

**General Council
8 and 9 February 2001**

MINUTES OF MEETING

Held in the Centre William Rappard
on 8 and 9 February 2001

Chairman: Mr. Kåre Bryn (Norway)

Prior to adoption of the agenda, Bulgaria said that the agenda of the present meeting reflected an attempt by certain Members to block the inclusion of an item, which had been requested by other Members. He also questioned the usefulness of the inclusion of certain other items. He then noted that the issue of internal transparency had not been included on the agenda. Although discussions on internal transparency amongst Members had led to certain improvements in the general functioning of the WTO, no concrete measures had been taken to provide Members with guarantees with regard to internal transparency. He recalled that his delegation had circulated a proposal, which had suggested minimum guarantees in this respect and he hoped that the General Council would consider it. However, his delegation did not feel it should request, on its own behalf, that the proposal be taken up by the General Council, as the issues addressed therein were fundamental in nature and concerned the functioning of the entire organization.

The Chairman said that there were a number of items which the General Council was expected to revert to, namely the question of observer status for international intergovernmental organizations, review of procedures for the circulation and derestriction of WTO documents and revision of guidelines for scheduling of WTO meetings. There was also an agreement in the General Council to revert to the question of internal transparency from time to time. The proposal circulated by Bulgaria in the context of internal transparency would be considered when the General Council reverted again to this matter. Finally, he recalled that there had been a request submitted by Egypt on behalf of the Informal Group of Developing Countries to include an item on the agenda of the present meeting concerning the accession of Iran. However, after consultations, it had been agreed that this item would be placed on the agenda of the next General Council meeting.

Subjects discussed:

Page

1.	Request for observer status.....	2
(a)	Sao Tome and Principe	2
2.	Accession of the Federal Republic of Yugoslavia.....	3
(a)	Communication from the Federal Republic of Yugoslavia	3
3.	Committee on Budget, Finance and Administration	6
(a)	Report of the Committee	6
4.	Committee on Balance-of-Payments Restrictions.....	7

(a)	Consultations with Pakistan	7
(b)	Consultations with Bangladesh	7
5.	Work programme on electronic commerce	7
6.	Procedures for the appointment of the Director-General	11
7.	Proposal to amend certain provisions of the Understanding on Rules and Procedures Governing the Settlement of Disputes Pursuant to Article X of the Marrakesh Agreement Establishing the World Trade Organization	12
(a)	Submission by Bolivia, Canada, Chile, Colombia, Costa Rica, Ecuador, Japan, Korea, New Zealand, Norway, Peru, Switzerland and Venezuela for examination and further consideration by the General Council	12
8.	Situation regarding work in the Committee on Regional Trade Agreements.....	17
(a)	Communication from Australia, India, Japan, Korea, New Zealand, Pakistan and Hong Kong, China	17
9.	Proposal for addition of an item to the General Council agenda: "Reports of the special sessions of the Committee on Agriculture and of the Council for Trade in Services, and of the TRIPS Council on the mandated negotiations on agriculture, services and geographical indications"	23
10.	Reports of the special sessions of the Committee on Agriculture and of the Council for Trade in Services	26
11.	Appointment of officers to WTO bodies	27
12.	Election of Chairperson of the General Council	28
13.	Sanitary and phytosanitary measures by Canada affecting Brazilian beef exports.....	29
14.	Statement by the Chairman of the Committee on Rules of Origin	29
15.	Statement by the Chairman on further work of the General Council on Implementation	30

1. Request for observer status

(a) Sao Tome and Principe (WT/L/389)

1. The Chairman drew attention to the communication from Sao Tome and Principe requesting observer status in the General Council and its subsidiary bodies (WT/L/389), in which it had indicated its intention to apply for accession to the WTO Agreement and had provided a brief description of its economy and foreign trade regime, in accordance with the guidelines for observer status for governments in the WTO (WT/L/161, Annex 2). He proposed that the request by Sao Tome and Principe be granted.

2. The representative of Brazil said that his delegation strongly supported Sao Tome and Principe's request for observer status.

3. The General Council took note of the statement and agreed to the proposal by the Chairman.

2. Accession of the Federal Republic of Yugoslavia

(a) Communication from the Federal Republic of Yugoslavia (WT/ACC/FRY/1)

4. The Chairman drew attention to the communication from the Federal Republic of Yugoslavia requesting accession to the WTO Agreement (WT/ACC/FRY/1).

5. The representative of the Federal Republic of Yugoslavia, speaking as an observer, said that through its clearly declared intention to apply for and start the accession procedure to the WTO Agreement, the Federal Republic of Yugoslavia (FRY) was heading towards the realization of a major goal of its international trade policy, i.e., its participation in the multilateral trading system. Following the democratic changes in the FRY in autumn 2000 and the process of radical economic reforms initiated, significant steps had been taken in its external policy. The FRY had become a member of a number of international organizations and regional initiatives, including the United Nations, International Monetary Fund, European Bank for Reconstruction and Development, Organization for Security and Cooperation in Europe, Stability Pact for South East Europe, South East Cooperative Initiative. The presence of the FRY in these organizations and institutions represented a source of encouragement and an incentive for a consistent implementation of the FRY's plans and intentions. After ten years of overall economic decline, including trade isolation from the international community, harsh economic, financial and trade sanctions, the FRY was embarking on a radical economic path with ambitious short-term and medium-term goals. The FRY's ultimate goal was to establish a system fully compatible with the one existing in European countries. On the internal side, a number of measures had been undertaken aimed at monetary stabilization, including the unification of the exchange rate, introduction of current account convertibility and of a managed floating exchange regime, in parallel with the first measures of trade liberalization and deregulation. Over the past three months, the Dinar exchange rate had been stable, enterprises involved in foreign trade were no longer obliged to be included in a special register, and the system of mandatory registration of all foreign trade transactions had been abolished. An overall review of the foreign trade system and tariff regime was in progress. These measures should greatly facilitate international trade with FRY's major trading partners. By initiating the procedure of accession pursuant to Article XII of the WTO Agreement, the FRY was pointing out the importance it attached to membership in the WTO, especially bearing in mind WTO's role in the world economy and its contribution to the promotion of international trade as the main pillar of world development. The FRY intended to follow the full negotiating procedure and hoped that this process would assist it in coordinating and creating domestic trade policy and regulations in all fields covered by the WTO, in order to achieve the balance between rights and obligations and the development goals of its national economy. Finally, he wished to express satisfaction at the wide support demonstrated for the FRY's request for accession and the undivided understanding for its needs and subjective intentions. The Working Party on the Accession of FRY would coordinate in an objective and transparent manner, the accession process with the full cooperation of all the relevant institutions and organizations in the FRY. The General Council's decision at the present meeting would be one more step towards the integration of the FRY into the international community. The FRY was fully aware of the importance of that decision and would carry out all forthcoming activities with full responsibility.

6. The representatives of India, Romania, on behalf of the CEFTA Members and Croatia, Estonia and Latvia, Slovenia, European Communities, Hungary, Bulgaria, Brazil, Switzerland, Turkey, United States, Israel, Thailand, on behalf of the ASEAN Members, Norway, Kyrgyz Republic, Zimbabwe, Mexico, Venezuela, Cyprus, and the Russian Federation, speaking as an observer, welcomed and supported the application of the Federal Republic of Yugoslavia for accession to the WTO, and supported the establishment of a working party to examine its request.

7. The representative of India hoped that the Federal Republic of Yugoslavia would be able to accede to the WTO under appropriate terms and conditions that would be beneficial to it as well as to

the multilateral trading community of the WTO. India had strong political, economic and trade relations with the FRY which would be strengthened with its accession to the WTO.

8. The representative of Romania, speaking on behalf of the CEFTA Members and Croatia, Estonia and Latvia, said that most of the countries on whose behalf she was speaking had long-standing historical trade and cooperation ties with the Federal Republic of Yugoslavia. They were confident that the adoption of WTO rules would assist the FRY in strengthening its trade relations in the region, as well as with other Members, and would provide an excellent framework for further economic recovery through trade. The accession process of the FRY to the WTO would also contribute to stability in the region. The request of the FRY for accession confirmed its determination to embark upon a comprehensive economic reform process, and was evidence of its intention to integrate into the global economic community, which would also contribute to the strengthening of the multilateral trading system.

9. The representative of Slovenia associated his delegation with the statement made by Romania on behalf of the CEFTA Members, and Croatia, Estonia and Latvia. His delegation looked forward to an early accession of the FRY and was ready to work closely with it in a way that would ensure that its accession would contribute to the reconstruction and transformation of its economy, as well as to its speedier integration as a European country in transition into the international community. The decision of the FRY to become an integral part of the international rule-based trading system was important and of particular relevance for South Eastern Europe as a whole. It sent the right signal and could contribute significantly to the economic and social development of the region, and to the process of rebuilding the once prolific and close trade and economic relations. Slovenia hoped that the accession working party would proceed in a speedy manner. His delegation would actively participate in the accession process and would give support to the FRY's efforts to embrace WTO rules and principles.

10. The representative of the European Communities said that the FRY's request for accession was a sign that the region was on the path of peaceful recovery and believed that the accession process would help the FRY to adopt trade rules which would facilitate its economic recovery.

11. The representative of Hungary shared the views expressed by Romania and said that as a neighbouring country, Hungary was interested in the FRY's economic prosperity and the well-being of its people. The FRY's full integration into the world and into the European economy was a major pre-condition to achieving that prosperity. WTO membership was an important step towards its integration into the world economy. His delegation would take part actively in the accession process. He hoped that this process would be smooth and rapid, and that his country would be able to cooperate with the FRY within the WTO in the near future.

12. The representative of Bulgaria concurred with the statement by Romania which was also made on behalf of his country. Bulgaria had historical and geographical ties with the Federal Republic of Yugoslavia and supported its speedy accession to the WTO.

13. The representative of Brazil said that it was a fundamental principle of his country's foreign policy, including in relation to trade, to support universal participation in the WTO. His delegation looked forward to working with the FRY and interested Members so as to allow the process of accession to be undertaken and completed speedily.

14. The representative of Switzerland was convinced that the participation of the FRY in the multilateral trading system would greatly contribute to the success of the economic reforms that were currently underway in that country, to its economic reconstruction and integration in the world economy. Switzerland, which was in the same voting group as the FRY in the Bretton Woods

institutions, would give full support to the FRY in its accession process by providing appropriate technical assistance.

15. The representative of Turkey welcomed the return of the FRY to the midst of the international community. His country was a partner with the FRY in the South East European cooperation process and other regional fora. The reintegration of the FRY in international organizations was important for regional stability and the process of accession of the FRY to the WTO would also benefit its people.

