotiations, i.e. specific decisions that might immediately or rapidly be put into effect. Several issues had been mentioned as being ripe for decision-making, including: (i) adoption of results of the rules of origin harmonization work programme; (ii) adoption of any modifications to the DSU that might be agreed following the results of the ongoing review; (iii) confirmation of the continuation of certain provisions of the Subsidies Agreement; and (iv) pledges to improve market-access for LDCs, as called for by the Community at the present meeting. Members wishing to propose issues for ministerial decision in Seattle should do so in good time, and certainly by the summer break. Another important issue on which Members should try to make progress rapidly, and certainly no later than the Seattle Ministerial Conference, concerned the accession process of a number of countries. The Community believed it was in the interests of the WTO as a whole, and of the acceding governments, that the accession process be accelerated so as to ensure participation of new members in the next phase of negotiations, as well as to ensure that during a new round the interests and status of countries who had still to accede were kept firmly to the fore. The Community's specific suggestions on this matter had recently been submitted to the Secretariat for circulation to Members (WT/GC/W/153). This issue was another important deliverable. Finally, he noted that Members' discussions were taking place against the backdrop of intense and growing interest in the WTO. Support for the multilateral system from different sections of society was conditional, and not assured. Members should therefore, as an organisation, substantially improve transparency towards civil society. More importantly, they needed to do more individually, both in respect to transparency, and to dialogue and consultation, with their domestic constituencies. On important and sensitive issues such as trade and core labour standards, Members should continue to support the important conclusions adopted at the Singapore Ministerial Conference and encourage continued and close cooperation between the ILO and WTO Secretariats. In the medium term, there was merit in taking a more systematic look at the relationship between the WTO and all other relevant international organizations in order to improve the functioning of the WTO system.

15. The aim of the next phase of the preparatory process should be to prepare for a Ministerial declaration with the greatest degree of precision and clarity possible, through the development of an outline, checklist, or wishlist of elements that could comprise the scope of the Ministerial agenda.

Many had supported the idea that such a checklist could be usefully completed, at least in draft form, by the summer break. To achieve this, the General Council's work should intensify. This intensive phase, in which Members should make concrete contributions, should continue until roughly the summer break, with drafting work on a Ministerial declaration starting in the autumn. An indicative target date of the summer break should be set for the submission of proposals. However, it would be necessary to retain some flexibility. Clearly, however, late proposals would run the risk of being subject to less careful scrutiny and positive attention. The Community was comfortable with the Chairman's proposed approach. It also believed that the General Council should continue to drive the process and ensure transparency. The next phase should give adequate opportunity for all Members' interests to be addressed. Whether addressing the built-in agenda, Singapore issues, or new subjects, the optimum outcome in terms of developing a broad-based agenda was one in which all issues received equal and due consideration. The Community therefore saw no obvious need to categorize or repackage the issues that were before the General Council. Members should continue with broadly the same format as the previous phase, as proposed by the Chairman, and take up sequentially different parts of paragraph 9 of the Ministerial Declaration, with an opportunity at each meeting to raise other issues as well.

16. The representative of Japan said that the primary task in the second phase was to arrive at a common understanding on the scope, structure and time-frames for the next negotiations before the summer break in order to allow the General Council to enter a drafting phase in September. Ministers had agreed to task the General Council to "submit recommendations regarding the WTO's work programme, including further liberalization sufficiently broad-based to respond to the range of interests and concerns of all Members". In order to achieve this, the next negotiations should be comprehensive, and cover, in addition to the negotiations already mandated, tariff negotiations on industrial goods, work set out as part of the built-in agenda, and rule-making, such as the establishment of multilateral investment rules. Only comprehensive negotiations reflecting the interests of all participants could generate the necessary political support, and experience had shown that a sectoral approach had limits as to what it could achieve. The next negotiations should also be completed as a single undertaking, and within a relatively short period, i.e. approximately three years. With these key principles in mind, Members should determine the specific and most effective method for conducting the next negotiations. The Seattle Ministerial Conference was not far away, and the General Council's work therefore needed to be accelerated, work with the aim of achieving substantive results in the second phase. The process thus far had been helpful in deepening understanding of Members' positions on the issues under paragraph 9 of the Ministerial Declaration. Japan had taken note of the points raised by developing countries on the issue of implementation. As mentioned in paragraph 8 of the Geneva Ministerial Declaration, full and faithful implementation of the WTO Agreement and Ministerial Decisions was imperative for the credibility of the multilateral trading system. Members had to evaluate accurately the implementation of individual agreements and the extent to which their objectives had been realized. To this end, Japan believed that the classification of issues as proposed by Uruguay would be useful in examining the different issues raised regarding implementation. Japan recognized that neither further trade liberalization nor rule-making in a new agenda could be successfully pursued without the full participation of developing countries. The positive participation of these countries was essential in order also to advance their own interests. Japan would continue to listen carefully to the concerns of these countries, including in the area of special and differential treatment. It believed also that capacity building was important for developing countries to fully benefit from the WTO system, as well as to resolve difficulties encountered in implementation, and would continue to support them in this area. Japan regarded the coming high-level symposium on trade and development as an important initiative in this respect.

17. As regards the organization of future work, the General Council should, in the second phase, build upon the work already carried out in such areas as services and agriculture. It should also start substantive work in other areas to determine the basis of the negotiations starting from the year 2000. The Secretariat's checklists would be useful references in this regard. The second phase should also be proposal-driven, and the early submission of proposals was encouraged. Although a rigid cut-off

date might be difficult to implement, Members should nevertheless ensure that the bulk of the proposals was made before the summer break. It was important too that all proposals be considered and discussed, and that Members not be selective. Discussions on what should be included in the work programme to be agreed at the third Ministerial Conference would be conducted in the third phase or even at the Ministerial Conference itself. Japan could, in general, support the indicative schedule of meetings proposed by the Chairman, and believed that striking the right balance between formal and informal meetings was important. Informal meetings should provide opportunities for meaningful interaction among Members on different proposals. Furthermore, in order for the General Council to discuss the scope, structure and time-frames of the next negotiations before the summer break, work needed to be conducted expeditiously so that all the issues in paragraph 9 of the Ministerial Declaration could be covered adequately.

18. The representative of Bolivia said that her Government had made tremendous efforts to undertake costly structural reform and trade liberalization in accordance with its WTO commitments. A small and vulnerable developing economy, Bolivia had in fact become one of the most open economies in the multilateral system. It believed that in the process of preparing for the third Ministerial Conference, Members should constantly bear in mind the spirit of Marrakesh. The implementation of the Marrakesh Agreements aimed at strengthening the world economy with a greater rate of growth in trade, investment, employment and revenue for all. This was the cornerstone on which all the agreements were based. For Bolivia, it was essential that the negotiations already mandated were initiated, particularly in the agricultural sector, in order to eliminate trade-distorting practices. Such practices were prejudicial to the market possibilities of developing countries and endangered not only their exporting potential but also their food security. Bolivia was concerned by the fact that protectionist practices were already emerging. The technical requirements which certain countries tried to impose in a global manner were not realistic, since the structure of the economies of most developing countries would prevent compliance. Bolivia believed that these new technical requirements without appropriate transfer of technology were no more than non-tariff barriers. As regards the services negotiations, her delegation believed that they should not be carried out in a sectoral manner, and should include all sectors and modes of supply to improve the possibilities for the participation of developing countries, particularly small countries like Bolivia. It should be possible in this way to avoid in future the difficulties that Members were currently undergoing in the area of the implementation because of a lack of knowledge and information. In the area of textiles, 50 months after the entry into force of the Agreement, no significant changes in market access for products of importance to developing countries had yet taken place. This situation frustrated the spirit of Marrakesh and the potential for economic growth, and undermined the credibility of the organization.

19. With regard to special and differential treatment, one could see that since this was a non-binding mechanism, it had not given the hoped for results. Such treatment was limited to the provision of longer transition periods for developing countries in certain sectors but which, without any accompanying measures, had not made it possible to overcome the institutional weakness of this approach. The aim should be to try and evolve a body of rules which would meet the needs of and benefit all Members without having to resort to ad hoc mechanisms that were difficult to apply. Bolivia believed that these deficiencies should be the object of corrective measures and not be subject to negotiations that would lead developing countries to grant new concessions without actually having enjoyed the anticipated benefits. In the area of market access, developing countries could not accept that environmental, labour and human rights aspects be converted into factors that distorted trade and strengthened protectionist tendencies in the sectors where they were most competitive. The system should provide trade and market access conditions that allowed for the transformation of developing countries in a way that would lead to exports of goods with greater value added. Only in this way would economic growth bring about the elimination of inadequate environmental or labour conditions. Such considerations should not acquire punitive overtones that would polarize the system, provoke mistrust and not lead to economic growth. With regard to transparency, Bolivia believed that only a full knowledge and understanding of the agreements, their repercussions and of the new issues

that were sought to be introduced would allow for equitable negotiations in which the trade interests of each Member could be defended on the basis of good faith. Marginalization was a real danger, particularly for small developing economies that were struggling to comply with the WTO Agreements despite their institutional weakness and lack of resources. The system should provide for greater integration of small economies and be attractive for all. In this regard, in introducing new issues, Members should keep in mind the limitations of developing countries, which could not be resolved simply through technical assistance. It was only in this way that developing countries could fully participate in new undertakings. Clearly, only a multilateral system which had full participation of all its members could be an efficient system. Finally, in their desire to improve the credibility of the WTO, Members should ensure that the dispute settlement mechanism was more accessible to all, and that its complexity and cost did not discourage the recourse necessary in order to defend trade interests, in particular of the smallest countries. She wished to note that Bolivia was a member of the Andean Community, had signed the MERCOSUR Economic Complementarity Agreement and was a party to the negotiations for the establishment of the Free Trade Area of the Americas, in the conviction that regional and subregional integration processes made greater trade liberalization possible and thereby promoted development and sustained growth. Bolivia believed that such regional integration strengthened the multilateral trading system. In conclusion, Bolivia believed that the mandate that the General Council submitted to Ministers in Seattle should be realistic and balanced.

20. The representative of Guatemala, referring to the Agreement on Textiles and Clothing, said that progressive integration into WTO rules was a fundamental element of that Agreement. For this reason, Members should ensure that it was as efficient, fair and transparent as possible and that the deadline for full implementation by 1 January 2005 was respected. Guatemala supported the points made by the Chairman of the International Textiles and Clothing Bureau to the effect that unjustified resort to transitional safeguards in the Agreement as well as application of additional restrictive measures, including cumbersome customs and administrative measures, certification requirements in regard to products already integrated, and modifications of rules of origin adversely affected developing countries that had achieved competitiveness in the area of textiles and clothing. It was also regrettable that through the application of high tariffs and non-tariff measures, some Members had not improved access for textiles and clothing products to their markets as required under Article 7 of the Agreement. Guatemala hoped that this access would soon be further facilitated. Another important issue for Guatemala concerned requests for the extension of transition periods established in some WTO Agreements, in respect of which it believed that the financial, economic and development needs of developing countries, particularly small economies, should be taken into consideration. Small developing economies had much to do to be able to move ahead in the face of the challenges and opportunities provided by more open trade, as a result of their macroeconomic vulnerability and other limitations.