16. The representative of the United States said that his country supported the FRY's request to initiate negotiations for WTO accession and welcomed its decision to move to align its trade regime with WTO. The United States hoped that the FRY would lose no time in supplying the information required to activate accession negotiations. To successfully complete the accession process, the FRY would need to promote the kind of economic and trade reforms that supported the application of WTO provisions, including greater transparency, predictability, and rule of law in the application of trade measures towards minimizing price controls, promoting privatization, eliminating quotas and bans in trade, and generally reducing government control of trade. These efforts would not only facilitate the accession process, but would also help the FRY to use international trade to promote investment and economic growth, as well as to become more fully integrated in the global economy. In addition, the trade-liberalizing commitments made by the FRY in the accession process would help to rebuild and formalize its economic ties with its neighbours, and contribute to regional economic recovery. WTO Membership would establish a framework for trade relations with all other Members, and provide a forum for the pursuit and protection of the interests of the FRY in international trade. His delegation looked forward to the negotiations and to welcoming the FRY as a Member.

17. The representative of Israel hoped that the accession process would be speedy and that the FRY would soon take its place in the WTO and be fully integrated into the world economy.

18. The representative of Thailand, on behalf of the ASEAN Members, said that FRY had maintained a close trade and economic relationship with the ASEAN Members. ASEAN looked forward to working with the FRY in the accession working party in order to bring the FRY into the WTO in a speedy manner.

19. The representative of Norway hoped that bringing the FRY into the WTO would foster growth and prosperity as well as economic and political stability of the region at large.

20. The representative of the Kyrgyz Republic said that his country had historical trade and industrial relations with the FRY and supported its speedy accession to the WTO.

21. The representative of Zimbabwe said that his country had good trade relations with FRY and hoped that with its accession to the WTO their trade relations would further develop.

22. The representative of Mexico said that he had no doubt that the accession process of the FRY would be completed successfully and that the FRY's accession would further enhance the universality of the WTO.

23. The representative of Venezuela hoped that the negotiation process of the FRY would be carried out in an expeditious and transparent manner in order to ensure that the FRY would get, as soon as possible, rights and obligations resulting from WTO membership.

24. The representative of the Russian Federation, speaking as an observer, welcomed the FRY among the observers and among acceding countries, and was ready to share with the FRY his view and experience on the accession process. He hoped that the FRY would become a fully-fledged Member as soon as possible.

25. The General Council took note of the statements and of the expressions of support and agreed to establish a working party with the following terms of reference and composition:

Terms of Reference:

"To examine the application of the Government of the Federal Republic of Yugoslavia to accede to the WTO Agreement under Article XII, and to submit to the General Council recommendations which may include a draft Protocol of Accession. "

Membership

Membership would be open to all Members indicating their wish to serve on the Working Party.

Chairperson

The General Council would authorize its Chairman to designate the Chairperson of the Working Party in consultation with representatives of Members and with the representative of the Federal Republic of Yugoslavia.

The Chairman then invited the representative of the Federal Republic of Yugoslavia to consult with the Secretariat as to further procedures, in particular regarding the basic documentation to be considered by the Working Party. He also invited the Federal Republic of Yugoslavia, on behalf of the General Council, to attend meetings of the General Council and, as appropriate, meetings of other WTO bodies as an observer during the period when the Working Party was carrying out its work.

3. Committee on Budget, Finance and Administration

(a) Report of the Committee (WT/BFA/52)

26. The Chairman drew attention to the report of the Committee on Budget, Finance and Administration contained in document WT/BFA/52.

27. Mr. Stoler, Deputy Director-General, in the absence of Mr. Akil (Turkey), Chairman of the Committee on Budget, Finance and Administration, introducing the report of the Committee in WT/BFA/52 recalled that the WTO Members that had accumulated as of 1 January 2001 more than three years of outstanding contributions in the period since 1988 had become inactive Members. Consequently, in accordance with paragraph 7(b) of document PC/7, L/7578, the Committee recommended to the General Council that the Members enumerated in paragraph 4 of the document WT/BFA/52, and which were listed in category IV of the administrative measures be urged to liquidate their arrears. With regard to the WTO Secretariat Performance Award Programme, the Committee had been able to reach consensus, and therefore recommended that, in application of Staff Regulation 6.5, the General Council approve the Performance Award Programme to take effect on 1 January 2002, as outlined in document WT/BFA/W/48/Rev.1, together with the consequent amendments to Staff Rules 106.3, 106.4, 106.13 and Annex 1 thereof. The Committee had also examined the draft letter calling for tenders for the appointment of the WTO external auditor, and had requested the Secretariat to send out the draft letter incorporating the suggestions made by Members. In addition, the Committee had heard the International Trade Centre 2002 budget outline, and had noted that formal authorization of its 2002 budget would take place at the same time as that of the WTO 2002 budget. In conclusion, he drew attention to points 4 and 7 of the report in WT/BFA/52, which required a decision by the General Council. Although, Mr. Akil would return for one more

meeting of the Committee he wished, on behalf of the Secretariat, to thank him for his guidance on administrative and financial matters during his entire mandate.

28. The General Council took note of the statement, approved the Budget Committee's specific recommendations in paragraphs 4 and 7 of its report in WT/BFA/52, and adopted the report.

4. Committee on Balance-of-Payments Restrictions

(a) Consultations with Pakistan (WT/BOP/R/56)

(b) Consultations with Bangladesh (WT/BOP/R/57)

29. Mr. Hovorka (Czech Republic), Chairman of the Committee on Balance-of-Payments Restrictions, recalled that at the General Council meeting in December 2000 he had reported on the conclusions of the consultations held with Pakistan on 20 and 21 November 2000. The report contained in document WT/BOP/R/56 had since been circulated. In the meantime, Pakistan had submitted a notification citing the items made freely importable under the first tranche of its phase-out plan, and two additional notifications informing the WTO that it had made certain additional items freely importable ahead of schedule.

30. The consultations with Bangladesh, suspended in May 2000, had been resumed on 15 December 2000. These consultations had focused on the phase-out plan that the Committee had requested from Bangladesh, and which had been prepared with WTO technical assistance. During those consultations, Bangladesh had confirmed that the list of products included in Annexes II and III of document WT/BOP/N/54 covered the totality of products currently under balance-of-payments measures. Members commended the efforts made by Bangladesh in submitting the phase-out plan, which they considered as a step forward. The Committee had approved the phase-out plan presented by Bangladesh in Annex III of document WT/BOP/N/54 and Corr.1 in the period starting from 1 January 2002 and ending 1 January 2005, when all items in the respective HS categories would be liberalized. The Committee agreed to come back to discuss items contained in Annex II, for which Bangladesh would seek justification under other WTO provisions. On this understanding, the Committee agreed to resume in June 2001.

31. The General Council took note of the statement, and adopted the reports on the consultations with Pakistan (WT/BOP/R/56) and with Bangladesh (WT/BOP/R/57).

5. Work programme on electronic commerce

32. The Chairman recalled that at its meeting in December 2000, the General Council had received updated reports from the three sectoral Councils and the Committee on Trade and Development on their work on electronic commerce. At that meeting, Members had engaged in a constructive debate which had shown broad agreement to move forward with the work on e-commerce and on that basis, he had announced his intention to pursue consultations on the question of establishing an ad hoc task force to deal with horizontal issues early this year. Since the December 2000 meeting, there had been no significant developments in respect to Members' views on the question of the establishment of an ad hoc task force, and consultations which had been held so far had revealed that Members wished to consider the issue further.

33. The representatives of Canada, Brazil, Singapore, on behalf of the ASEAN Members, Pakistan, Czech Republic, Japan, European Communities, Australia, Panama, Nigeria, Hungary, Uruguay, United States, Norway, Honduras, Dominican Republic, Ghana, Switzerland and Hong

Kong, China said that the work on electronic commerce should continue in the subsidiary bodies while further consultations should be held on the need to create an ad hoc task force to deal with horizontal issues.

34. The representative of Canada recalled that at the General Council meeting in December 2000, a number of delegations had been in favour of establishing a non-negotiating task force to ensure that all aspects of the work on e-commerce in the WTO would be covered. In addition to finding considerable support amongst delegations, the issue of setting up a horizontal ad hoc task force had also met with the approval of many practitioners in the field of e-commerce, both from developing and developed countries. He hoped that the Chairman's successor would make it a priority to engage in consultations on this matter, so as to allow Members to deepen their understanding of the need for such a horizontal working group. His delegation looked forward to participating in these consultations.

35. The representative of Brazil said that in light of the subsidiary bodies' reports to the General Council in December 2000, which had indicated that not enough time had been available for all aspects to be fully examined, it was premature to establish a task force or any other framework for discussions. At the same time, his delegation was prepared to participate in any consultations that the Chairman would undertake on this matter.

36. The representative of Korea said that his delegation supported the establishment of an ad hoc task force to deal with cross-cutting issues and endorsed the statement made by Canada.

37. The representative of Costa Rica said that, while not opposing the pursuance of work in the subsidiary bodies, his delegation considered that there would be advantages in setting up a horizontal task force. Further consultations should be held on this matter as soon as possible and his delegation wished to participate in these consultations.

38. The representative of Singapore, on behalf of the ASEAN Members, said that he shared the views expressed by Canada and looked forward to further consultations on the issue of the establishment of a task force before a decision was taken by the General Council on this matter.

39. The representative of Cuba said that his delegation agreed with the Chairman's assessment of the situation with regard to the work on electronic commerce. He recalled the importance of e-commerce for his delegation and how it could assist developing countries in their trade efforts. In his delegation's view, the creation of a horizontal task force should be considered in light of proposals made to establish other working groups of importance for the economy of developing countries, such as trade and transfer of technology and trade and debt. He hoped that the future consultations would allow Members, at a subsequent stage, to consider the viability and relevance of setting up a horizontal group. These consultations should also take into account the elimination of all types of barriers to electronic commerce, including technological barriers artificially set up in international trade, which prevented certain developing countries from having full access to electronic commerce, and which ran against the universality of e-commerce and the principles of the WTO.

40. The representative of Pakistan said that in his delegation's view, it was still premature to consider the establishment of a task force. He supported the statement made by Cuba and recalled that his delegation had asked for consultations on the creation of three other working groups to deal with the relationship between trade and transfer of technology, trade and debt, and trade and finance. He hoped that when consultations were held on the establishment of an ad hoc task force to deal with horizontal issues in the area of e-commerce, these other groups would also be remembered.

41. The representative of the Czech Republic, also on behalf of the Slovak Republic, said that pursuance of the work in the subsidiary bodies should not prevent the General Council from dealing

with cross-sectoral issues. His delegation still had reservations on the question of establishing a task force and he hoped that further consultations would help Members to better understand the need for the creation of a new body.

42. The representative of Japan said that the issue of e-commerce was important for his delegation and that Members should continue discussions thereon. Although he agreed that work should continue in the subsidiary bodies, he noted that there were issues that went beyond their mandate. His delegation was flexible as to how the horizontal issues were addressed but it would be useful to conduct further consultations on this matter.