21. In the area of services, Guatemala wished to reiterate the importance of accelerating negotiations for the creation of a system of emergency safeguard measures which would complete the mandate contained in Article X of the GATS. Regarding the TRIPS Agreement, Guatemala supported other developing countries in calling for the extension to other products of the multilateral system of notification and registration of geographical indications. It further believed that the period foreseen in Article 64.2 of the Agreement should be further extended by five years to allow modified industrial property regimes to adapt naturally to the social situation in developing countries. As regards the DSU review, and particularly given the controversy that had arisen recently in the Dispute Settlement Body, Guatemala believed it was necessary to further clarify the provisions of Article 21, particularly paragraphs 3 and 5, with the aim of establishing reasonable periods of time which would not interfere with the application of Article 22. Guatemala believed that Article 22 itself should not be modified since it was quite clear and its application should not be weakened. Guatemala supported the review of the DSU currently under way, and urged all Members to find a consensus-based proposal to be submitted to the next Ministerial Conference. Guatemala also believed that greater clarity could be introduced to the implementation of the Anti-Dumping Agreement so that small

countries like itself did not find themselves unprotected when arbitrary interpretations of certain provisions took place, weakening the spirit of the Agreement. Finally, his delegation agreed with the calendar of meetings proposed by the Chairman.

22. The representative of Korea said that the monthly intersessional meetings held thus far in the preparatory process had been useful, and had enabled Members to gain valuable insights as to the WTO's future work programme. Clearly, there was a wide range of issues that Members wished to see addressed in the context of a new round. The extent of the issues indicated the need for a new round to be comprehensive in its scope going beyond the built-in agenda. He recalled that Korea had expressed support for a comprehensive round of negotiations throughout the first phase, and was encouraged by recent signs of increasing support for such a round. There was also increasing recognition of the need to address the problems faced by developing countries in the implementation of existing agreements. While the future work programme should cover other important areas, addressing the concerns of developing countries should be an integral part of it. The scope, structure and time-frames to be decided on should be built upon the convergence of these and other observations shared by Members. As regards the scope of a new round, Korea had suggested the inclusion of several areas other than the built-in agenda, including market-access for industrial products, trade and investment, trade and competition policy, and WTO provisions relating to regional trade agreements and anti-dumping measures. It was also ready to consider other areas in which other Members had expressed interest. Korea shared the view that a new round should be completed in a relatively short time, and noted that three years had been suggested by many. Furthermore, a new round should proceed as a single undertaking in order to ensure a balanced outcome for all. Considering the emerging consensus on the need to complete a new round in a relatively short period, Members should not necessarily link the idea of a single undertaking to a lengthy negotiation. Korea welcomed the fact that a consensus had been reached on the organization of future work. Given the limited time until the Seattle Ministerial Conference, he hoped that Members would be able to produce an initial outline of the work programme before the summer break. The Chairman's proposal for the calendar of meetings offered an excellent chance of accomplishing that goal. Clearly, whether this format would achieve its goal was entirely in the hands of Members. In order to engage in substantive discussion without delay, Members needed to be encouraged to submit proposals as early as possible. Proposals should be specific in terms of the objectives and scope of the negotiations to allow Members to engage in active interaction.

23. The representative of Hungary, speaking also on behalf of Bulgaria, the Czech Republic, Poland, Romania, the Slovak Republic and Slovenia, recalled that these countries had stated repeatedly that a new round of negotiations had to be started to preserve the results of multilateral trade negotiations and to move the trade liberalization process forward. They had also stated that in order to ensure the success of a new round, it had to be truly comprehensive. Members should therefore elaborate a package that was broad enough to embrace the interests of the developed as well as developing and transition countries, and bold enough to reflect the dynamic changes in their economies. Only such a comprehensive agenda, forming a single undertaking, would allow for the necessary cross-sectoral trade-offs that would enable all countries to find an appropriate balance of commitments at the end. The first phase of the preparatory process had gone broadly in accordance with expectations, and suggested that the process was basically on the right track. He welcomed the signs of a growing consensus that the agenda of a new round should go well beyond the mandated negotiations on services and agriculture, and include industrial tariffs, investment, competition, transparency in government procurement, trade facilitation, electronic commerce, among other issues. The present meeting would set the course for the second phase, when the preparatory process would have to be effectively intensified. Like others, their countries believed that the second phase should be proposal-driven, and aimed at defining, to the extent possible, the maximum scope of the future negotiating agenda. During the latter part of this phase, the General Council should start to deal with paragraph 10 of the Ministerial Declaration by discussing how best the work programme could be managed and by setting out the organisational details, including the scope, structure and time-frames of future negotiations, elaborating the outline of the results to be expected from the third Ministerial

Conference. To move the preparations forward, Members should be invited to table precise and concrete proposals in the next stage, the substantial discussion of which would form the backbone of the second phase. The proposals should preferably be concise, and clearly define the objectives and the intended scope of the issues to be negotiated. Establishing an indicative cut-off date for submission of proposals was advisable in order that Members could focus discussions in the third phase on the issues already tabled in the earlier phase. Their delegations supported the Chairman's proposal of holding monthly formal meetings, followed by informal meetings, as necessary. The first forum would provide the opportunity to present proposals while the second would enable Members to discuss them in detail. The informal meetings should be open-ended and aim at the clarification and better understanding of concrete proposals. Furthermore, the preparatory process should be carried out within the framework of the General Council. Subsidiary bodies could be entrusted to perform tasks only exceptionally and on an ad hoc basis, primarily to clarify technical aspects of certain issues. Their delegations believed that the second phase should be concluded before the summer recess, and that a stocktaking exercise at the end of July would be useful.

24. The representative of El Salvador, speaking also on behalf of Cuba, the Dominican Republic, Honduras and Nicaragua, said that the highest importance should be given to the problems relating to the implementation of existing agreements and decisions that developing countries had been facing since the WTO's establishment. Their delegations wished to reiterate their respective statements in the various informal intersessional meetings, in particular those relating to special and differential treatment. In this context, they wished to recall that in paragraph 8 of the Ministerial Declaration, there was specific recognition that implementation problems constituted an important element in the evaluation of implementation to be undertaken. There were two aspects to the problems encountered in implementation: the lack of precision in the provisions regarding special and differential treatment in the various WTO Agreements, and the difficulties encountered by developing countries in their efforts to comply with the commitments undertaken at Marrakesh. In order to achieve a fair balance between countries at different levels of development, special attention should be given to the contributions and suggestions made by developing countries since the beginning of the preparatory process. In particular, he noted that their delegations had referred to the Agreements on Subsidies and TRIPS, and wished also to associate themselves with the contributions made by Egypt, India and Pakistan. Furthermore, with regard to the negotiations already mandated, in particular those in agriculture, they had called for an improvement in access to developed country markets for the main export products originating in countries with small and vulnerable economies. Developed countries should take concrete steps to reduce the high tariffs on products of particular importance to their countries and also undertake better practical implementation of preference systems. It was also important that the specific needs of net food-importing countries be met. Regarding the services sector, their countries had indicated that the negotiating process should contribute to the full implementation of the objectives of GATS, particularly the provisions of Article IV regarding increased participation of developing countries in trade in services, and the provisions of Article XIX regarding progressive liberalization, in particular paragraphs 1, 2 and 3 thereof, which referred to seeking a balance of rights and obligations, to the respect for national policy objectives, and to the levels of development of the various Members. These provisions also referred to the need for an assessment of trade in services in overall terms and on a sectoral basis with a view to establishing negotiating guidelines and procedures.

25. Regarding the work programme established in Singapore, the educational process on these issues should continue, and the development dimension maintained as a fundamental part of future work. With regard to possible new issues, the WTO work programme should not be overburdened, nor should further obligations for developing countries be created, and priority attention should remain on matters relating to implementation problems. Account should also be taken of the need to avoid duplication of work, particularly when there were other specialized organizations that could focus on issues within their competence. With a view to moving the preparatory process forward, their delegations believed that the checklists of issues prepared by the Secretariat should be maintained as non-exhaustive documents which could continue to be supplemented with new

contributions. They also urged the Secretariat to undertake the studies proposed by several developing countries in order that they might have sufficient information for the second, interactive phase of work. Proposals to be submitted by Members in this phase should provide the objectives, reasons and scope of the proposals, which should be grouped according to the division of issues in paragraph 9 of the Ministerial Declaration. A deadline for the submission of proposals should be set for the end of July. Finally, their delegations wished to stress that their countries had undertaken considerable commitments in adopting the WTO Agreements and legal texts, and had agreed to an important and deep liberalization process in the understanding that this would undeniably lead to economic progress and the social advancement of their peoples. However, these expectations had not been met, and Members should work to ensure that the new process culminated in making effective the demands of developing countries and in meeting their expectations, and contribute to sustained economic growth and the improvement of the standard of living of their peoples.

26. The representative of Malaysia, speaking on behalf of the ASEAN Members, said that, in the preparatory process thus far, numerous proposals, including with regard to implementation of existing agreements and decisions, had been made both in writing and orally. While the ASEAN Members considered implementation issues and the built-in agenda, including the mandated negotiations on agriculture and services, as requiring intensive work, they were willing to keep an open mind as regards proposals under paragraph 9(d) of the Ministerial Declaration, which they understood covered issues not otherwise covered by paragraphs 9(a), 9(b) and 9(c). In assessing the issues that might be raised under this sub-paragraph, the ASEAN Members would apply, *inter alia*, the criteria of whether the issue was (i) trade-related; (ii) within the competence of the WTO and not duplicative of work undertaken in other organizations; (iii) of common concern, collective interest and mutually beneficial to all Members; and (iv) whether it commanded consensus amongst Members to address and deal with it in the context of the multilateral trading system. While some Members had raised issues such as labour standards and trade and environment in this context, their countries' position in respect of these issues was well known and based upon the criteria outlined above. They remained committed to the relevant provisions of the Singapore Ministerial Declaration in this regard, and would apply the same criteria to any other issues that might be proposed. New issues raised in the context of paragraph 9(d) should find balance in themselves, and should not be used as a trade-off to meet the legitimate expectations of Members that existing imbalances in the WTO Agreement be redressed.

27. The ASEAN Members believed that work in the second phase should be more intensive and proposal-driven, provide for greater interaction than in the first phase, as well as maximum flexibility to Members for the tabling and discussion of proposals. It should be aimed at defining the full scope, in more definitive terms, of the issues that Members were likely to focus on in the third phase. In view of these parameters, work in this phase should last from March to July, with one formal meeting planned for the months of March, April, May and June, and two in July. The formal meetings would be geared essentially to providing Members an opportunity to table proposals and express their views on the operative paragraphs of the Ministerial Declaration for the record. It would be important, however, to consider ways in which the General Council could organize these formal meetings so as to maximize the time available to complete any work that had to be done in the formal mode. Delegations needed to adopt a flexible approach to the informal meetings to be held. The number of such meetings each month would depend on the number of proposals tabled and the likely intensity of the discussions. The ASEAN Members were agreeable to the Chairman's proposal of one informal meeting each month following the formal sessions in March, April, May and June, and to the dates proposed for both the informal and formal meetings. Sufficient time should be provided in between meetings for delegations to consult their capitals, and parallel meetings avoided. In terms of issues to be taken up at each meeting, their countries favoured a sequential approach as followed in the first phase, with the meeting in March focusing on paragraphs 9(a)(i) and 8 of the Ministerial Declaration. Paragraph 8 of the Declaration was important to the ASEAN Members, and it would be useful to consider mechanisms by which the collective evaluation that was to be conducted would be taken up. The April Special Session could take up paragraphs 9(a)(ii) and 9(a)(iii), with the May and June

meetings addressing paragraph 9(c) as well as paragraphs 9(b) and 9(d). In July, the first formal meeting could deal with paragraph 10 while the second meeting would aim at taking stock and considering the way forward in the third phase. It would be understood that delegations would be able to revert to any of these issues at any meeting.

28. The representative of Costa Rica said that the work in the first had provided a good basis on which to build in the second phase of the preparatory process. The second phase should allow for a broad-ranging and deep dialogue on all the elements and proposals that could form part of broad negotiations, which Costa Rica hoped would be launched by Ministers at Seattle. Costa Rica supported a global round of negotiations that would include not only issues on which there was already a negotiating mandate but also other areas such as the development of multilateral rules on investment. Costa Rica supported the Chairman's proposal on the organization of future work, and the idea of a mix of informal and formal meetings on a monthly basis. It wished to reiterate the importance of distinguishing between the objectives to be met in the formal meetings and those to be met in an informal context. Formal meetings should be devoted to presentation of concrete and specific proposals, and informal meetings for a frank and deep exchange of views among delegations on the content of the proposals. Costa Rica also supported the idea of holding as many informal meetings as necessary, and of setting an indicative date for the submission of proposals. Like other delegations, Costa Rica believed that towards the end of July one should have an outline, or a compilation of proposals as suggested by New Zealand, regarding the structure, calendar and content of the future negotiations. This would give time for delegations to consult with their capitals, so that upon resumption of work after the summer break, it would be possible for rapid progress to be made towards the consensus necessary for a draft Ministerial declaration.

29. The representative of Australia said that Australia's interest in a new round of negotiations would focus on the market access dimension. The first phase of work had been a worthwhile process. Of all the substantive issues raised in this phase, three had come through very clearly: first, the growing support for negotiations to produce balanced outcomes serving the interests of all Members; second, the beginnings of debate over the elements that could be included in new negotiations, including issues arising from implementation of current commitments, the built-in-agenda and other issues; and, finally, the calls by many Members to begin concrete work on recommendations for the Seattle Ministerial Conference as a matter of urgency. Australia was satisfied with the process proposed by the Chairman for the second phase. It was important that the process be flexible, intensive and interactive. Given that Members would have only two months in the third phase to finalize everything for the Ministerial Conference, they could not afford to let the second phase drift. Members should have a clear idea of the results they expected from this phase. In Australia's view, by the end of the second phase Members should have a good idea of the full scope of proposals that would form the basis for negotiations leading up to the Seattle Ministerial Declaration. This meant that all delegations should submit as soon as possible clear and specific proposals on issues of interest to them. Delegations should also be able to submit proposals on any issue at any time during the second phase. Like others, Australia was keen to avoid any late surprises that might disrupt work in the third phase. Members should therefore work towards a clear cut-off date for receiving new proposals, if possible. While mid-to-late September, as suggested by some, might be a little late, his delegation could see the benefits of having a period after the end of the second phase for reflection. The agenda for the second phase was well defined by the three key paragraphs of the Ministerial Declaration, namely paragraphs 8, 9 and 10. The issues set out in paragraph 9 should be considered in turn, as the Chairman had proposed, and the Ministerial Declaration had made quite clear the distinctions between these issues. Delegations should therefore not waste time debating whether a hierarchy of issues existed. It was likely that all delegations would have interests in each of these areas. The agenda of the second phase should also cover the scope, structure and time-frames of the WTO work programme, in pursuance of the requirement in paragraph 10, since it made no sense to examine proposals on elements of the work programme without also looking at proposals on the framework. Members should not waste time, as they did in the Uruguay Round following the Punta del Este meeting, in establishing structures and negotiating plans after Seattle; rather, they should be

in a position to start the process very quickly thereafter. Members should also begin work on the evaluation of implementation of individual agreements provided for in paragraph 8. For this important work, Members should use the resources of the Secretariat where possible, seek contributions from other relevant international organizations and, above all, discuss these issues thoroughly in the relevant WTO bodies. An evaluation of implementation was something that only Members could do, and work on this should begin quickly. Australia fully agreed on the need for all developing countries to be able to fully participate in and benefit from the trading system, and that capacity building was an important element in this regard. However, the best means to assist many developing countries would be to provide fair access to agricultural markets and to remove harmful subsidies. The idea of permanent exceptions for agriculture and continued special treatment for rich countries, which discriminated against the key interests of agricultural exporters, including developing countries, was patently not the way to proceed, and would run against both the letter and spirit of Article 20 of the Agriculture Agreement. Australia was determined to see that this would not be the result of the next round of agriculture negotiations.

30. The representative of Egypt said he wished to highlight some points from the Joint Communiqué of the Ninth Summit meeting of the G-15 countries held in Jamaica from 10-12 February 1999 relating to the work of the WTO and to the preparatory process for the third Ministerial Conference.² The Heads of State and Government of the G-15 countries had reaffirmed the importance of a transparent, fair and equitable rules-based multilateral trading system under the WTO, effectively integrating all countries and leading to the realization of the objectives of raising standards of living, ensuring full employment and steadily growing volume of real income and effective demand, and expanding trade in goods and services. To this end, they had reiterated again that unilateral measures with extraterritorial effects were incompatible with the multilateral trading system, and threatened to undermine it. They had agreed to continue their participation in the WTO in the implementation of its current work programme and the ongoing discussions and consultations leading up to the third Ministerial Conference later in the year, when they would join in deciding on its future work programme, including further liberalization sufficiently broad-based to respond to the concerns and interests of developing countries. They would consult with their trading partners in the WTO as the preparatory process unfolded keeping, *inter alia*, the following principles in mind: the legitimacy of the development objectives of developing countries and, consequently, the need to preserve economic spaces within the multilateral trading system to implement market-oriented development policies, as well as the need for the full implementation of the special and differential provisions provided for in the Agreements, as deliberated at the recent G-15 symposium on special and differential treatment for developing countries; the importance of redressing the difficulties faced by developing countries in the implementation of the WTO Agreements to enable them to participate more effectively in the trading system; and the lack of implementation or non-fulfilment of obligations of the Uruguay Round Agreements by developed countries, which could not be used by them as bargaining instruments for obtaining further concessions from developing countries. They had noted the negotiations on accession to the WTO, and the agreement to review progress. In the light of their commitment to the early accession of developing countries, they had agreed that the terms of accession of these countries should be in accordance with the WTO Agreements, including the special and differential provisions. They had urged full implementation of the measures agreed at the High-Level Meeting on LDCs, and the work programme being elaborated to integrate small economies into the multilateral trading system. Increased cooperation between the WTO and UNCTAD to strengthen the institutional capacities of developing countries thereby enabling them to participate more effectively in negotiations and maximize benefits from the multilateral trading system had been encouraged. The Heads of State and Government had stated that labour standards should continue to be set and dealt with in the ILO, and had reaffirmed their opposition to its inclusion in the WTO work programme. They had also stated that the label "trade-related" should not be used as a pretext for the establishment of standards in one institution and their enforcement in the WTO or any other institutional framework. Noting that the relationship between trade and

² See WT/L/295.

environment was an important and complex issue that required further analysis, they had expressed support for the ongoing analytical work on clarifying the relationship between trade and environment in several institutions, which should be continued. They had also opposed the use of trade measures for achieving environmental objectives and vice versa, and disguised protectionist measures by developed countries on the grounds of multifunctionality in trade sectors.

31. Turning to the preparatory process, his delegation wished to underline the importance of not neglecting paragraph 8 of the Ministerial Declaration, which should be the main focus of at least one of the forthcoming meetings in the second phase. Since Ministers had stated that when meeting at the third Session, they would further pursue the evaluation of the implementation of individual agreements and the realization of their objectives, the General Council could not leave this until the last moment in Seattle. Such an evaluation at a General Council meeting should not merely be a talk shop or a reading class, as had happened at the end of the Uruguay Round negotiations. On that occasion, each delegation had read its statement on the evaluation of the outcome of the new negotiations and nothing had in the end been reflected in the Agreements. In the current process, that experience should not be repeated because it had led to the marginalization of most developing countries in the multilateral trading system. Those who were advocating a new round of comprehensive negotiations would overburden developing countries with new issues while they were already facing difficulties in implementation of existing agreements, thus leading to their further marginalization. To enable these countries to be integrated fully into the system, Members should first address their difficulties, redress imbalances and then examine how far these countries could accept any new issues. If there was no acceptance, no consensus on any new issues, these should not be pursued. Members should not force developing countries to accept something they could not. This matter should therefore be crystal clear in the minds of those who had repeatedly called for a new round of comprehensive trade negotiations as a single undertaking; they had to consider whether developing countries were partners in this system or whether the system was run by them and them alone. If there was no agreement on any issue, including labour standards, environment, and so forth, it should be deleted from the agenda. The majority of WTO Members being developing countries, and the organization being Member-driven, all countries should be driving it, including developing countries, and not just a few.

32. While Members were committed to negotiating further liberalization under the built-in agenda in agriculture and in services, they had to see what kind of unfinished business remained to be completed. Members had to look carefully at the market access difficulties of developing countries. There were also provisions of the WTO Agreements that were still being used or mis-used in order to hinder developing-country access to developed-country markets. These practices should be stopped. Furthermore, developing countries were encountering difficulties in using fully the dispute settlement mechanism, which all considered to be one of the main benefits of the Uruguay Round. Members had to assist developing countries in making use of this system, or only some would be using it and others not. Members also had to examine, during the review of the dispute settlement mechanism, how to compensate those who had been subjected to measures, illegal as far as the WTO Agreements were concerned, and where in the final analysis a ruling of a panel or the Appellate Body had been in favour of that party, but where that party had in fact lost because it had not been in a position to be compensated. The current system did not provide for this, and this issue had to be kept in mind during the review. The Secretariat should help all developing countries in benefiting from the dispute settlement system, and necessary provisions should be made in order for the Secretariat to give full legal assistance to these countries. As regards the issues referred to in paragraph 9(b) of the Ministerial Declaration, Egypt believed that none of the four issues were ripe for inclusion in the agenda for further negotiations, and recalled that Members had agreed in Singapore that future negotiations, if any, in these areas would take place only after explicit consensus among Members. As regards new issues under paragraph 9(d), he recalled that a number of such issues had been reflected in a statement made by the Chairman of the Marrakesh Ministerial meeting. His delegation was providing advance notice that it would raise these as new issues, and that they were all trade-related, unlike labour standards or some other issues. He wished to reiterate, in this connection, what

the Heads of State and Government of the G-15 countries had stated at their Ninth Summit meeting regarding labour standards, to which he had referred earlier. This implied that there was no consensus on the question of addressing the labour standards issue in the WTO work programme. This question had been discussed at length at the Singapore Ministerial Conference, and a paragraph relating thereto had subsequently been included in the Ministerial Declaration on the understanding that the Chairman of the Ministerial Conference would make a statement that this issue would not be inscribed on the agenda of the WTO. That statement had been made by the Chairman in his concluding remarks to the Ministerial Conference, and was an integral part of that Conference.