43. The representative of the European Communities said that he supported Brazil's position.

44. The representative of Australia said that his delegation supported the establishment of a horizontal task force. Time was starting to run short before the next Ministerial Conference in Qatar, and Members would need to prepare a proper discussion for Ministers on this subject. He supported Canada's proposal to continue consultations as soon as possible. However, his delegation was prepared to look at a range of possibilities as to how this discussion could be taken forward.

45. The representative of Panama said that it was important to continue with the work programme on electronic commerce. His delegation supported setting up a horizontal task force, as long as such a task force was given a specific mandate. Further consultations would probably need to be held on this matter and he hoped his delegation could participate therein. He noted that work on e-commerce could be carried out in parallel in the subsidiary bodies and in the General Council, and that there was no need to exhaust all the work in the subsidiary bodies before the General Council started to examine certain issues.

46. The representative of Nigeria said that his delegation would participate actively in further work on e-commerce and would deploy all efforts to bring the discussions forward.

47. The representative of India agreed with the Chairman's assessment that there should be further consultations to see whether there was a need to establish a non-negotiating ad hoc task force to consider cross-cutting issues in the area of e-commerce, or whether any other mechanism could be considered to deal with such issues. At this point in time, his delegation was not convinced of the necessity of setting up such an ad hoc task force.

48. The representative of Hungary said that at the General Council meeting in December 2000, many delegations seemed to be in favour of the continuation and intensification of the work in the subsidiary bodies. Therefore, Members should send a strong signal to the subsidiary bodies to intensify their work on e-commerce and should consider, at a later stage, the institutional implications of the results of the work of those bodies.

49. The representative of Uruguay said that Members might have to extend the subsidiary bodies' mandate to enable them to conclude their work. His delegation supported further consultations on this issue and wished to participate therein.

50. The representative of the United States wished to associate his delegation with the comments made by Canada and said that the idea of a horizontal task force was not intended to duplicate or replace the work of the subsidiary bodies, but to take up cross-cutting issues at the General Council level.

51. The representative of Venezuela said that a non-negotiating ad hoc task force should be established to allow Members to conclude the assessment underway in the subsidiary bodies and to deal with the horizontal issues identified by the respective bodies. This would enable Members to

determine which disciplines and rules would govern electronic commerce, establish whether the existing rules were sufficient and what implications e-commerce had for developing countries. This would provide certainty and predictability to all interested parties. The work in the WTO on e-commerce should adopt a pace commensurate to the development of this tool and to the work carried out by other international organizations in this area.

52. The representative of Hong Kong, China said that his delegation had an open mind with regard to the establishment of an ad hoc task force, as long as its terms of reference and relationship with other WTO bodies were clearly set out in advance. One of the points that should be considered in the course of future consultations related to the non-negotiating character of such an ad hoc task force. The classification of digital products, which had been flagged as one of the cross-cutting issues, was more of a political matter than a technical one and thus he wondered whether a non-negotiating task force could achieve the aims pursued by Members.

53. The representative of Norway supported Canada's statement and hoped that informal consultations on how to bring the work forward on e-commerce could be carried out before a new round of discussion in the General Council.

54. The representative of Honduras recognized the importance of electronic commerce and supported the Chairman's proposal to hold further consultations, in which he hoped to participate.

55. The representative of the Dominican Republic said that e-commerce was important to her delegation but that it was premature at this stage to establish a horizontal working group. Her delegation wished to participate in future consultations on this issue.

56. The representative of Argentina noted that Members had already repeated their positions on this question at previous General Council meetings, and that the issue of e-commerce should be tackled in a more substantive way in the near future. At the meeting in December 2000, his country had clearly stated its position on the matter and had outlined elements of a horizontal nature. His delegation remained open to consultations on a procedure that could be adopted for continuation of the work on e-commerce, notwithstanding the fact that the horizontal issues would need to be examined.

57. The representative of Mexico supported the views expressed by India.

58. The representative of Chile said that e-commerce was an issue of great interest for a developing country like his and he associated himself with the statement made by Venezuela in this respect. There had not been many developments since Members had last dealt with this item and it seemed that the WTO was lagging behind as an institution in taking on the necessary work of clarification, definition and interpretation. He hoped that consultations would be held as soon as possible and would lead to a conclusion on the pursuance of work.

59. The representative of Switzerland supported Canada's proposal and highlighted the relevance of the comment made by the United States.

60. The Chairman said that the crux of the matter was not whether Members should agree on the establishment of an ad hoc task force. The main problem was that the General Council had not been able to carry out its task on e-commerce. The first set of reports from the subsidiary bodies had been presented to the General Council in July 1999. Thereafter, nothing further had been done on e-commerce in the WTO until July 2000, as Members could not agree on whether to ask the subsidiary bodies to continue their work, or to take up the work in the General Council. In July 2000, Members had finally agreed to ask the subsidiary bodies to continue their work. The subsidiary bodies had presented updated reports in December 2000, which had indicated that most of the work they had

been mandated to do had been done, and the outstanding work had related mainly to cross-cutting issues they had identified. Members could also decide to engage in an in-depth discussion, in the General Council, of the various reports by the subsidiary bodies. In his view, Members had to ensure, first and foremost, that work on e-commerce would move forward. Further consultations should focus on how Members could carry out their work, not only with regard to procedures, but mainly to substance.

61. The General Council took note of the statements.

6. Procedures for the appointment of the Director-General

62. The Chairman recalled that at the July 2000 General Council meeting he had read out a list of eight questions on procedures for the appointment of the Director-General, and invited delegations to reflect on them. Following that meeting he had held informal consultations, and at the December 2000 General Council meeting a number of delegations had presented their views and suggestions and had also pointed out that discussions should begin on this issue. At that meeting he had expressed the hope that it would be possible to take this issue further by developing a discussion paper, which would gradually move towards the formulation of procedures. However, since December 2000 he had not been able to take this issue further and stressed that his successor would carry the issue forward in the months ahead. He then invited those delegations, wishing to do so, to supplement the statements they had made at the December 2000 meeting.

63. The representative of the United States recalled that at the December 2000 General Council meeting his delegation had indicated that it would be reflecting on the questions submitted to Members by the Chairman, and would be coming back with comments. The matter at hand was important, as the manner in which Members chose their leadership was not only important to the functioning of the WTO but also to the way the WTO was perceived by the outside world. He then commented on a number of issues raised in the questions posed by the Chairman. With respect to qualification criteria, the United States agreed with the views expressed by other delegations that flexibility was needed. It was a given that Members would seek an individual with proven management capabilities, whose experience and achievements in the international arena were recognized in the international economic community. A three- or four-year term of office was reasonable, but Members should remain flexible on the issue of whether one or more renewals would be appropriate. Like others, the United States believed that the selection process should be based on government nominations of candidates. So far as guidelines were concerned, it would not make sense to assign geographic qualifications. Members should seek the best person for the job from any WTO Member. The United States shared the views expressed by some delegations that the selection process should begin one year before the expiry of the term of the incumbent, with a deadline of concluding the process six months in advance of the changeover. On the decision-making process, the United States continued to support the selection of the Director-General by consensus. If Members could set up a procedure that was effective on the front-end, the kind of acrimony and division that had ensued during the last selection could be avoided. The United States had not heard any reasons for establishing new rules on the role of Deputy Directors-General during any transition period, and would be interested in hearing more from other delegations. However, the United States recognized that the role of Deputy Directors-General as well as that of the Director-General required that their contracts did not expire at the same time so as to ensure continuity.

64. The representative of Canada said that at the December 2000 General Council meeting, his delegation had responded to the questions submitted by the Chairman, and had nothing to add in this respect. At this stage, Canada wished to submit to Members the idea of consulting on this issue with previous Directors-General and with other international organizations, such as the IMF and the World

Bank. Their perspective and views on the issue might help to come up with a better selection process of the Director-General. Such consultations would, of course, require a decision by Members.

65. The Chairman said that he would be in contact with his successor so as to ensure follow-up on this matter.

66. The General Council took note of the statements made, and agreed to revert to this matter at a future meeting.

7. Proposal to amend certain provisions of the Understanding on Rules and Procedures Governing the Settlement of Disputes Pursuant to Article X of the Marrakesh Agreement Establishing the World Trade Organization

(a) Submission by Bolivia, Canada, Chile, Colombia, Costa Rica, Ecuador, Japan, Korea, New Zealand, Norway, Peru, Switzerland and Venezuela for examination and further consideration by the General Council (WT/GC/W/410 and Add.1 and 2)

67. The Chairman recalled that this proposal had been considered by the General Council at its meeting on 10 October 2000, where it had been agreed that the Chairman would conduct consultations on how best to move forward on this proposal. At the General Council meeting in December 2000, he had informed Members that he had continued consultations with the co-sponsors of the proposal but that there was nothing to report at that stage. The General Council had agreed to revert to the matter at a later date.

68. The representative of Japan, on behalf of the co-sponsors of the proposal, said that the issue of sequencing between Articles 21.5 and 22 of the DSU was an issue that had been identified by the General Council as a priority issue throughout the mandated review of the DSU. However, it had acquired new importance due to the Appellate Body Report on "United States - Import Measures on Certain Products from the European Communities". In its report, the Appellate Body had implied that the current language of the DSU on the relationship between Articles 21.5 and 22 lacked clarity, and had noted that it was Members' responsibility to resolve the issue. He said that if Members did not act on this issue, they would fail to fulfil their duty as Members of the WTO. Furthermore, due to this lack of clarity at such an important stage of compliance with DSB rulings and recommendations, parties to the disputes had been forced to enter into ad hoc sequencing arrangements. Although these arrangements had proved to be useful, they remained ad hoc, required the consent of both parties and were not negotiated in a transparent manner. For these reasons, Members needed to find a durable solution to the issue of sequencing. An early resolution of this matter would particularly benefit smaller Members. The co-sponsors of the proposal intended to start open-ended consultations with Members, and to organize a meeting to explain the proposal to them. The co-sponsors' aim was to improve the proposal on the issue of sequencing by bringing on board the concerns of different Members so as to command the greatest degree of support and eventually, consensus. Therefore, they remained open to any suggestions or recommendations for change. There were other important issues than sequencing which were a subject of concern or interest to some Members, and the co-sponsors would be interested in participating in any consultations organized on such issues, if any Member were to take the initiative.

69. The representative of Colombia, on behalf of the ANDEAN Members and Chile, said that two elements were particularly important in considering the proposal to amend certain provisions of the DSU. First was the conviction that any lack of transparency in the procedure had more significant consequences for developing countries than for developed countries. The essence of dispute settlement procedures was to give certainty to parties and thus a lack of clarity in the DSU increased the risk of unilateralism. Second, there was a need for Members to work in all those areas which

could contribute to improve the framework in which the work of the WTO was conducted. For all Members, it was fundamental to have rules that guaranteed the absolute predictability of the system, and which ensured that Members' rights were being safeguarded. In his view, any reform of the DSU which was intended to eliminate uncertainty in the implementation of the provisions should not be part of an exchange of concessions. He hoped that Members would consider this proposal in light of their responsibility *vis-à-vis* the multilateral trading system and would exercise the pragmatism that this required.