33. The representative of Argentina said that the first phase had been useful and important, and had provided a clearer picture of where one stood and how better to proceed in the future. His delegation believed that Uruguay's proposal to classify the implementation issues and concerns that had been raised into several broad categories to assist in future work was interesting and should be followed up by the General Council. The second phase should be characterized by concrete, concise and clear proposals, which should be presented at formal meetings and explained and analyzed in informal meetings, in accordance with the programme suggested by the Chairman. The proposed mix of formal and informal meetings would enable delegations to shed the formalism that had characterised the first phase and to engage in a frank exchange of views without compromising positions. This was not a time for negotiation but rather a time to understand the proposals on the table. Argentina believed also that the end of the second phase should be the deadline for the submission of proposals, although it would be willing to accept the first week of September so as to provide time for capitals to evaluate the proposals made and make new submissions immediately before the third phase began. While a certain degree of flexibility was necessary, there should clearly be a time-limit starting from which there would be no more surprises. This would not in any way imply that proposals could not be made over the third phase. Logically, as Members sought consensus, the original proposals would undergo changes and be elaborated on. However, one should always be referring back to the proposals made in the second phase. The third phase should be the time for negotiation, with the clear objective of submitting a text for consideration by Ministers in Seattle. This should be a consensus text with the least possible amount of square-bracketed text. It would be useful for negotiations in Geneva to be concluded by the end October to provide time for consultations, evaluation and reflection before the Seattle meeting. His delegation supported the Chairman's proposed work programme, which could be modified in the light of circumstances.

34. Finally, he recalled that some delegations, within the context of support for the work in the coming months, had referred to limitations or preconditions that would guide their actions, including in sectors in which there was already a mandate from the Uruguay Round. Straitjackets and preconditions would not, however, be of any help to the development of future negotiations. Like others, Argentina too had sectors that were of particular interest to it. In some cases it was a demandeur and in other cases not. However, Argentina was not closing the door on any sector. It was not saying that it would proceed in defense of its particular interests in any one sector, nor that it would use all its imagination to defend non-competitive sectors. Argentina believed in the advantages of trade liberalization, and favoured broad-based negotiations. It also supported the initiation of a new round of negotiations with a broad base of sectors as a single undertaking. However, it was not willing to pay twice for the same product. Negotiations would be successful and fruitful only if they resulted in benefits for all participants. Indeed, the only precondition that Argentina would be willing to accept was that these negotiations should lead to a fair and balanced result for all participants.

35. The representative of India associated his delegation with Egypt's remarks on the recently held G-15 meeting. At the four intersessional meetings held since the September Special Session, his delegation had detailed its position and submitted specific proposals for consideration in a number of statements and communications circulated to Members.³ While the meetings held thus far had

³ The statements and papers were circulated as follows: Concerns regarding implementation of S&D provisions - WT/GC/W/108; Unilateral trade measures by States - WT/GC/W/123; Implementation of the

provided Members an opportunity to place on the table their views, concerns and suggestions regarding the various elements of the work programme in paragraph 9 of the Ministerial Declaration, this phase had only been a preliminary phase. It was important now to move into a more interactive and proposal-driven phase. The second phase would be extremely crucial, and provide the opportunity to table specific proposals and enable others to have an idea of each Member's expectations regarding the outcome of the Seattle Ministerial Conference. It would be important for the proposals to be unambiguous and clearly spell out their intentions and objectives. To ensure that there were no last minute surprises, India supported the idea of an indicative deadline for the submission of proposals. Members should also, as far as possible, submit proposals before the summer break. Smaller delegations with limited resources would not be able to respond appropriately if proposals continued to be made until the end. As to the structure and focus of future work, his delegation believed that the mix of formal and informal meetings in the first phase of work had been conducive to generating proposals and stimulating discussion on the various issues, and favoured a continuation of this approach. It also wished to see continued the current practice of statements and proposals made during informal meetings being circulated as official documents at the request of the concerned delegations. Regarding the schedule of meetings proposed by the Chairman, delegations such as his would find it difficult to devote four days each month to this work, particularly since the work of other WTO bodies was expected to continue as usual. As his delegation had stated in informal consultations, while it was not averse to the scheduling of one formal and one informal meeting each month, it wished these meetings to be restricted to a total of two working days each month. If at some stage in the second phase Members felt, on the basis of the number of proposals put forward, that additional time was needed, his delegation would be willing to consider increasing the pace of work. At least in the initial part of this phase of work, therefore, the formal and informal meetings should be restricted to one day each.

36. His delegation agreed that further work should be structured around paragraph 9 of the Ministerial Declaration, and joined Egypt and others in stressing the importance of separately devoting time also to paragraph 8. In India's view, paragraph 9 had a built-in hierarchy and prioritization of issues. Ministers had clearly recognized the need of addressing implementation issues a priori, and for this reason the first subparagraph of paragraph 9 had been devoted to recommendations relating to implementation of existing agreements and decisions. His delegation strongly believed that implementation concerns in the S&D area should be taken up on a stand-alone basis, and addressed across the board to cover all agreements. He recalled that prior to the 1998 Ministerial Conference, during the Conference itself, and subsequently in the current preparatory process, his delegation had repeatedly highlighted the implementation concerns and problems of countries like India so that one might be able to create an image of the WTO as an organization that not merely negotiated commitments in more and more areas but was also sensitive to developing country concerns regarding implementation of existing commitments. As his delegation had stated on earlier occasions, implementation concerns and problems could be divided into two broad categories: those actually being experienced in implementing some of the agreements, and which were not foreseen in negotiating and signing the concerned agreements, and those arising out of the non-realization by developing countries by and large of the benefits expected to accrue from some of the Agreements. Regrettably, in spite of repeated explanations as to these concerns, some delegations had chosen to ignore these explanations and in some cases had even tried to misrepresent them. Some trading partners, while seeming to agree with the importance of looking at implementation issues, had tended to argue that the only subject for consideration was whether all the agreements were being implemented fully, and had hinted that even in those cases where developing countries had transition periods to implement some of the agreements, they should explain to their developed country partners the steps taken to implement their commitments on the due date. This was not what India meant by implementation concerns and problems. Some other trading partners were trying to suggest that by highlighting implementation issues and concerns India was trying to unravel the agreements and

thereby upset the balance of rights and obligations in the Uruguay Round. India had repeatedly pointed out that it was merely seeking the removal of asymmetries and distortions in the agreements by providing meaning and content to the S&D provisions and achieving the objectives set out in the Preamble to the Marrakesh Agreement. It was inadequate to dismiss implementation issues and concerns as matters for technical assistance. The concerns raised by developing countries could not be resolved by simply organizing seminars and training classes. There were some who seemed to argue that "implementation" and "development" were sought to be made synonymous by developing countries. However, if the WTO agreements did not contribute to the development of the less fortunate Members, these agreements were irrelevant for them. There were subtle attempts also to link implementation to issues such as the policy environment and good governance. However, these attempts could not succeed in masking the real issues. The WTO was a highly visible organization and almost all the governments were run by elected representatives. His country's system would not be able to appreciate the argument being given by some trading partners that it was almost a blasphemy if, in terms of the 1998 Ministerial Declaration, his delegation placed its concerns on implementation before the General Council in an absolutely transparent fashion, seeking a consensus based solution, while on the other hand it was a holy act on the part of a developed country Member to impose a 1000 per cent tariff on the import of an agricultural product on the ground that this action did not violate any provision of any agreement.

37. Similarly, when developed countries continued to provide domestic support to certain sectors much above the de-minimus value prescribed for developing countries, the latter were told that it was entirely legal and within the four corners of the concerned agreements. On the other hand, when developing countries complained that there were certain asymmetries and imbalances in some of the agreements, for instance in TRIMs, the provisions of which had not permitted developing countries to take steps to foster domestic industrial growth, or the provisions of the TRIPS Agreement, which had not led to the expected transfer of technology, they were told that they were trying to unravel already negotiated agreements. This was unfortunate. He wished to state candidly that if implementation issues were not addressed, developing countries would feel extremely apprehensive and reluctant in taking on new commitments. Members had often stated that the Uruguay Round provided a correct balance of rights and obligations and that any endeavour to change certain provisions of the agreements, whether to address implementation concerns or otherwise, would disturb the internal balance of these rights and obligations. His delegation believed that the negotiations already mandated within the Agreements, were also very much a part of this internal balance of rights and obligations. It was therefore surprising and unacceptable when certain delegations stated that in order for them to constructively engage in negotiations relating to liberalization of the agricultural sector, a mandated area of negotiations, they should get satisfaction or a quid pro quo accrual of benefits in new areas such as industrial tariffs or investment. Negotiations in agriculture and services were already mandated, and part of the overall balance. There was therefore no justification whatsoever in asking Members to accept new areas for negotiations in order to enable those with strong agricultural protectionist policies to engage themselves in the mandated negotiations in agriculture.

38. He recalled that some developing countries, including India, had shown enormous flexibility in agreeing at Singapore to launch a study programme on certain issues such as trade and investment, trade and competition policy, trade facilitation and transparency in government procurement. The Singapore Ministerial Declaration had clearly indicated the contours and the understanding on the basis of which this work was to be undertaken. India had been participating constructively in studying these issues, and believed that efforts to prematurely bring these issues to the negotiating mode without enabling developing countries to fully understand all the implications involved would be tantamount to going back on a commitment given through a Ministerial Declaration. India believed that the only agreed agenda items as far as the next Ministerial Conference was concerned were those included in paragraphs 9(a) and 9(c) of the Ministerial Declaration. All other issues had to be considered by Members and their inclusion in the next round of negotiations would depend on whether consensus developed on them.

39. Concern had been expressed by some Members about the ability of developing countries to participate effectively in the dispute settlement system. Almost all developing countries had been mostly at the receiving end. India believed that prevention was better than cure, and suggested that developing countries be helped in the following ways to avoid, by and large, disputes being raised against them: first, developing countries should not be coerced or seduced into accepting commitments which they could obviously not fulfil in their current state of development and, second, when Agreements were negotiated and drafted, developed countries should not hide their real intentions by resorting to constructive ambiguity. If the agreements were written in clear and simple language, the scope for disputes would be significantly reduced. Finally, he noted that many delegations had referred to a comprehensive round of negotiations. One of the reasons invariably adduced for a comprehensive round was that the more the issues and sectors that could be put into this basket, the better would be the balance of rights and obligations that developing countries would be able to achieve. India neither understood nor was willing to accept this argument. It was worth noting that developing countries, who it was stated would benefit most from the round being made comprehensive, were not responsible for bringing in paragraph 9(b) or 9(d) issues, at least initially, although some might have subsequently agreed to some of the subjects. It was the developed countries that had by and large made all the suggestions for the inclusion of additional issues and sectors. Furthermore, if simply having a large number of issues on the negotiating table was to be beneficial to developing countries, then the Uruguay Round should by now have provided the maximum trade benefits to developing countries. These were benefits that India at least had not perceived or received. This had obviously not happened and, in fact, developing countries saw a large number of the Uruguay Round Agreements as being tilted against them. These points needed to be closely reflected upon, before making the argument that a larger round, by its very definition and scope, would benefit developing countries.

40. The representative of the United States recalled that at the commemoration of the 50th anniversary of the GATT/WTO in May 1998, the US President had laid out a broad vision of the trading system for the 21st century and the tasks to be accomplished (WT/FIFTY/H/ST/8). The President had emphasized that Members would only be successful if they ensured that the WTO adapted to the rapidly changing global economy and become a more open and inclusive organization that addressed the interests of the diverse constituencies engaged in trade. Globalization brought new challenges to the relations between the WTO and the environmental community and the needs of workers. Members could not shy away from the social concerns that confronted the system. Recently, the President had issued a bold challenge to launch a new type of global trade round that would require three types of decisions to be put before Ministers. First, recommendations on how negotiations would be conducted in the mandated areas of agriculture and services, supplemented by additional issues such as industrial market access, to ensure a broad-based negotiation reflecting the needs and interests of WTO Members. Of necessity, this would have to include provisions for the consideration of issues that were not yet ripe for negotiation. All of this would have to be done on an accelerated basis, and in a way that ensured that agreements already achieved were fully implemented. Second, while the WTO was a new institution, it should continue to be adapted to the new challenges to the system. In July, Members would complete the important review of the Dispute Settlement Understanding so that Ministers could ratify the results in Seattle. This also meant putting in place additional consultative mechanisms with stakeholders and other international organizations, providing mechanisms to ensure capacity building for developing countries and economies in transition, and addressing concerns about the transparency and openness of this important institution. Finally, Members should also strive for decisions and agreements that demonstrated that the WTO continued to be a forum for ongoing liberalization, and was able to adapt to the rapid changes in the global economy. These ambitions should include agreement on an accelerated tariff liberalization initiative, which had originated in the APEC, transparency in government procurement, and further improvements in the area of electronic commerce. Such results at Seattle would ensure that Members maintained the momentum and support for an open, multilateral trading system and that the WTO played its rightful role in the constellation of international economic institutions. The General Council had a heavy responsibility in the coming few months, while work had to continue in

subsidiary bodies on issues ranging from concluding, where possible, negotiations for the accession of new entrants, to ensuring compliance with agreements, including in areas such as TRIPS, TRIMs and customs valuation, where the transition periods expired at the end of the year.

41. The United States looked forward to the work ahead, including the important meetings that would be convened in March on trade and environment and trade and development. The United States considered the environment meeting as an opportunity to turn around the negative public perception that the WTO was working at cross purposes with the environment community. This meeting should help change that perception and help a way forward to be considered. Similarly, the important issues and concerns raised by the developing and least-developed countries would come into sharper focus as a result of the development meeting. Like others, her delegation agreed with the Chairman's proposal that the second phase be structured as a series of monthly formal and informal meetings of the General Council, and be proposal-driven. It was also useful to address paragraph 9 issues sequentially, with paragraph 10 being taken up in June. Moving forward in this way, Members should be able to assess where things stood on various proposals by July.

42. The representative of Pakistan said he wished to emphasize at the outset that Members were engaged in a process of preparing for the third Ministerial Conference, and not in preparing for a new round of negotiations. That was a decision that remained to be taken at a much later stage. Furthermore, Members had to maintain clarity with regard to the different nature, both legal and political, of the categories of issues listed in paragraph 9 of the Ministerial Declaration. Pakistan believed that the implementation issues covered by paragraph 9(a)(i) had the highest political and legal commitment. Implementation problems that had arisen were of two kinds, namely, those that were due to non-implementation of agreed obligations, and those that were due to difficulties in implementation and had become evident in the process of implementation. The main concerns related to the Agreement on Textiles and Clothing, where the manner and spirit of implementation thus far, with no benefits for the exporting countries, was gravely disappointing; the Agriculture Agreement, where there was an inherent inequity between the developed and developing countries; the Anti-Dumping, SPS, TBT and TRIPS Agreements and the Dispute Settlement Understanding. The problems involved were not so much technical as they were political, and Pakistan hoped to put forward concrete proposals to secure fuller implementation of these agreements and redress for difficulties experienced in implementation. Agreement on proposals to redress the difficulties encountered in implementation and the non-compliance of certain clauses of those agreements should constitute an early harvest, and should be achieved at the Seattle Ministerial Conference. Such an agreement on implementation issues would enable decisions to be taken on other aspects of the agenda.

43. Regarding the mandated negotiations, it was incumbent on the Seattle Ministerial Conference to launch the negotiations on agriculture and services, which all had agreed to start by the year's end. The objective in agriculture was obviously to bring such trade under the normal rules of the trading system. The negotiations should be designed to sketch the steps towards this objective, and the time-frame for these should be determined. The negotiations had also to correct certain glaring inequities in the current structure of agricultural trade, particularly between developed countries that maintained protectionist measures and developing countries that were not permitted to do so. With regard to services, the focus thus far had remained on certain areas of interest to developed countries, such as basic telecommunications and financial services. It was therefore important to now focus on areas of special interest to developing countries such as movement of natural persons, accountancy services, health services, engineering services, and tourism, among others. Apart from the mandated negotiations, further work was also to be undertaken on the mandated reviews, such as the reviews of the DSU, and the SPS, TRIPS, and Subsidies Agreements. Members should endeavour in this context to redress difficulties and problems encountered under the agreements concerned, particularly those that could not be resolved under the present terms of the agreements and therefore required some adjustments or modifications. The next area, in which the degree of commitment was as yet of a

political nature, concerned the Singapore issues. The process of analysis and study on these issues had not been completed, and many areas needed further clarification and analysis.

44. With regard to new issues, the following criteria should be applied, as had been done in Singapore, to determine whether an issue was eligible for admission as a negotiating issue in the WTO: (i) the issue should be trade-related; (ii) consideration of the issue should not strain the absorptive capacity of the WTO system; (iii) the issue itself should be mature for consideration; and (iv) negotiations on the issue should redress and not add to the asymmetry that existed in the balance of benefits between developed and developing countries in the trading system. It would also be necessary to try and ensure that autonomous liberalization measures undertaken by a number of developing countries in implementing structural adjustment programmes were credited to them in any future negotiations. With regard to industrial tariffs, Pakistan was studying with interest the proposals that had been made, and hoped to have a position on this matter in the near future. His delegation wished to note, at the same time, that a number of other issues had been identified on earlier occasions, such as those mentioned by the Chairman of the Marrakesh Ministerial meeting in his concluding remarks, that would also require to be reflected in any future set of issues. Finally, two issues had been raised at the present meeting which posed a danger to the process and to the trading system. The first was the endeavour to link trade measures with environmental measures. While Pakistan supported both trade liberalization and environmental protection, it believed that if trade liberalization began to be qualified and constrained by what was offered as environmental concerns, the door would be opened to a new protectionist arena that could lead into areas that were as yet unknown and unforeseen in their consequences. This applied even more so to the second issue, i.e. labour standards. Pakistan would urge against any effort to raise this issue once again either in the preparatory process or at Seattle. The issue had been settled once and for all at the Singapore Ministerial Conference, where it had been decided that work should take place in the ILO and that the WTO would not have a work programme on this issue. The statement by the Chairman of the Ministerial Conference in Singapore (WT/MIN(96)/9) had made it abundantly clear that this issue did not belong within the WTO. The informal group of developing countries had also taken a joint position two years ago stating that they would oppose consideration of labour standards within the WTO. He hoped therefore that Members could reach an early and mutual understanding that this matter would not be raised and reintroduced either in the preparatory process or at Seattle. Such an assurance was essential to enable measures for further liberalization to be considered.

45. The representative of Brazil said that while his delegation had no difficulty with the Chairman's proposed organization of further work, it wished to emphasize the importance of maintaining flexibility as regards the dates, formats, and agendas of the meetings. Although it would be convenient to have all proposals on the table before a certain date, perhaps mid-September, no definitive deadlines should be imposed. The agendas for the formal and informal meetings should also not preclude the possibility of Members raising any appropriate issue, as long as it related to the next Ministerial Conference. Like others, Brazil believed that paragraph 8 of the Ministerial Declaration deserved careful attention, and understood that the issues referred to in that paragraph might be addressed at any time in the forthcoming formal or informal meetings. During the first phase, Brazil had had the opportunity to stress the significant imbalances in the implementation of the Uruguay Round Agreements. It had underlined that expectations with regard to the results of the Uruguay Round had been frustrated. In certain cases, the level of obligations had proved too high for some countries. Longer implementation time-frames were not enough, and the wide gaps, in terms of administrative, technical and human resources, that separated developing from developed countries had not allowed the former to rise to the level of the latter in the fulfilment of some of the requirements of the WTO Agreements. In other cases, the special and differential treatment expected by developing countries had not been effectively put into practice by developed countries. These shortcomings had to be addressed seriously at the next Ministerial Conference. Some agreements should be revisited, and concrete proposals to this effect in the second phase would be welcome. Brazil was convinced that clauses concerning special and differential treatment for all developing countries should be revitalized, and that their basic idea and purpose could not be ignored. A genuine

multilateral trading system, in order to be properly operative and fair, had to recognize the different development levels of its Members, and provide for equitable conditions of participation in the international market. His delegation wished to reiterate that the built-in agenda was part of the package negotiated in the Uruguay Round, and emphasized the crucial importance of the agricultural negotiations for Brazil. While some Members wished to incorporate built-in agenda issues into a larger negotiating framework, it was not clear to Brazil, at this stage, how this could be arranged. He wished to make clear that Brazil would not support a selective sectoral approach.

46. The representative of Colombia said that as his delegation had indicated at earlier meetings, it was necessary to have a work programme that would make it possible to arrive at Seattle with proposals and recommendations on the content of future negotiations. In this regard, his delegation welcomed the Chairman's proposals, with which it could go along in general terms. Analysis of the results of the Uruguay Round showed that implementation of certain agreements had not met the expectations for the creation of market access opportunities for developing country products, and an objective evaluation of the impact of the Uruguay Round, particularly on developing countries, needed to be conducted. Developing countries had concerns with regard to the implementation of the Agreements on Anti-Dumping, Safeguards, TRIMs, and Textiles and Clothing, where the review of its implementation had shown the precariousness of progress in liberalization. Regarding the mandated negotiations in the areas of agriculture and services, Colombia believed that Members would need to specify certain terms of reference that would give clarity as to the structure, the methodology and the time-frames of the negotiations. Trade in agricultural products was clearly subject to distortions and obstacles that hampered the increase in exports of goods that were of considerable interest to certain countries. Furthermore, the agriculture sector, more than any other, was a substantial component in the exports and in the economic activity of the majority of developing countries. For this reason, Members should correct the existing distortions in agricultural trade in the forthcoming negotiations, and move towards a fair and market-oriented system. Regarding other issues that could be on the negotiating agenda, Colombia was willing to work constructively in areas such as trade and investment and trade and competition. Furthermore, Colombia viewed positively the work done on transparency in government procurement. The inclusion of these issues, as well as others, such as industrial goods, on the negotiating agenda would of necessity be linked to the attention that was given to the problems identified in the course of implementation, in particular with regard to the TRIMs Agreement. Finally, referring to the pressing need for assistance to developing countries in the dispute settlement area, he said that the lack of resources in developing countries, including human resources, had resulted in an unequal access to justice under the system, which required urgent action. A number of countries, both developed and developing, had been working together to draw up a proposal in this regard, and Colombia hoped that the results of these efforts could be put into practice as soon as possible.