70. The representative of Costa Rica supported the statements made by Japan and Colombia. His country was concerned that the review of the DSU had not led to any results, and that despite the difficulties encountered in the DSB regarding the application of Articles 21.5 and 22 of the DSU, Members had not shown sufficient will to find a permanent solution to this problem. The proposal by the group of co-sponsors took up the spirit of what had been negotiated during the Uruguay Round, and which at the time had not been clearly reflected in the DSU. He welcomed Japan's idea to hold consultations where other Members' suggestions and recommendations could be discussed and his delegation was willing to engage in such an exercise.

71. The representative of Thailand believed that the DSU provided a workable and viable dispute settlement mechanism, but that it could be further improved to enhance its multilateral features. She was grateful to the co-sponsors for having introduced the proposal. One of the most urgent issues in the possible DSU amendment negotiations was the relationship between Articles 21 and 22. The solution proposed by the co-sponsors appeared to be a reasonable basis for consideration and should receive the support of Members. However, as the proposal had been drafted in 1999, it could require fine tuning in light of new practices by Members. A comprehensive approach should be adopted in dealing with sequencing, and it would be desirable for the membership to have the opportunity to reflect further and make possible suggestions. Her delegation wished to take part in the consultations mentioned by Japan.

72. The representative of Cuba supported the proposal made by the co-sponsors and agreed with the statement made by Costa Rica regarding the lack of political will to find a permanent solution to the problem of sequencing between Articles 21 and 22 of the DSU. He believed that anything that could strengthen multilateralism as opposed to unilateralism contributed to ensure the credibility of the WTO and helped developing-country Members.

73. The representative of Canada supported the statement made by Japan. The dispute settlement mechanism needed some changes in order to maximize and enhance its efficiency and to preserve, both internally and externally, the credibility and integrity of the WTO. His delegation appreciated the leadership which had been shown by Japan, in putting forward this proposal.

74. The representative of Brazil welcomed and supported the general spirit of the proposal to amend certain provisions of the DSU, particularly with regard to the problem of sequencing between Articles 21 and 22 of the DSU. However, additional informal discussions were necessary regarding other aspects of the proposal on which his delegation had certain reservations and would like to seek further clarity. He welcomed the organization of open-ended consultations and looked forward to participating in these discussions.

75. The representative of Switzerland associated himself with the statement by Japan. The proposed DSU amendments would bring about a better functioning of the dispute settlement mechanism, as they included procedural clarifications and a shortening of the deadlines. This would lead to streamlining the procedures, an objective which his delegation strongly supported. As the Appellate Body had ruled, it was up to Members to find a solution to the problem of sequencing between Articles 21 and 22 of the DSU, and the present proposal provided for such a solution in a way that was fully consistent with the spirit of the DSU. The growing trend of parties to a dispute to

rely on mutually agreed procedural rules with regard to sequencing showed the necessity for the membership to agree, as soon as possible, on a multilateral solution to this problem. Ad hoc solutions did not constitute a valid alternative to an amendment of the DSU, as they neither contributed to the credibility, nor to the transparency of the dispute settlement procedure. His delegation agreed with the course of action proposed by Japan and looked forward to participating in any consultations.

76. The representative of New Zealand supported the statement made by Japan. His country had recently had to enter into an ad hoc Articles 21 and 22 "sequencing agreement" with another co-sponsor of the present proposal. The negotiation that had led to the conclusion of that "sequencing agreement" had been constructive and friendly. However, his delegation had found it unsatisfactory that it had been forced to take these steps, since the only other alternative would have been to rely on DSU rules that, as the Appellate Body had stated, were unclear. The rules in this area needed to be clarified for the benefit of all Members and the entire membership should take an interest in resolving the problem of sequencing, in order to achieve a predictable and clear set of dispute settlement rules. His delegation looked forward to further consultations amongst all Members on this issue, which was of crucial systemic importance to the organization as a whole.

77. The representative of Panama thanked the co-sponsors for the work they had accomplished. His delegation had participated in a number of meetings that had led to the current proposal and had an interest in participating in the consultations referred to by Japan. He noted Japan's invitation to Members to submit any recommendation to modify the present proposal and recalled that his delegation had had difficulties with the proposal submitted at the Ministerial Conference in Seattle. These difficulties continued with the present proposal, but his delegation would do everything possible to submit its views on these points in further consultations. Finally, while a solution had to be found to the problem of sequencing between Articles 21 and 22 of the DSU, other problems should also be resolved, such as how to face the ongoing disregard by some Members of panels and Appellate Body recommendations and rulings.

78. The representative of Korea supported the statement made by Japan on behalf of the co-sponsors. That statement had highlighted that recent developments, such as the proliferation of bilateral agreements between Members to overcome the difficulty arising from the lack of clarity in the DSU, and the Appellate Body's ruling confirming that the necessary clarity should be provided at Members' initiative, had confirmed the wide-ranging consensus amongst Members that the sequencing between Articles 21 and 22 of the DSU was a priority issue that should be resolved to increase the efficiency of the dispute settlement system. The amendment had been proposed in response to this wide-ranging consensus and the momentum created by the proposal had to be fully utilized. In this context, the open-ended consultations with all Members announced by Japan should start in the very near future. He emphasized the open-ended nature of these consultations and encouraged all Members to participate, so that the necessary groundwork would be laid for the approval of the amendment in time for the Fourth Ministerial Conference.

79. The representative of Uruguay said that his delegation recognized the importance of the issues addressed in the present proposal, and wished to be added to the list of co-sponsors.¹

80. The representative of the European Communities agreed that there was a need for amending the DSU and that the issue of sequencing between Articles 21 and 22 was one of the problems that needed to be addressed. However, his delegation did not want to proceed in a piecemeal way, as the practice of the DSB had shown that there were several points in the existing rules that needed clarification. In taking a comprehensive approach to amend the DSU, he hoped that Members would be able to build upon the work accomplished by the co-sponsors of the present proposal and synchronize the work of the whole membership in time for the Fourth Ministerial Conference.

¹ WT/GC/W/410/Add.3.

81. The Chairman recalled that Members had already been through one comprehensive review of the DSU, which had not led to any results. In his view, Members would need to look for the best approach to attain the changes required.

82. The representative of the United States said that his delegation was prepared to re-engage in a discussion on improvements to the DSU. The United States had so far participated actively in the process and was interested in continuing to participate in the consultations mentioned by Japan. He appreciated the recognition by the co-sponsors that there were other areas of interest to Members and noted that his delegation was interested in the issue of transparency of the dispute settlement process, with regard to which the proposal did not go far enough. Therefore, the present proposal did not provide a basis for consensus to adopt an amendment to the DSU. He welcomed the indication by Japan that the co-sponsors were prepared to consult on issues of interest to other delegations. He recalled that even if the membership agreed on this proposal, the text could not be adopted without an agreement on appropriate transitional provisions to clarify how or whether amended procedures would apply to pre-existing disputes. His delegation was prepared to discuss improvements to the dispute settlement system and would listen with interest to other delegations' views on this proposal.

83. The representative of Argentina said that the dispute settlement system did not work as well as it should, particularly in the case of developing countries. He agreed with Brazil that some elements had been left aside in trying to reach an agreement. His delegation wished to participate in any further consultations on this matter.

84. The representative of Hong Kong, China thanked Japan and the other co-sponsors for their proposal. His delegation recognized the importance of the matter concerning the effective operation of the DSU, but questioned whether the approach used in the proposal was still appropriate, in view of recent developments in WTO jurisprudence. He welcomed Japan's indication that the co-sponsors would try to further refine and improve the proposal, and his delegation wished to participate in the consultations they would hold. Moreover, he considered that given the importance and specialized nature of the matter, it might be worth considering asking the DSB Chairman to conduct consultations in this regard, at least initially.

85. The representative of India thanked the delegation of Japan and the other co-sponsors for their proposal. Having used the dispute settlement mechanism as both defendant and complainant, his country had a systemic and practical interest in the matter and found the existing situation unsatisfactory. His delegation wished to join in consultations on matters related to the sequencing between Articles 21 and 22 of the DSU.

86. The representative of Bulgaria agreed that there was a need to clarify the situation on the question of sequencing between Articles 21 and 22 of the DSU. He supported the statement made by Colombia on behalf of Chile and the ANDEAN Members, which pointed out that any reform of the DSU should not be part of an exchange of concessions. His delegation was not prepared to pay for sequencing through a shortening of the time-frames foreseen in the DSU, which would not be in the interest of smaller and weaker participants in the dispute settlement system. His delegation was in favour of exploring other solutions, including an interpretation of the DSU, an option that had been mentioned by the Appellate Body in its report on "United States - Import Measures on Certain Products from the European Communities", but that had not been mentioned by Japan. His delegation was willing to participate in further consultations as there was clearly no consensus on the present form of the proposal. In order to achieve any results, such consultations should be open-ended and consider the concerns of all Members.

87. The representative of Mexico thanked the co-sponsors of the proposal for their work. He encouraged them to pursue their consultations and would like to continue to participate in such consultations. He noted that Members should not confuse the exercise carried out by the co-sponsors

with what would constitute a review of the DSU. The DSU review should be carried out by all Members with the support of the Secretariat, following the formal decision taken at the Ministerial Conference in Marrakesh. At the same time, each Member retained the right, individually or as a group, to propose reforms pursuant to Article X of the Marrakesh Agreement and the co-sponsors of the present proposal had decided to take such an initiative. Furthermore, the DSU review was of a comprehensive nature, while the co-sponsors of the present proposal were trying to solve a particular problem, namely the question of sequencing between Articles 21 and 22 of the DSU. If other Members were interested in other aspects, they should follow the example of the co-sponsors of this proposal, by putting forward their ideas.

88. The representative of Venezuela agreed with Mexico that the present proposal was not meant to stand in for the review of the DSU. Amongst the different Members that had taken part in the review, it was generally agreed that the sequencing between Articles 21 and 22 of the DSU was one of the aspects that had caused the greatest concern and that there was a need to put forward a proposal of the same nature as the one presented by the group of co-sponsors. There might be other proposals which were valid and important and which would have to be considered at a given time, but the procedure for doing so would be through a specific mandate to come back to the DSU review exercise, or through Members tabling individual, and more specific proposals.

89. The Chairman proposed that the General Council take note of the statements. He also noted the request for further consultations and he would advise the incoming Chairperson to consult with the co-sponsors of the present proposal with regard to further consideration of this proposal.

90. The representative of Mexico said that he had understood from the statement made by Japan that the co-sponsors would be carrying out consultations under their own responsibility and that such consultations were not to be carried out by the Chairman of any of the regular WTO bodies. He would not be in a position to agree that this initiative which had been put forward by the group of co-sponsors be institutionalized, as if it was an initiative on the part of the WTO stemming from a decision in the General Council. He wished that co-sponsors would pursue their work and his delegation would respond favorably to any invitation to consultations but these should be under the responsibility of the Members that had put forward this proposal under Article X of the Marrakesh Agreement.

91. The Chairman recalled that when this proposal had been made, he had been invited by the General Council to carry out consultations, which he had done. His proposal was in furthering that process, but this had to be done in cooperation with the co-sponsors. This had now become a formal proposal before the General Council made by a group of Members and he saw it as a duty of the Chairman to help Members to reach a conclusion on the proposal. This would be in line with the way many proposals were being dealt with. He agreed that the co-sponsors should retain the main responsibility for carrying out the consultations, but he would have thought that the Chairman would be interested in seeing how various proposals before the General Council developed and in order to help Members reach conclusions.

92. The representative of Bulgaria shared the concerns expressed by Mexico and sought clarification from the Chairman as to his proposal which seemed to imply that Members should take a decision on his reporting to the incoming Chairperson. He did not want to institutionalize these consultations. He recalled that it had become clear that there was no consensus on this proposal, so there was no need to take a decision on consultations on this proposal. If Members were to take a decision for the Chairman or his successor to hold consultations on the issue of interpretation of the DSU, it would make sense to him, but otherwise he could not agree to continue consultations. He wished to know what exactly had been proposed for a decision by the General Council.

93. The Chairman said that it was unacceptable for the Chairman of the General Council to be restricted to carry out consultations. The Chairman could consult on any subject he considered necessary in order to further the work. The current proposal had been put before the General Council and would remain so until Members either reached a conclusion, or until it was withdrawn by the co-sponsors. In this connection, the Chairman had a role to contribute to a possible conclusion.

94. The representative of Mexico said that he shared the views expressed by the Chairman, but that he wished to avoid any confusion with regard to the fact that this proposal should not be transformed into anything more than what it actually was, namely a proposal put forward by a group of Members. Other Members were not co-sponsors of that proposal and had different ways of viewing it. If Members were to take a decision to the effect that the Chairman of the General Council would hold consultations, such consultations would have to be aimed at helping to forward the process. The co-sponsors had of course the right to inscribe the matter on the agenda. As long as this proposal was sponsored by a group of Members, those Members should bear the responsibility of the substance of the proposal and not the Chairman of the General Council. The Chairman could only help the process forward.

95. The Chairman fully agreed with the statement made by Mexico.

96. The representative of the European Communities encouraged the Chairman to consult informally on this issue, as well as on any other issue.

97. The representative of Bulgaria agreed with Mexico and the European Communities that the Chairman could carry out consultations without a General Council decision to this effect. He had no intention of limiting the Chairman or his successor's prerogatives in this respect, but as far as this agenda item was concerned, he opposed any decision on the matter.

98. The representative of Peru said that any item on the agenda, including this one, had its merits, and that the Chairman could hold consultations on it. He saw no difference between form and content with regard to the Chairman's right to hold consultations on any item on the agenda, that he thought appropriate.

99. The Chairman proposed that the General Council take note of the statements and that the incoming Chairperson consult with the co-sponsors of the proposal as to its further consideration.

100. The General Council so agreed.

8. Situation regarding work in the Committee on Regional Trade Agreements

(a) Communication from Australia, India, Japan, Korea, New Zealand, Pakistan and Hong Kong, China (WT/GC/43)

101. The Chairman said that this item was on the agenda at the request of the above-mentioned Members.

102. The representative of India, also on behalf of Australia, Japan, Korea, New Zealand, Pakistan and Hong Kong, China, recalled at the December 2000 meeting of the General Council when the annual report of the Committee on Regional Trade Agreements had been considered, the Chairman of the Committee on Regional Trade Agreements (CRTA) had highlighted the difficulties which had been encountered by the Committee in fulfilling its mandate. The Committee had completed a factual examination of 62 regional trade agreements (RTAs) out of the 86 which had been referred to it for examination. However, the Committee had not been able to conclude the examination and adoption

of any of the reports so far. The Chairman had also underlined the need for the General Council to provide a political impetus and guidance to enable the Committee to discharge its responsibilities, which included an assessment of the consistency of the RTAs with the provisions of the WTO agreements. In 2000, the Secretariat had produced two useful documents. The first was a comprehensive note on the systemic issues arising mostly from a lack of clarity in the rules. Some rules had been clarified in decisions by panels and the Appellate Body while others remained unclarified despite past efforts by Members. The second document was a mapping of the RTAs, which gave useful information on the web of RTAs that were either already in place or under negotiation. In the discussions that had followed the CRTA Chairman's statement in December 2000, many Members had expressed concerns about the lack of progress in the work of the Committee. This situation was not in any Member's interest. It was necessary and important that the WTO be able to exercise effective monitoring and oversight in this important area. Efforts to address the systemic issues in the CRTA had not made much headway, thus hampering considerably the Committee's ability to fulfil its mandate. Members had to find a pragmatic way forward. With a view to ensuring that the deadlock in the CRTA would not be lost sight of by the General Council, it had been suggested in December 2000 that the General Council request the CRTA Chairman to report back on the consultations that he would be conducting within the CRTA, to find ways for progressing the work of the Committee. Along with the co-sponsors, he continued to believe that it would be important for the General Council to keep itself apprised of the progress of work in the CRTA, and in particular to support the efforts of the CRTA Chairman to break the impasse. An informal meeting of the CRTA had been held on 13 December 2000, when the Chairman had informed Members that he would conduct further consultations. On behalf of the co-sponsors, he wished to propose that the General Council invite the CRTA Chairperson to report back to the General Council at its next regular meeting in May 2001, on the current situation regarding the work in the Committee. At that stage Members could take stock and consider what steps would be helpful in furthering the work of the Committee. He hoped that this suggestion would be received in the constructive spirit in which it was made.

103. The representative of Hong Kong, China said that as one of the co-sponsors of this agenda item, his delegation fully associated itself with India's statement. He recalled that in December 2000, the CRTA Chairman had sought guidance from the General Council on how to break the current impasse of the Committee in examining individual RTAs and the various systemic issues. He believed that all Members would agree that an effective examination mechanism of RTAs was preferred to the alternative option of dispute settlement. It was undesirable from the point of view of all Members, RTA and non-RTA parties alike, that the questions and doubts on individual RTAs be answered only through litigation. Inevitably, RTAs being negotiated would encounter additional uncertainties. Hong Kong, China therefore urged Members to renew their efforts in the CRTA on both the examination of individual RTAs and systemic issues in the coming months so that substantial progress would be achieved when the CRTA Chairperson reported to the General Council next time. Hong Kong, China expressed appreciation to the Secretariat for the document on the mapping of the existing and coming RTAs, looked forward to progress in the Secretariat's current study on the coverage of RTAs and other horizontal issues such as preference qualifying local content rules, and encouraged the Director-General to provide adequate resources to this important task to ensure its timely completion.

104. The representative of Romania, on behalf of the CEFTA Members and Croatia, Estonia and Latvia thanked the co-sponsors for proposing further discussion on this item and reiterated support to the CRTA Chairman in reaching an agreement on long-standing matters preventing the Committee from fulfilling its mandate. On several occasions, they had called attention to the stalemate in the Committee, which had not allowed it to adopt a single report since the establishment of the WTO. Such a situation did not contribute to the credibility of the multilateral trading system. In their view, it was for Members only to find solutions to the differences of interpretation of Article XXIV of the GATT 1994 and Article V of the GATS. An interim solution might be provided by the proposal of

the CRTA Chairman, but an overall agreement on the outstanding issues could be achieved only by negotiations within the framework of a new round. It was clear that until Members were able to finalize the reviews of the notified agreements and adopt the reports thereof, no constructive discussion could take place on the so-called systemic issues. As to India's proposal on behalf of the co-sponsors, they would further consider it with the greatest of care.

105. The representative of Switzerland was also concerned by the state of work in the CRTA. The Committee was at an impasse and Members would have to find a way out. Switzerland, however, did not believe that the General Council in its regular composition could make a meaningful contribution to the way this impasse could be solved for two main reasons. First, Members had not as yet exhausted all the possible ways of action open to the Committee itself and the consultations on the various reports under examination within the Committee should be intensified. Second and most importantly, as already flagged by Romania on behalf of the CEFTA Members, Croatia, Estonia and Latvia, there were deep-rooted disagreements between Members as regards the interpretation of the provisions of Article XXIV of GATT 1994 and Article V of GATS. These disagreements called for a clarification of the rules which would no doubt require amendments to the rules. In order to achieve that goal, Members would need an appropriate context, which was not available as yet. Switzerland hoped that during the Fourth Ministerial Conference in Qatar, Members would find such a context, i.e., the framework of a round of negotiations which should be broad and deal also with some of the rules of the multilateral trading system. His delegation wished to underline that if Members were to be involved in an amendment and clarification exercise of the relevant provisions which applied to regional or free-trade agreements, the new rules which could result from such an exercise should not apply retroactively to the existing agreements. This was a *sine qua non* condition his delegation would set if Members were to embark on such an exercise.

106. The representative of Norway was also concerned by the situation in the CRTA. As an EFTA member State, Norway had entered into a substantial number of free trade agreements and was in the process of negotiating new agreements with several trade partners. In her delegation's view, RTAs negotiated in conformity with the WTO agreements contributed positively to the development of international trade. Differences of interpretation of certain provisions relating to RTAs had prevented Members from finalizing a great number of reviews of RTAs. All efforts so far in the CRTA to agree on the reports from the reviews had been in vain. She wished, however, to commend the CRTA Chairman for his sincere contribution to try to find a way out. Like Switzerland, she also believed that an overall agreement on the outstanding issues might most successfully be achieved within a broader framework of negotiations. Furthermore, it was clear that the results of such negotiations could not be applied retroactively. On these grounds she believed that the only message the General Council could convey to the Committee at the present time was that it should continue its important work and that it should adjust its ambitions as to how to finalize the reviews to a level that corresponded to the present political realities.