47. The representative Switzerland said that the first phase had fulfilled its objectives and had established a solid base on which to make progress in preparing concrete recommendations to Ministers. Following the four informal intersessional meetings held thus far, his delegation believed that a positive assessment could be made regarding the functioning of the WTO. The WTO had been recognized as the guarantor of a solid multilateral trading system, proof of which lay in the increasing recourse to the dispute settlement system. It had thus been possible to clarify and better define the scope of application of WTO rules, and improve respect for these rules. The handling of the difficult case of bananas had nevertheless pointed to certain shortcomings that would have to be remedied. A review of the functioning of the WTO did not, however, point only to reasons for satisfaction. Switzerland regretted that negotiations had not been concluded either on non-preferential rules of origin or on information technology products. New multilateral negotiations would provide the necessary framework to enable the objectives in these two important areas to be reached. As regards implementation, although the situation could generally be considered satisfactory, the discussions had shown that certain problems remained. His delegation believed that technical assistance efforts should be intensified and rationalized, as a matter of priority, to confront these problems. To this end, a mode of financing and institutional structures should be set up to give countries that needed it the

means to integrate fully into the trading system. This implied, notably, the financing of technical assistance activities through the regular WTO budget. The strengthening of technical assistance activities should complement the most important measures for developing countries, namely market-access improvements. Switzerland regarded very seriously the decisions taken regarding LDCs at Marrakesh, Singapore and at the High-Level Meeting on LDCs in October 1997, and wished to see them translated into action. For its part, Switzerland had undertaken a complete review of its tariff preference scheme, as a result of which LDCs benefited from zero duties on all industrial goods and most agricultural goods. Ninety eight per cent of LDC exports currently entered the Swiss market duty free. Also, for reasons of improving market access, Switzerland had never applied anti-dumping duties or quantitative restrictions on textiles, whether under the MFA or other provisions. Switzerland recognized that certain implementation difficulties resulted from more fundamental problems, which were sometimes related to the nature and scope of the commitments undertaken in the Uruguay Round. These types of problems would undoubtedly have to be approached in an appropriate but clearly distinct manner.

48. Regarding agriculture and services, the discussions had highlighted two important elements: a willingness among all Members to engage in the mandated negotiations within the time-frame and in accordance with the parameters defined in the Uruguay Round, and that notable progress in these two areas could only be made if these negotiations were included in a broader framework, making it possible to take into account globally the legitimate interests of all participants. Switzerland noted with satisfaction that a consensus was emerging on this approach. It also welcomed the priority accorded by many Members to an improvement in market-access for industrial goods, and fully shared this view given the high tariffs that still remained in certain sectors and countries. As regards the work programme under the built-in agenda, two problems had arisen in the past months: those that were linked to implementation, and those concerning the balance of rights and obligations of Members. Switzerland continued to believe that implementation problems should largely be able to be settled within the competent WTO bodies. Matters concerning the balance of rights and obligations, however, would only find a satisfactory response in the framework of global negotiations. As regards the dispute settlement mechanism, Switzerland believed that Members should already consider certain amendments in order to strengthen its credibility. Switzerland had made concrete proposals in this regard concerning the introduction of a remand authority for the Appellate Body, and the obligation to notify bilateral arrangements. On technical barriers to trade and sanitary and phytosanitary measures, Members needed to draw lessons from the reviews already under way, particularly regarding the new dimension due to consumer concerns that were becoming ever more preponderant. Beyond the consolidation and development of areas already covered by the WTO, the multilateral trading system should be able to take up the challenges of globalization. Switzerland was convinced, in this regard, that the scope of WTO's multilateral rules should be extended to cover, or better cover, the issues of trade and environment, investment, competition, government procurement and trade facilitation. Finally, with regard to the organization of future work, his delegation believed that work in the second phase should be focused around concrete proposals. Through these proposals, each Member would have to express clearly and precisely its position regarding the issues, objectives and modalities of the next negotiations. Proposals would therefore have to be concise, restricted to listing the programme of future activities as each Member viewed it. A precise and ambitious work programme could be drawn up along the lines of the Punta del Este Declaration which, in just a few pages, had made it possible to launch the largest trade negotiations in history. As regards the structure and timetable for further work, while his delegation agreed with the Chairman's proposal, it wished to stress the need for flexibility regarding the frequency and mix of formal and informal meetings. While formal meetings were necessary to place on record written proposals, a true dialogue among Members was important to better understand respective positions and reduce divergences, and could only take place in informal meetings. Necessary flexibility should therefore be allowed to modulate the number of informal meetings in the light of progress made. If necessary, the number of informal meetings could be increased and that of formal meetings reduced.

49. The representative of Canada said that the work since the September Special Session had been especially helpful in identifying issues of interest to Members, and in developing a common understanding of these issues. Members were now moving into the second phase, which would be proposal-driven. The Chairman's proposed meeting schedule for the second phase clearly reflected the broad consensus that the preparatory work would intensify over the next several months. It also fit well with Canada's own preparatory process, which included extensive consultations with domestic stakeholders. The Chairman's proposal, including recognition of the need to remain flexible to accommodate developments as they arose, corresponded with Canada's views on how best to move forward. While Canada supported the approach that meetings in this phase should focus on proposals and discussions relating to paragraphs 9 and 10 of the Ministerial Declaration, Members should not be confined to those issues alone, particularly since there might be horizontal, cross-cutting issues to be considered. At Seattle, Ministers would require clear, concise proposals and recommendations to take the necessary decisions on future negotiations. Given these needs, Members should conduct their work in a way that facilitated Ministers' decision-making. To that end, one might consider how best to table proposals at future meetings. Canada would follow a simplified format which would include a brief proposed recommendation, accompanied by background and rationale. It believed this would assist Members' work in the third phase by organizing proposals in a way that would facilitate the work of Ministers. Some Members would want to offer indications of modalities and time-frames, and this could also be included. Given the varying levels of domestic preparations, Members should have flexibility to table proposals on any sector or issue. That said, to ensure the successful completion of phase three, all Members should aim to table any proposals before the summer break. As Australia had suggested, however, a period of reflection following the completion of this phase, allowing the possibility for proposals to be tabled into September, might be useful. Members might wish to re-table proposals at subsequent meetings once views and input from discussions had been collected and further refinements made. It might also prove possible to submit proposals for decision by Ministers at Seattle, which some had referred to as "deliverables". Canada, for example, looked forward to proposals on possible improvements to the dispute settlement mechanism arising from the ongoing review.

50. The Secretariat could play an important role in compiling and synthesizing Members' proposals and grouping them in a rational way for further consideration during the recommendation phase. Canada also recognized and appreciated the role that the Secretariat did and could play in compiling information and data and in identifying gaps between existing data and that which was needed to produce the analysis on which to base future negotiations. Members needed to remain focused on developing the analytical tools essential to fulfilling the existing requirements for notification and the market access exercises, including the Integrated Data Base and the electronic loose-leaf Schedules, as well as for future negotiations. Canada considered the ongoing work on data collection an important part of the preparatory process. While a lack of data would not prevent the negotiations from beginning on time, a thorough set of data would clearly facilitate Members' efforts in preparing and executing the negotiations. Canada recognized the legitimate concerns of developing countries, especially the LDCs, in connection with data collection and analysis, and agreed that ways to address these concerns should be explored. Canada's goal, like that of many Members, remained to ensure that the Uruguay Round Agreements were fully and effectively implemented, and that the world trading system remained relevant to the needs of its beneficiaries. In that regard, Canada was already committed to new negotiations on agriculture and services beginning at the end of the year. It would consider how to bring trade in agriculture more fully under the rules, including eliminating all export subsidies, as well as how best to extend the coverage of rules on trade in services, including professional services. Beyond that, Canada's Minister for International Trade had identified certain key areas of interest that might merit consideration, including: (i) further reductions in industrial tariffs, including possible elimination of nuisance tariffs; (ii) eliminating non-tariff barriers that imposed unnecessary bureaucratic costs on exporters, such as technical standards, customs valuations and rules of origin; (iii) curbing abuse of antidumping, countervailing duties and safeguard actions; (iv) expanding trade rules to reflect current international business practices in areas such as intellectual property, electronic commerce, transparency in government procurement, and investment

and competition policy; and (v) finding ways to ensure that trade rules fully took into account and respected sound cultural, environmental and labour policies. To build and maintain public support and understanding for international trade, Ministers had agreed in 1998 to consider how to improve the transparency of WTO operations. This was a crucial issue for Canada. Canadians wanted their Government and international institutions to be more open and accountable. They wanted to be presented with the facts so that they could conduct their own analysis, and they expected that their questions and concerns would be addressed. To ensure the full, active and informed participation of Canadians, his Government was determined to present the key issues in such a way that Canadians could understand what it meant to them. For this reason, his Government was conducting an extensive outreach and consultation process with provincial governments, the business community and civil society at large. More broadly, Canada considered it essential to connect the work being done in Geneva with the realities of the challenges being faced by firms and workers. He wished to encourage all those responsible for preparing proposals to consider those realities and address them in their preparatory work. Put simply, proposals should be understandable at home as well as to experts in Geneva. This would go a long way towards building public support for the work being conducted at the WTO.

51. Making the system work for all Members was also a key Canadian goal. Some Members were having considerable difficulty in meeting their obligations, and technical assistance could play a role in assisting developing countries implement existing agreements. Capacity building was key to providing developing countries with the necessary tools to participate more fully in the multilateral trading system. In this respect, the WTO should continue its cooperation with other international organizations that could provide complementary contributions to assist in advancing the participation of the LDCs. Most Member countries participated in various bilateral, regional, or inter-regional fora. Other institutions, such as the IMF and World Bank, were also examining trade related issues. Many of these fora had Ministerial-level meetings scheduled over the coming weeks and months. All should work to ensure greater coherence among the institutions and organizations engaged in addressing the challenges of the international economy as an integral part of their efforts to strengthen and build an effective approach to all trade-related matters.

52. The representative of Hong Kong, China said that Members were entering a more intensive phase of the preparatory process on the basis of the initial work done in the previous phase. The aim of this phase should be to define the maximum scope of the future work programme, both in terms of topics for negotiations and the scope of individual topics. It was not necessary, however, to reach consensus on the detailed negotiating objectives for individual subjects in this phase. As many delegations had indicated, the second phase should be more focused and proposal-driven. The proposals could emanate from paragraph 8 or relate to paragraph 9 of the Ministerial Declaration, and could come either from Members or from subsidiary bodies tasked to examine relevant issues. His delegation supported the Chairman's proposal concerning the organisation of work during the next phase, and shared the view that a combination of formal and informal meetings would enable more active discussions on the proposals put forward. As had been suggested, formal meetings would provide for the presentation and tabling of proposals and stocktaking, while informal meetings would enable Members to clarify and elaborate the proposals tabled. The General Council should convene more informal meetings as and when necessary. Towards the end of the second phase, the General Council should aim to produce an initial outline of the recommendations, and to develop it further into a set of recommendations in the third phase, which would start in September. His delegation also considered that the General Council should allow for the evaluation of implementation called for under paragraph 8 of the Ministerial Declaration during the second phase, and understood that the Chairman would specify a time-frame for this important exercise.