107. The representative of the European Communities also shared the frustration of the co-sponsors at the failure of the CRTA to complete any examinations and the resulting mounting backlog. This was clearly not the message that Members should be giving on the efficiency or indeed relevance of multilateral scrutiny of regional agreements. His delegation had worked actively with successive CRTA chairpersons and in informal consultations with interested Members to try to find a way to resolve this situation. He was afraid that totally non-committal conclusions in the Committee could undermine the benefits of the clarifications in the rules achieved during the Uruguay Round. The consultation process among Members was however continuing and his delegation would be interested in any new ideas the co-sponsors might have. Like others, the Community had observed increasing activity on the regional or bilateral front over the past months. This was not, a priori, a problem for the multilateral system, as long as all relevant WTO rules were observed. However, the Community believed that the best way to resolve any concerns over a possible conflict between multilateralism and regionalism or bilateralism, was to launch a new multilateral round quickly. The

Community would not object if the systemic aspects of regionalism, including clarification of the relevant WTO rules, were on the agenda of a new round of multilateral negotiations.

108. The representative of Chile supported the co-sponsors' initiative and shared their concerns. With regard to statements made by two speakers that this issue should be resolved in a broader context and that any agreement that would be reached could not be applied retroactively, he believed that from a legal point of view, this was a position that was difficult to sustain.

109. The representative of the United States said that as his delegation had stated at the December 2000 meeting of the General Council, it did not serve the WTO to have committees log-jammed and unable to fulfil their mandate, and there seemed to be a broad view that there was a problem. However, the US were not convinced that adding this issue to the already overloaded agenda of the General Council would be the solution to that problem. The United States could support the Chair's sharing of the concerns raised in the General Council with the next CRTA Chairperson so as to permit the Committee to identify and agree on the precise nature of the problem and the concerns raised with respect to the various options for drawing up conclusions to the many draft reports. Once the problems were articulated, Members might see additional guidance from capitals as to how to resolve the problem.

110. The representative of the Philippines, also speaking as the outgoing CRTA Chairman, said that the growing phenomenon of RTAs were interpreted in contrasting views, as supportive of, or as inimical to the multilateral trade process. The CRTA was supposed to provide some clarification as to the real role of this phenomenon. This should have emerged from the Committee's examination reports and from an assessment resulting from the Committee its work on the systemic issues. Unfortunately this had not been done because of the stalemate that had been persisting in the Committee since its establishment. He thanked the co-sponsors for having reverted to this issue as well as the delegations who were supporting a positive, concerted and serious approach on the part of the Committee itself. Members were not passing the responsibility to the General Council but only wished that the General Council would give political and substantive impetus to the work that should be carried on by the Committee in order for it to discharge its responsibilities in a more effective way and help the WTO maintain its primacy over the trade environment. It was clear to him that the objectives of the Committee were to make RTAs supportive of the multilateral trade process through the observance and adherence to accepted rules. Unfortunately Article XXIV of GATT and Article V of GATS did not lend themselves to clarity or very clear standards. This was the context in which the Committee was operating. Therefore, the contrasting interest which justifiably came from the developmental objectives of different Members had led to a situation which did not allow the Committee to undertake a concrete examination or an assessment of the complex issues. Members had very clear objectives and in order to carry them forward and with the cooperation of all, they might agree at this point with a transition recommendation before negotiating an interpretation or amendment of Article XXIV of GATT and Article V of GATS. Speaking as the representative of the Philippines, he said that his delegation unfortunately had not supported a new round of trade negotiations. Therefore in the meantime he reserved his response to the Community's suggestion that Members needed a new round of negotiations in order to resolve the issue in the CRTA.

111. The representative of Pakistan said that as a co-sponsor of the proposal, he fully endorsed the views expressed by India, as well as those by Hong Kong, China. With regard to the issue of whether this matter should be discussed in the General Council, he said that because of the long-term impasse that existed in the CRTA, its Chairman had asked for guidance and political impetus from the General Council, since at a technical level that impasse could not be overcome. As to the recipe proposed by some delegations regarding the solution of that issue in the context of a new round, his delegation did not recall that Members had taken a decision to launch a round so far and in the absence of any such decision, the most prudent way to proceed was to utilize whatever ways and means were available to

them. His delegation urged that as long as there were no other decisions taken, Members should stick to the rules they had at their disposal.

112. The representative of Hungary referred to Chile's statement in relation to the view expressed by some Members that first a solution should be found to the already concluded agreements and thereafter to try to agree on new rules. In this respect, he recalled his first participation in a CRTA meeting, during which the Committee had been examining to what extent the Treaty of Rome, concluded in the late fifties, was able to take into consideration the requirements of the provisions of Article V of GATS, concluded almost 40 years later. The whole discussion at that meeting had been very far from reality and he believed that this was not the best way to solve the difficult problems existing in this field.

113. The representative of Australia, as a co-sponsor of this item, said that it was regrettable that Members needed to have a discussion on this modest proposal which did not foreshadow rule-making or rule changes but was an attempt to find a way through a logjam in the CRTA since 1996. It was disappointing that those who recognized that there was a problem and that it did not serve the organization to have committees unable to move forward, were not able to see that there might be some advantage in elevating the discussion to a more political level in the General Council. He believed that the issue was relevant to Members' work since it was one of the hottest topics in the international trade field today. To think that the best solution was to continue discussing in a Committee that was unable to move forward seemed rather extraordinary. His delegation was one of the earliest supporters of a round and could not see any problem in having a political discussion of this item in the General Council from time to time. In his delegation's view, a report from the Chairperson of the Committee in May could not be seen as undermining leverage for a new round. Australia thought that those who were in favour of a new round and of including this issue in a broad encompassing agenda would have wished to have a discussion thereon in the WTO to start to elevate the profile of the issue and to identify some of the aspects which Members might wish to negotiate on. It was very disappointing that there was no consensus to move forward in such a modest way which, in Australia's view, might develop the understanding of the issues involved as well as build support for a comprehensive round agenda. Lastly, he noted that the following agenda item² dealt with the same kind of matter, i.e., having a report from a subsidiary body in the General Council.

114. The representative of Hong Kong, China said that the idea that the outstanding issues could only be resolved in a wider context, had been expressed in another context. His delegation had an open mind to such an idea. However, Members should not wait a new round but should make use of the time that was available now to double their efforts in the CRTA to try to achieve as much as possible. As to the suggestion that any progress on systemic issues would not be forthcoming unless the examination of individual reports had been made, his delegation had great difficulty with this sequencing, which was certainly not envisaged in the terms of reference of the CRTA. One should proceed with all aspects of the work in the CRTA at the same time. Lastly, as rightly pointed out by the Chairman of CRTA, it was not the co-sponsors' suggestion that the General Council should take over the work of the CRTA. Their proposal was for the General Council to indicate concern at the current deadlock of the work in the CRTA and to review the situation from time to time by calling for a further report by the CRTA Chairperson at the next General Council meeting. He hoped that Members would give positive consideration to this very modest request.

115. The representative of Mexico said that his delegation did not believe that by receiving a report from the CRTA Chairperson, the General Council would be able to find solutions for issues unresolved in the CRTA. It was more a problem of substance than of forum. His delegation could go ahead with the proposal of including such an item on the agenda of the next General Council meeting. Members could even consider that this item had been included on the agenda of the present meeting

² See item 9.

as the General Council had had a discussion on this issue and had heard a report of the CRTA Chairman. Members did not need to discuss whether that was necessary as such a discussion could happen at any time. As to the substance of the matter, there was a logjam in the review of the agreements because there was no progress on the systemic issues. His delegation believed that Members were losing from such a situation, as it prevented them from knowing where these various agreements stood. Members could not reach a conclusion on any of these agreements because they were not moving ahead on the systemic issues. In addition to a lack of clarity of the relevant provisions, Members were further complicating the problem with their lack of clarity when looking into the different agreements. Members had not even managed to agree on what "substantially all trade" was in various agreements. Therefore Members should find solutions to the substance, and in so far as systemic issues were concerned these should be pinpointed so that Members could make at least an individual comparison of the content of the agreements and therefore assess their complementarity to the multilateral system.

116. The representative of India recalled that in 1996 Members had discussed the examination of various agreements and had felt that the then existing model of separate working parties for examining various agreements had not been working well because the systemic issues had not been dealt with in a coherent manner. On the basis of a proposal by Canada, Members had decided to constitute the CRTA as a solution to this problem. Today, nearly four years later, the situation was no better and Members were having the same type of problem. There should be a collective concern and endeavour to address this issue in a meaningful manner to find a way forward. He had no particular solution and agreed with Mexico that there were substantive issues and differences in this area that had to be bridged. As to the proposal made by the co-sponsors, he wished to recall that their proposal was that the CRTA Chairperson be invited by the General Council to make a report at its May meeting and not that the General Council take over the function of the CRTA Committee. At its May meeting, the General Council, which was the highest forum in this organization when the Ministerial Conference was not in session, could devote some attention to this issue and Members could then decide as to how to proceed further. After four years, Members were at an impasse which deserved the attention of the General Council. The proposal was not seeking to change the position of any Member but only to call the attention of the General Council to this issue. With regard to the concerns about overloading the agenda of the General Council, he did not understand why the proposal to have a report from the CRTA Chairperson at the May meeting should necessarily overload the agenda. When there was a major problem confronting the WTO which required with political sensitivity there was no harm in the General Council looking into the subject. As to the wider context referred to by some delegations, this was a different issue. Those who wanted to raise the profile of the issue and bring it into a wider context could have a debate on this matter at the May meeting of the General Council. Finally, he proposed that the Chairman hold consultations on the proposal to invite the CRTA Chairperson to present a report at the May meeting.

117. The representative of the European Communities said that his delegation would be in favour of having this item on the agenda of the General Council meeting in May. With respect to his previous intervention, he wished to clarify that the Community had not said that the way to deal with the issue was through the launching of a new round but that further discussions in the General Council on the issue was in no way dependent on the decisions which Members would still have to take collectively on the launch of a new round. He welcomed a debate in May and believed that it would benefit from good preparation in the CRTA itself through intensive consultations between the Chairperson of the Committee and its Members. He agreed with India's proposal that the incoming Chairman of the General Council should consult informally on the way in which that debate could be approached and organized.

118. The representative of Mexico said that after having heard India's second intervention his delegation was now convinced that India's proposal should be accepted by the General Council.

119. The representative of Thailand said that like Mexico, she was now also fully convinced that it would be useful to have such a discussion in the May meeting of the General Council.

120. The representative of the United States said that his delegation shared the underlying interest in these issues and believed that the General Council had had a very good and useful discussion at its December meeting as well as at the present one. This issue was difficult and had many complex aspects, which seemed to make it difficult to find a way through. It had not been the United States' perception that one of the problems in finding a solution was that the issue suffered from a low profile. When he referred to overburdening the agenda of the General Council, his underlying concern was that he was not convinced that it would be an added value in having a third sequential discussion on that issue. He believed however that India had proposed that it was for the incoming Chairperson to take up this issue. Members should await the outcome of the next CRTA meeting and see if there was a possibility of an added value in taking up this issue again in the General Council in May and take a decision in light of this additional information and experience.

121. The Chairman proposed that the General Council take note of the statements and invite the incoming Chairperson to conduct consultations on the basis of the proposal made by India on behalf of Australia, India, Japan, Korea, New Zealand, Pakistan and Hong Kong, China.

122. It was so agreed.

9. Proposal for addition of an item to the General Council agenda: "Reports of the special sessions of the Committee on Agriculture and of the Council for Trade in Services, and of the TRIPS Council on the mandated negotiations on agriculture, services and geographical indications" (WT/GC/W/425)

123. The Chairman said that this item was on the agenda at the request of Bulgaria, Czech Republic, Egypt, Hungary, Iceland, India, Kenya, Liechtenstein, Mauritius, Pakistan, Slovenia, Sri Lanka, Switzerland and Turkey. At the General Council meeting in December 2000, when the proposal was first introduced by the co-sponsors, he had concluded from the discussion that Members seemed to disagree on questions of principle and that they would need to try to resolve them before a practical way forward could be found.

124. The representative of Switzerland, on behalf of the co-sponsors of the proposal, recalled that at its December 2000 meeting the General Council had had an extensive debate on this proposal. Despite efforts undertaken by the Chairman to work out a mutually acceptable solution in the course of informal consultations preceding the December meeting, it had not been possible to reconcile the different positions of Members on this matter and the discussion in the General Council had reflected those divergences. This was the reason why the co-sponsors of the proposal had taken the initiative to further explore, how this issue could be resolved with some Members who had different views. Although no real progress had been achieved so far, there had been a frank and open exchange of views that had helped to clarify matters and better understand other delegations' positions. The co-sponsors had requested that their proposal be placed on the agenda of the present meeting to reiterate their position that the General Council, as the overseeing body of the WTO, should be kept informed in like manner about all mandated negotiations, including the negotiations on geographical indications, which were formally launched in 1996 by way of a decision by the TRIPS Council. The most natural and orderly way to achieve a balanced approach to all mandated negotiations was to enable the General Council to supervise such negotiations. This was, above all, a practical arrangement to deal efficiently with the interactions between all mandated negotiations. Against this background, the co-sponsors of the proposal reaffirmed their position that the TRIPS Council should regularly report to the General Council on the ongoing negotiations on geographical indications. This reporting should be made according to the same arrangements, and under the same agenda item, as the

ongoing negotiations on agriculture and services. The co-sponsors were aware that Members' positions were still too divergent to take such a decision at the present meeting, but were ready to continue the dialogue with all interested Members, with a view to arriving at a mutually agreed solution. The co-sponsors realized that great strides would have to be made to achieve this goal, and wished that the incoming Chairperson would assist them in this endeavor by conducting, as appropriate, informal consultations to resolve this issue.

125. The representative of New Zealand said that his delegation had set out its views on this issue in some detail at the December 2000 General Council meeting. He noted Switzerland's indication that they had pursued consultations since December. His delegation had not been invited to these consultations but had it been invited, it would have confirmed that its position had not changed. The proposal made by Switzerland and others was unclear as to which provisions of the TRIPS Agreement they were referring to in relation to the "mandated negotiations". His delegation could not share the interpretation of the scope of the "mandated negotiations" for geographical indications under the TRIPS Agreement that Switzerland and some of the co-sponsors had sought to assert in the TRIPS Council and elsewhere. It was the right of all Members to bring their different negotiating objectives to the attention of the wider membership but in so doing, it was important not to mischaracterize new issues for negotiation as if they were already mandated.

126. The representative of Chile said that at the December 2000 meeting, his delegation had clearly stated its position on this issue. There was no reference to mandated negotiations for products other than wines and spirits in the TRIPS Agreement, as had emerged from the text and the underlying history of the Agreement. Therefore, this matter could not be dealt with at the same level as the mandated negotiations under Article 20 of the Agreement on Agriculture and Article XIX of the GATS. His delegation had not been invited to take part in any consultations since the General Council meeting in December, where it could have had an opportunity to provide more reasons for its position.

127. The representative of Argentina said that his delegation's position had not changed since the December 2000 meeting. In Argentina's view, there were no legal grounds for likening the mandated negotiations under Article 20 of the Agreement on Agriculture and Article XIX of the GATS to geographical indications. Even in the TRIPS Council, there were still important differences of opinion among Members as to the content, objective and scope of provisions such as Articles 23.4, 24.1 and 24.2 of the TRIPS Agreement. It was therefore inappropriate to add an item to the agenda which likened mandated negotiations such as those on agriculture and services, which Members had specifically agreed in the respective agreements, to other negotiations such as on geographical indications, which did not have a similar legal basis. With regard to the consultations by the incoming Chairperson requested by Switzerland, his delegation was open to any type of consultations and any effort which could be made in this regard. However, he believed that the incoming Chairperson had many other matters to deal with before he could address this issue.

128. The representative of Mexico said that his delegation had participated in consultations held by the co-sponsors of the proposal where it had reiterated its position, which was similar to the one expressed by New Zealand, Chile and Argentina. In addition to substantive issues on which his delegation disagreed with the co-sponsors, a procedural argument also substantiated his delegation's position. All permanent bodies reported, either directly or indirectly, to the General Council, except in agriculture and services where Members had agreed that special sessions of a negotiating nature be held. As long as there was no similar agreement to hold special sessions of the TRIPS Council, reporting by this body to the General Council was already covered, through annual reports of the TRIPS Council. If Members were to agree in the future to hold special sessions of the TRIPS Council, then it could be decided that reports of such sessions would also be presented to the General Council.

129. The representative of the European Communities said that his delegation supported the proposal made by Switzerland and other co-sponsors, as it seemed normal that reports be made to the General Council on a regular basis for all mandated negotiations, including those under the TRIPS Agreement. This was important for the General Council in order to be aware of these discussions.

130. The representative of Cuba said that her delegation fully supported the content of the proposal under consideration and wished to be included in the list of co-sponsors.³ She also reiterated her delegation's interest in extending geographical indications beyond wines and spirits.

131. The representative of Canada recalled that his delegation had expressed its views at the General Council meeting in December 2000 and wished to associate itself with the statements made at the present meeting by New Zealand, Chile, Argentina and Mexico.

132. The representative of Uruguay noted that Switzerland had mentioned that no progress had been made on this issue over the last months. His delegation had not been involved in the consultations held by the co-sponsors, but it did not share their approach to place on the same hierarchical footing issues which were not of an equal footing. Mandated negotiations were provided for in the areas of agriculture and services, and also in connection with the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits under the TRIPS Agreement. If the issue had been presented to Members as it had been agreed, without any attempt to broaden the scope of that mandate by referring to geographical indications in general, which went far beyond the mandated negotiations on the establishment of a system of notification and registration, the discussion would have been more serene and could have enabled Members to reach certain conclusions. However, given the way it had been presented, it would be difficult for Members to make any progress on this proposal in the future.

133. The representative of Bulgaria said that since the minutes of the December 2000 General Council meeting had been circulated only the day before the present meeting, he reserved his right to revert, at the next General Council meeting, to some of the statements made at the December meeting. In his view, some statements demonstrated that there was still a misunderstanding on the part of certain Members who believed that the proposal before the General Council was aimed at extending the additional protection of geographical indications to products other than wines and spirits. The issue of the scope of mandated negotiations under the TRIPS Agreement had been discussed in the TRIPS Council and in the Special Sessions of the Committee on Agriculture, where Members had proceeded on the understanding that they would not bring up the issue of scope in a way that would hinder discussions. This understanding meant that the differences in mandates would not be an obstacle to substantive discussions. If the mandate as to what was included in the scope of Article 24.1 of the TRIPS Agreement was to be brought up again, then consultations by the incoming Chairperson would be needed, hopefully before the stocktaking exercise in March 2001. If the understanding reached in the Special Sessions of the Committee on Agriculture was no longer valid, his delegation would need to review its position. He therefore urged the Chairman to undertake consultations in order to clarify this issue.

134. The representative of Australia recalled that Ministers from certain Members had stated that the preparatory work for the Fourth Session of the Ministerial Conference would need to be completed by July 2001. This did not leave much time for preparations. Yet, representatives of some of these Ministers wished to continue discussing the proposal before the General Council. It was clear that despite all the consultations held, Members had not been able to move forward on the proposal, as there were fundamental legal and procedural differences amongst them. Members could tie up the time of the incoming Chairperson of the General Council with further consultations, or tie up time in General Council meetings, but this would not help Members to move forward with the preparations

³ WT/GC/W/425/Add.1.

for the Ministerial Conference. The fact that the issue of geographical indications was not discussed in the General Council on the same level as agriculture and services did not mean that work on this issue was not proceeding in the appropriate body in which it should be conducted.

135. The representative of United States said that his delegation wished to associate itself with the statements made by New Zealand, Chile, Argentina, Mexico, Canada, Uruguay and Australia. In response to Bulgaria's statement, he said that the issue before the General Council under this agenda item was not about what would be discussed in other bodies, but what would be discussed in the General Council. He did not share the view that if something was important, it had to be discussed in the General Council. His delegation would be willing to participate in future consultations if the incoming Chairperson wished to hold such consultations. However, he noted that Members should avoid asking the Chairperson to hold consultations where they knew there was no likelihood of a meeting of the minds.

136. The representative of India said that his delegation supported the statement by Switzerland. He considered that it was the duty of the General Council to follow all mandated negotiations, including on geographical indications. The proposal to bring this issue to the attention of the General Council, at least from the perspective of his delegation, was not aimed at resolving the issue at the present meeting. However, it was not fair for any delegation to refrain from engaging in good faith consultations, merely because there were important divergences of views on a particular issue. He recognized that there were divergences of opinion on the matter at hand. However, this matter was considered to be a very important subject by a number of Members, both developing and developed, and it deserved that other Members engaged in good faith consultations and that the General Council gave political impetus and guidance on this important subject.

137. The representative of the Czech Republic said that his delegation associated itself with the statement by Switzerland. He believed that in dealing with the proposal before the General Council, Members should be able to show their responsibility. This was important, not only from the perspective of the co-sponsors, but also from the perspective of the WTO which had been established to promote international trade. The proposal represented the interests of a wide range of countries and therefore his delegation supported the suggestion to try to move forward on it through further consultations.

138. The representative of Switzerland said that a number of criticisms had been voiced with regard to the proposal. However, he stressed that this was a serious step which had been taken by the co-sponsors and he wished that the General Council would take it seriously.

139. The Chairman said that those delegations that were mostly involved in this matter should continue to consult and explore whether they could agree on a way forward. The incoming Chairperson would be in a better position to determine the role he wished to take in relation to this matter.