53. Hong Kong, China wished to emphasize that the preparatory process should be the top priority of the WTO leading up to the Seattle Ministerial Conference. Once the scheduled dates of meetings had been agreed to, they should be maintained unless there were compelling reasons for rescheduling. Also, contrary to customary practices of the WTO, the formal and informal meetings

should start relatively on time. His delegation believed that proposals should be sufficiently precise in terms of negotiating objectives, modalities and scope to ensure the efficient conduct of negotiations. To encourage the early submission of proposals and allow sufficient time for an exchange of views, a target date for tabling proposals was desirable, and the end of July seemed logical. However, a degree of flexibility would be useful. As regards the process, his delegation believed that it should be an interactive "top-down" one, with the General Council firmly in charge in order to ensure timely completion. The General Council should set clear parameters for inputs from subsidiary bodies to ensure that progress was made on the right track and in good time. Subsidiary bodies should be invited to report to the General Council on progress made on issues under their respective responsibility. Finally, he noted that some delegations had raised the idea of possible decisions being submitted to Ministers at Seattle for immediate implementation, referred to as "deliverables". The General Council might wish to consider whether and how such proposals would be raised in the second phase and, in particular, their relationship with paragraph 9 of the Ministerial Declaration. The General Council might also wish to consider the relative priority of these issues when compared with the important task of launching a new round of negotiations at Seattle.

54. The representative of Venezuela said that to be truly effective in the next phase of work and have an outline before the summer recess, and to avoid too tense an agenda during the two months preceding the Ministerial Conference, a methodology was necessary which not only referred to schedules of forthcoming meetings but also enabled Members to touch on those issues that were on the agenda and within the overall vision of countries or groups of countries. One should give an indication of what one hoped to achieve. It was important also to assess the previous exercise and to understand the general trends that had emerged. Venezuela believed that in the first phase Members had given clear signals that they wished to all come to an understanding. The methodology he had referred to should also include answers, suggestions and alternatives from delegations on the different issues in a clear and concise manner so that issues of convergence and of divergence could be seen. At the end of the day, one was looking for a consensus as to the issues that were capable of being advanced. Only a review, even if approximative, of where one stood at present would allow further progress to be made in a practical manner, taking account of all the interests and visions. Venezuela was currently in the process of carrying out its assessment. It believed that one must look at all the issues, trends and expectations from national perspective and see which issues truly wished to make progress on, and on which there could be convergence. It was better to have a realistic vision, taking into consideration all the previously mentioned visions than to tread the same well-worn path. The programme outlined by the Chairman should enable Members at the very first meeting of the second phase to give a clear assessment of their expectations and a clear-cut methodology. As Argentina had stated, this was not the time for negotiations, a reality that meant that all could work in a disciplined manner with a view to conducting the greatest possible number of consultations that would allow capitals to assess the combined trends and visions. In essence, the aim was to strengthen the multilateral system with a vision that looked to the future while remaining realistic. The system would not necessarily make progress only with more rules or more issues but rather only when all were able to benefit from and strengthen what had already been achieved and when all countries believed that the multilateral system had enabled them to achieve a beneficial situation reflecting their respective national interests.

55. The representative of South Africa said that the first phase of the preparatory process had laid out the wide scope of issues that Members wished to see addressed, including within the context of new negotiations. There appeared to be wide recognition that work in the second phase would need to be intensified, and that it should be proposal-driven. Proposals in this phase could be expected to go into great detail and be likely to include recommendations to amend specific provisions in existing agreements. His delegation could agree to the mix of formal and informal meetings for the next phase as proposed by the Chairman, and appreciated the latter's sensitivity to concerns that the intensification of these meetings on top of the ongoing WTO work would place greater burdens on smaller delegations, putting them at a distinct disadvantage during this process. Keeping in mind that the preparatory phase did not in itself constitute substantive negotiations, Members needed to consider

how work in the current process would be translated into broad recommendations for a negotiating mandate, including scope, structure and time-frames, to be submitted to Ministers at Seattle. If clear and specific recommendations setting out a negotiating mandate were to be drafted in less than the three months from the end of the summer until November, the questions Members should be asking themselves were whether they had given themselves sufficient time, and how the current process would assist them. While his delegation recognized the need for flexibility in time-frames to be sensitive to the fact that domestic consultative processes continued, it might become important to agree to a cut-off date for new proposals. In addition, proposals should consider the scope, structure and time-frames for new negotiations.

56. Turning to substantive issues, he said that South Africa's domestic consultations on the scope and content of new negotiations continued. While South Africa might have no particular difficulty at this point with the notion of a wider round of negotiations, several fundamental questions needed to be addressed. The issue was not so much the scope of the negotiations, but rather the direction and content of their outcome. Members needed to consider how the WTO, and the impending negotiations, would contribute to more sustained and equitable global economic growth, and increases in trade and investment flows on the basis of appropriate structural adjustment, including in industrial economies. This required ensuring the realization of developing countries' comparative advantages in agriculture and in areas which offered prospects for further restructuring and industrialisation. WTO agreements should facilitate -- not frustrate -- these processes, which would constitute an indispensable basis for global economic growth and sustained development. The major industrial countries had a particular responsibility in this regard. Members should work together to ensure that new negotiations did not result in driving deeper wedges and gaps between them. A central objective of new negotiations should be to achieve an outcome that contributed to the meaningful integration of developing countries into the trading system in ways appropriate to their varying levels of development. In this regard, his delegation attached importance to the forthcoming symposium on trade and development.

57. The processes of globalization continued apace, and Members needed to keep abreast of new developments in order to be able to manage them effectively. At the same time, they needed to work together on existing agreements to ensure that benefits were shared more equitably. Without greater equity and balance in outcomes, confidence in the system would dissipate. South Africa attached at least three meanings to the notion of balance in new negotiations: a balance which accommodated the interests of all Members, a balance in terms of processes so that the differential burden that negotiations placed on different delegations was acknowledged, and a balance in outcomes so that all Members were able -- and perceived -- to derive benefits from the negotiations. Positions on the scope of future negotiations diverged considerably among Members. This divide needed to be bridged by demonstrating more understanding of the priority issues for all Members within the framework of broad negotiations. While all were obliged to negotiate services and agriculture, they could also agree to devote sufficient time and resources to redressing the issues raised concerning the imbalances and deficiencies of implementation of the Uruguay Round Agreements. In light of the ending of the transition phase for implementing WTO obligations for developing countries, it was appropriate that the special and differential treatment provisions in the various agreements be reviewed as a distinct part of the WTO's ongoing work programme with the aim of ensuring that these principles were strengthened and deepened.

58. Careful consideration would have to be given also to whether agreed time-frames had been sufficient to allow developing countries to meet their obligations. It would be disastrous if, after 2000, the system witnessed a dramatic increase in the number of disputes brought against developing countries as a result of the failure to take this pro-active step. South Africa also encouraged efforts to bind duty-free access to major markets for exports from LDCs and Africa, and would seek to ensure that Members continued to pursue work in the context of the integrated initiative for LDCs. Members should also signal their collective support for efforts to encourage progress in speeding up, deepening and widening the Highly Indebted Poor Country initiative, not least for the negative impact of debt

over-hang on trade performance and integration into the trading system. If Members were to take these sets of issues as central priorities, the membership as a whole might be in a position to create a more sound basis for negotiations in other areas. In the current global economic environment, the best efforts of all, both domestically and in this organization, could unravel rapidly through developments in the international financial system. South Africa welcomed and encouraged greater efforts to enhance coherence between the WTO, IMF, World Bank, and UNCTAD. Deepening information exchange and analysis would go a long way to providing Members with an effective basis on which to prepare and define their interests in future negotiations. South Africa believed that the WTO's integrity and legitimacy would be greatly enhanced if Members agreed on the need to adopt an approach that put development and equity concerns at the centre of their objectives for new negotiations. It would, at the same time, contribute in a meaningful way to reversing many of the negative perceptions that cast a shadow over the WTO's work.

59. The representative of Morocco said that the work done since September had been important, and had allowed Members to have a better picture of the ideas and proposals put forward by all. Like others, Morocco had been conducting internal consultations with a number of parties concerned by the issues under discussion, which had made it possible to enlarge the view it had as to the future steps it should be taking. His delegation was agreeable to the work programme proposed by the Chairman, and to the frequency as well as the mix between formal and informal meetings. It was important to use the months between now and July to take stock of the various proposals that would be submitted regarding, in particular, paragraphs 8, 9 and 10 of the Ministerial Declaration. By the end of July, one should be able to have an overall picture of the agenda of the next Ministerial Conference, and be able to go into greater detail as from September. It was important that all delegations be able to make clear and concrete proposals, because the real success of the future work would depend to a large extent on Members' ability to give impetus to future negotiations that would take into account the interests of all and which would make it possible for developing countries in particular to enjoy full and beneficial participation in the multilateral trading system. Members should also work together to ensure that a number of additional decisions or initiatives could be adopted at Seattle, and to take the opportunity offered by the Ministerial Conference to strengthen the legitimacy and the efficiency of the dispute settlement system. It would also be important to take stock on matters relating to rules of origin, particularly at a time when future negotiations would take Members towards additional substantial liberalization efforts. Morocco would be making specific proposals on these issues, as well as on others of strategic importance to it such as agriculture and services, in the following weeks. His delegation supported the idea that a summary document or outline be prepared in July to enable a clearer picture of the various proposals made by delegations.

60. The representative of Tanzania expressed support for the organization of future work proposed by the Chairman. He hoped that the limitations facing small delegations would be taken into consideration to the extent possible in convening future meetings. His delegation had found checklists of issues prepared by the Secretariat very useful, and hoped that the practice would be continued in the second phase. Tanzania shared the views of those who saw the next phase as proposal-driven, and hoped that all proposals would be given equal weight. With regard to the structure and content of a new round of negotiations, his Government's position would depend greatly on an analysis and evaluation of the benefits derived from the Uruguay Round, which needed to be undertaken. Such an evaluation would also put Members in a better position to decide on whether the idea of single undertaking should be continued in the new round. His delegation welcomed the Community's proposal that Members consider establishing zero tariffs for LDC exports by the time of the Seattle Ministerial Conference, and wished to make two additional proposals in this connection: (i) that the question of non-tariff measures also be addressed at the same time, since, as had been pointed out in the first phase, non-tariff measures on LDC exports were in some cases the main cause of their inadequate market access; and (ii) that the issue of supply capacity be also squarely addressed in order to make market access initiatives useful. His delegation looked forward to a further discussion on this when issues relating to paragraph 9(c) of the Ministerial Declaration were discussed. His delegation also believed that the question of making technical assistance more relevant

should be addressed. It also supported the idea of an indicative cut-off date for new proposals. As regards Uruguay's proposal on the categorization of issues, his delegation would approach it with caution, and believed that the categorization set out in the Ministerial Declaration was still relevant. New proposals to categorize issues might lead to detailed discussions on specifics and result in the loss of limited time.

61. The representative of Mauritius agreed with the time-frame and work plan proposed by the Chairman. His delegation also agreed with the proposals by several delegations that paragraph 8 of the Ministerial Declaration be an important concern of the work in the coming months. His delegation also noted with satisfaction the suggestions by Members that issues could be addressed as many times as possible during this period provided that there was a structured arrangement for the submission of proposals so that one was not faced with last minute surprises. His delegation was also concerned that the workload should be realistic so as to enable small delegations to cope with other priority activities scheduled at the various international organisations in Geneva. In this respect, he had noted the Chairman's observation that the programme and dates were only indicative at this stage. Finally, his delegation trusted in the Chairman to ensure the necessary balance of interests in and benefits from the work programme keeping in view the developmental dimension, and the concerns, vulnerability and problems of small countries such as Mauritius, in the upcoming agreements, understandings and other outcomes. His delegation had already had the opportunity of putting forward some of its main concerns, and its expectations from the third Ministerial Conference. It would come forward in due course with concrete proposals in regard to the relevant paragraphs of the Ministerial Declaration.

62. The representative of Chile said that the first phase of the preparatory process had been very successful. Like others, his delegation believed that the second phase should be proposal-driven. It would be important also to set an indicative deadline for the submission of proposals. That being said, his delegation did not preclude the possibility of other issues being raised, which was a right that all Members had. His delegation fully supported the Chairman's proposal regarding the organization of future work, bearing in mind the need to maintain flexibility. It was important, however, to have a strong commitment to a given time-frame so that Members could have something to reflect on over the summer. The second phase should therefore conclude with the preparation of an outline that would reflect the intense discussions that would be held. Subsequently, actual negotiations on the issues to be brought to the Ministerial Conference would have to be envisaged.

63. The representative of Mexico said that Mexico supported a comprehensive new round of negotiations reflecting the interests of all Members and conducted as a single undertaking. As regards the implementation of existing agreements, it was important both from a political as well as negotiating point of view to resolve the problems, whether real or perceived. Questions of implementation should not be used as negotiating tools to extract new concessions from developing countries. Mexico shared fully the views expressed in all the paragraphs of the Communiqué of the recent ninth summit meeting of the G-15 group of countries, in which Mexico had participated. With regard to the built-in agenda issues, Mexico believed that commitments already undertaken had to be complied with fully. However, a broader round of negotiations would enable the built-in agenda issues to be addressed in a more coherent and more ambitious manner. On the Singapore issues, Mexico could accept negotiations on each of them, and would defend or promote the specific interests it had in each area. However, the inclusion of these issues in a new round of negotiations would depend on the overall balance of interests of all Members referred to in paragraph 11 of the Ministerial Declaration, as well as the specific balance that Mexico expected to achieve in each area individually. In any event, he wished to make clear that Mexico was not a "demandeur" in regard to these issues. As regards new issues under paragraph 9(d) of the Ministerial Declaration, market access for non-agricultural products was of interest to Mexico. Mexico deliberately used the term "non-agricultural" instead of "industrial" goods to avoid any misunderstandings that the latter might give rise to regarding the inclusion of certain products. Mexico did not wish to see any sectoral exclusions. All new issues would require the prior agreement of Members before they could be

included in the package referred to in paragraph 10 of the Ministerial Declaration. As regards labour standards and trade and environment, Mexico's position was fully reflected in the relevant paragraphs of the G-15 Communiqué. His delegation recommended the establishment of a time-limit for the submission of proposals on new issues, and wished to note also that new issues, in particular, were subject to a double consensus in the Ministerial Declaration. As to procedure, his delegation believed that Members should have a draft outline by the end of the second phase in July, which should contain the scope and time-frames for future negotiations. A limited deadline should be allowed thereafter for the submission of additional proposals, and the third phase should be devoted to negotiating the text to be submitted to Ministers.

64. The representative of Iceland said that the revision of the present agricultural agreement would be one of the major tasks for Members in the next round of negotiations. Iceland supported an approach aiming for more open markets and stronger disciplines in this sector, although it wished to emphasize that the fundamental importance of non-trade concerns and the multifunctionality of agriculture could not be left aside. Furthermore, Article 18.4 of the Agreement on Agriculture had been interpreted differently and debated in the Agriculture Committee, particularly the methods of calculation of inflation adjustment of domestic support. Iceland considered the particular conclusion, that inflation should influence and in fact determine the implementation of Member's commitments to be irrational. Therefore, a common and reasonable solution to this problem had to be reached in the next round of agriculture negotiations. With regard to services, Iceland wished to see the negotiations in this sector result in liberalisation in the fields of professional services, transport and communication services, among others. As regards trade and environment, his delegation believed that this issue was as central to world welfare that the WTO could not but start looking beyond the analytical to the operative phase. There was already sufficient basis for commencing work towards a global agreement on trade and environment in the context of the next round of negotiations. As a nation heavily dependent on the utilisation of renewable natural resources, Iceland was firmly committed to the objectives of sustainable development. However, for this to be realized, trade liberalisation and environmental conservation must develop in harmony through multilateral cooperation. There was no inherent contradiction between the two, and they should be seen as mutually reinforcing. In the fisheries sector, Iceland believed that the elimination of government subsidies, state aid and various other obstacles to free trade in marine products was of fundamental importance, not only because such measures distorted free trade and competition, but also for the direct relationship between government subsidies and state aid in the fishing sector and excess fishing capacity and over exploitation of fish stocks. Iceland's considerable experience with market-driven fisheries management indicated that there was no visible reason for approaching the fishing industry in a different way from other sectors of the economy. Iceland would be pleased to share with others its experience and knowledge in resource management in the fishing sector.

65. Iceland firmly supported the launching of negotiations on industrial tariffs alongside those already foreseen. Members should refrain from sectoral tariff reductions on industrial goods, and approach the task of radically reducing industrial tariffs in a broad based and comprehensive way with the aim of reaching agreement on the overall reduction of tariffs on all industrial and other manufactured goods including fish and fish products. On transparency in government procurement, Iceland recognised that a certain turning point had been reached on this issue and that serious efforts should be made to enter into a new phase. There should be sufficient basis to start discussions on proposals and contents of a possible agreement. Members should also make efforts in the next round towards an agreement on trade facilitation. The principles of efficiency and simplification, harmonisation and consistency, protection and compliance, transparency and integrity, co-operation and consultations should provide a good basis for this aim. Special attention should be paid to anti-corruption measures, and in this respect the WTO could take note of the recent Convention on Combating Bribery negotiated under the auspices of the OECD. Iceland also attached particular importance to the creation of a stable, free and equitable environment for global electronic commerce. The WTO debate should be comprehensive and cover all trade-related aspects of electronic commerce with the aim of clarifying to what extent current WTO rules applied, and defining, as appropriate, the

scope for new or improved disciplines. Members would hopefully be able to conclude an agreement on electronic commerce even before a new round of trade negotiations commenced.

66. Iceland placed particular interest in the proposal for the establishment of a multilateral system of notifications and registration of geographical indications for wines and spirits. The concept, however, required further examination, not only for the establishment and operational costs but also for proceedings for dispute settlement and arbitration. If such an exercise proved to be acceptable and the system turned out to be successful in improving identification and protection of the origin of the goods in question, Iceland would be keen to see such a system extended to all kinds of goods, including fish. Iceland noted the growing interest in discussing investment issues at the WTO in a comprehensive way. If such discussions were to be launched, they would be very different from the discussions in the OECD from a contextual point of view. The issue of investment protection would be one of the important contributions as well as the elimination of barriers to movement of key personnel in connection with investment abroad. Iceland was interested in seeing negotiations begin on more sophisticated investment measures than were reflected in the present TRIMs Agreement. In concluding, he urged Members to aim for an accelerated round with a three-year time-frame, as well as for institution building that would enable the WTO to adjust and respond to change and the challenges of the global economy. Furthermore, the difficulties faced by the least-developing and many developing countries in implementing the present WTO agreements would need special attention during a new round of negotiations. Iceland believed that implementation difficulties could be dealt with within the existing WTO framework. While Iceland stood ready to work constructively with the concerned countries, it would caution against any backtracking or renegotiation of commitments.

67. The representative of Uganda said that his delegation could go along with the Chairman's proposed programme of work. As the second phase would be proposal-driven, his delegation expected that proposals would be submitted in time and that all would be given the necessary time to consider them. He hoped that at the end of the second phase it would be possible to see the outline of what could constitute a declaration. His delegation agreed with Egypt on the importance of the evaluation provided for in paragraph 8 of the Ministerial Declaration, which would give an idea of the lacunae and the corrective measures to be taken. As regards the mandated negotiations, these were part and parcel of the Uruguay Round Agreements, and should not be used as a basis to demand concessions in a new round. In the area of agriculture, Members needed to review those provisions that constrained the production of food for domestic consumption in developing countries. There was also a need to redress the weaknesses in the provisions relating to net food-importing countries. As regards services, it should be possible to negotiate the further liberalization of labour intensive services in developed countries. This, coupled with the free movement of labour from developing countries, would be helpful in promoting development. With regard to TRIPS, there was a need for an operational provision on the promotion of technological innovation and the transfer of technology. As the weaker trading partners, least-developed countries faced considerable handicaps in the multilateral trading system. An effective system of special provisions for them should therefore be made an integral part of the WTO. This should be treated as a corrective measure to deal with the structural weaknesses in their economies and to create a balance in the distribution of benefits from the system. It was also necessary to have an effective surveillance of the implementation of the special and differential provisions. With regard to the Singapore issues, his delegation believed, like India, that it was as yet unclear whether the stage had been reached where negotiations could be launched on these issues. Uganda suggested that Members wait until this work was reviewed at a later stage, possible at Seattle, when, if need be, one could consider if negotiations should be undertaken. On the issue of trade and environment, while Uganda was party to a number of multilateral environment agreements, it would urge caution in bringing environment into the WTO so that it did not become yet another non-tariff barrier. Finally, like many others, Uganda also believed that the issue of labour standards had been settled in Singapore.

68. The Chairman said that Members had had a useful and interesting exchange of views, which he would not attempt to summarize. A number of ideas had been put forward by delegations on how to build on the process that had been undertaken thus far, and all looked forward to receiving concise and precise proposals geared towards preparing for recommendations to Ministers in Seattle. Delegations had also raised a number of other points about the further process which would have to be reflected on as one moved along. These included the question of establishing a cut-off date for the submission of proposals, the timing and the manner in which to handle work under paragraph 8 of the Ministerial Declaration, and also the question of what specific product the work in the second phase should result in. Clearly, the process that Members were agreeing to at the present meeting would provide an opportunity for these and any other relevant issues to be considered during the course of the further meetings.

69. He proposed that the General Council agree to the indicative programme for the organization of future work that he had presented at the beginning of the meeting, keeping in mind the views expressed by various delegations regarding the importance of retaining flexibility and of avoiding to the maximum extent possible overlapping with other meetings both in the WTO and elsewhere. It was understood that although a particular focus was suggested for the meetings in the proposed programme, delegations would have the right to revert to any issue at any meeting. It was also understood that the programme might be reviewed, and if necessary modified, by the General Council in the light of developments.

70. The General Council so agreed. The General Council then took note of the statements and of the report by the outgoing Chairman on the work done since the September 1998 Special Session.