140. The General Council took note of the statements.

10. Reports of the special sessions of the Committee on Agriculture and of the Council for Trade in Services

141. The Chairman of the Committee on Agriculture, Mr. Voto-Bernales (Peru), recalled that the Committee on Agriculture, meeting in Special Sessions to conduct the negotiations for continuing the reform process under Article 20 of the Agreement on Agriculture, was required to report directly to the General Council. As agreed by the Special Sessions, these reports were made to the General Council on the responsibility of the Chairman of the Committee. A short factual report by the

Chairman on the fifth Special Session, concluded on 7 February 2001, had only just been made available to Members in document G/AG/NG/5. The contents of this report had been outlined in detail to representatives at the conclusion of the Special Session. In total the Special Session had 17 new negotiating proposals before it. Details concerning Members involved in submitting or sponsoring these negotiating proposals could be found in the Chairman's report. In the time available it had only been possible to complete the presentation and examination of 10 of these proposals. Numerous interventions had been made on each of the proposals considered. Such interventions as well as the extensive capital-based representation of both developing and developed countries in the Special Session were clear indications of the importance attached to the negotiations under Article 20 of the Agreement on Agriculture. Under these circumstances, Members had agreed to schedule an additional Special Session meeting, which would be held on 22-23 March 2001 in order to complete the examination of the remaining proposals, of other submissions that had been tabled as well as of any further proposals that might be tabled in the coming weeks. Members had also agreed that the agriculture stock-taking Special Session meeting would be held on 26 March 2001, with the aim of concluding the business of that meeting at a morning session on 28 March 2001. In the course the Special Session, Members had held informal open-ended consultations on the work of the end-March stock-taking meeting, as well as on the programme and arrangements for the second phase of the negotiations under Article 20 of the Agreement on Agriculture. As already noted in the Chairman's report, he had indicated that he would continue to hold informal consultations and contacts. It was also his intention to convene another open-ended informal meeting before the end-March stock-taking meeting in order to discuss a draft text sketching out possible elements for the second phase programme and arrangements.

142. The Chairman of the Council for Trade in Services, Mr. Marchi (Canada), said that since his last report on 8 December 2000, the Special Session of the Council for Trade in Services had held no formal meetings, and that the next formal meeting was scheduled for March 2001. An informal meeting had been convened on 7 February 2001 to discuss and review the first draft of the Draft guidelines and procedures for the negotiations prepared, as mandated, by the Secretariat (Job(01)/2). At that meeting, Members had held a very detailed and valuable discussion and it had been agreed that the Secretariat would produce next week a revised draft of the guidelines and procedures, taking into account Members' comments and suggestions. The revised draft would be discussed at an informal meeting of Council for Trade in Services, scheduled for 20 February 2001. This would bring the work on the guidelines, which was very important for the second phase of the negotiations, close to conclusion. The guidelines themselves would hopefully be adopted at the Special Session meeting in March 2001.

143. The General Council took note of the reports, and agreed to revert to this matter at its next meeting.

11. Appointment of officers to WTO bodies

144. The Chairman said that in accordance with the guidelines for appointment of officers to WTO bodies approved by the General Council in January 1995 (WT/L/31), he had conducted informal consultations on this matter. On the basis of these consultations, he considered that there was a consensus on the following slate of names:

General Council	Mr. Stuart Harbinson (Hong Kong, China)
Dispute Settlement Body	Mr. Roger Farrell (New Zealand)

Trade Policy Review Body	Mr. Pekka Huhtaniemi (Finland)
Council for Trade in Goods	Mr. Istvan Major (Hungary)
Council for Trade in Services	Mr. Celso Amorim (Brazil)
Council for TRIPS	Mr. Boniface Guwa Chidyausiku (Zimbabwe)
Committee on Trade and Environment	Mr. Alejandro Jara Puga (Chile)
Committee on Trade and Development	Mr. Nathan Irumba (Uganda)
Committee on Balance-of-Payments Restrictions	Mr. Hernando José Gomez (Colombia)
Committee on Regional Trade Agreements	Mrs. Laurence Dubois-Destrizais (France)
Committee on Budget, Finance and Administration	Mr. M. Supperamiam (Malaysia)
Working Group on the Relationship between Trade and Investment	Mr. Oguz Demiralp (Turkey)
Working Group on the Interaction between Trade and Competition Policy	Mr. Frederic Jenny (France)
Working Group on Transparency in Government Procurement	Mr. Ronald Saborío Soto (Costa Rica)
Committee on Agriculture Chair Vice-Chair	Mrs. Apiradi Tantraporn (Thailand) Mr. Yoichi Suzuki (Japan)

145. The Chairman also said that certain understandings had been agreed upon in reaching a consensus on the Chairpersons for this year. First, Mrs. Tantraporn (Thailand) would be appointed as Chairperson of the Committee on Agriculture and Mr. Suzuki (Japan) would continue for one more year to act as Vice-Chairman of the Committee under the same conditions. These arrangements for the chair and the vice-chair had been made for a period no longer than one year, and future appointments would continue to be based on personal experience and expertise, while taking into account the diversity of constituencies. Moreover, the organization of work at the Fourth Ministerial Conference would be decided in due course, irrespective of these arrangements.

146. The General Council took note of the statement and of the consensus on the above slate of names.

12. Election of Chairperson of the General Council

147. The Chairman thanked the Director-General, Deputy Directors-General, the Secretariat and all delegations for their cooperation and support during his term of Office.

148. The General Council then unanimously elected Mr. Stuart Harbinson (Hong Kong, China) to the Chair.

13. Sanitary and phytosanitary measures by Canada affecting Brazilian beef exports

149. The representative of Brazil, speaking under "Other Business", informed the General Council that his government would be raising in the appropriate body a matter related to the responsibility of sanitary and phytosanitary authorities for declarations concerning risk assessment with impact on private agents. This was motivated by the serious trade losses to Brazilian beef exports caused by precipitated and arbitrary declarations and decisions by Canada.

150. The representative of Canada said that his delegation would attend the meeting of the body where Brazil would raise that issue. He also said that the action by Canada had been neither precipitous nor arbitrary but had been taken for safety and health reasons which were very legitimate.

151. The General Council took note of the statements.

14. Statement by the Chairman of the Committee on Rules of Origin

152. The Chairman of the Committee on Rules of Origin, speaking under "Other Business", recalled that at its Special Session on Implementation on 14 and 15 December 2000, the General Council had adopted the following decision concerning the Agreement on Rules of Origin:

"Members undertake to expedite the remaining work on the harmonization of non preferential rules of origin, so as to complete it by the time of the Fourth Ministerial Conference, or by the end of 2001 at the latest. The Chairman of the Committee on Rules of Origin shall report regularly, on his own responsibility, to the General Council on the progress being made. The first such report would be submitted to the Council at its first regular meeting in 2001, and subsequently at each regular meeting until the completion of the work programme."

153. This was his first progress report to the General Council on his own responsibility as Chairman of the Committee. Pursuant to Article 9.2(a) of the Agreement on Rules of Origin, the harmonized work programme for non-preferential rules of origin, which had been launched in July 1995, had been scheduled for completion within three years of its initiation, i.e. by July 1998. However, while progress had been made during this three-year period, the work had not been completed as scheduled. In July 1998, Members had agreed to extend the deadline, and had committed themselves to making their best endeavours to complete the work programme by November 1999, but had failed to do so. Accordingly, the Committee had continued its work in 2000 on the basis of the agreed work programme. The total number of product-specific rules of origin agreed among Members to date amounted to approximately 1,800 at the level of HS subheadings (the total number of HS subheadings being 5,113). To date about 500 issues were pending. Not surprisingly these related to the most sensitive areas, especially textiles, agricultural products, electronics, machinery and vehicles. Faced with the realities of globalization and the increasingly multi-country production of goods, various materials and intermediate goods were used as inputs in a number of stages of production. In such an environment, it was difficult to reach consensus as to whether a certain production process was to be considered as origin-conferring, especially if other trade policy considerations had to also been taken into account.

154. At its last meeting on 1 December 2000, the Committee had shared the view that Members were now entering a decisive phase of the harmonization work programme, since less than one year was left for the Committee to complete its remaining work. He had urged all Members to mobilise all the resources available, to exercise the political will necessary and to show maximum flexibility with a view to expediting the remaining work. Immediately after the General Council's Special Session on 14 and 15 December 2000, the Committee had held an informal meeting on 18 December 2000 and

had agreed on the notional work programme for 2001. Under this work programme, the Committee would hold four two-week negotiating sessions this year, starting in early March 2001. It was also expected that more intensive bilateral and plurilateral negotiations would take place between these formal sessions. Meeting this new deadline was certainly going to be a challenging task and could only be achieved if all Members were fully committed to accomplishing it.

155. The General Council took note of the statement.

15. Statement by the Chairman on further work of the General Council on Implementation

156. The Chairman, speaking under "Other Business", said that as delegations were aware, at the beginning of the present week he had held an informal heads of delegations meeting to address the organization of further work on implementation-related issues and concerns, in the light of the General Council Decision adopted on 15 December 2000. He wished to outline the conclusions he had been able to draw from that meeting on the current situation, and his views on a possible way to proceed. First, Members had a very clear mandate for the work before them. The Decision of 3 May 2000 and the June 2000 work programme remained the basic framework of the present process, which would have to be completed not later than the Fourth Session of the Ministerial Conference and would have to be composed of a mixture of formal and informal processes. Concretely, in the year 2000, there had been formal Special Sessions intermingled with informal consultations conducted by the Director-General and himself. These consultations had had to be conducted in a transparent manner, and therefore he had held frequent informal open-ended meetings. Second, all Members recognized that the process of addressing implementation-related issues and concerns was of utmost priority, and that there should be no linkages to any other current or future areas of the WTO work programme at the present time. However, it had also been clear that for a number of delegations the progress made in this process could have an important bearing on other work of the organization. Third, the remaining issues belonged to the following four main categories: (i) issues referred to subsidiary bodies for their consideration; (ii) outstanding paragraph 21 issues, which could contain two sub-categories, namely those issues which have been the subject of intensive consultations, and those which have not; (iii) issues raised by Members in the course of our consultations; and, (iv) issues contained in paragraph 22. He sensed that most Members would be prepared to concentrate in the first instance on the issues referred to the subsidiary bodies and those remaining in paragraph 21 as well as the other issues raised by Members. However, a suggestion had also been made that Members could consider addressing the issues agreement by agreement. Therefore further reflection was needed on this matter. Fourth, it had been suggested that a deadline could be fixed for the reports by the subsidiary bodies. However, some delegations would prefer to allow sufficient time for these bodies to be able to carry out their work adequately. This was also a matter that needed further reflection but Members could convey to those bodies the urgency which all attached to the work they were undertaking in that respect. Finally, there was a need to develop and implement the continuing work programme as soon as possible at the formal level, i.e., at Special Sessions of the General Council. Clearly, such Special Sessions would need to be well prepared if they were to be productive. He therefore suggested that this should be done through informal consultations to be carried out by the General Council Chairman and the Director-General. These consultations would be conducted in full respect of transparency. The exact timing of the next Special Session and the informal process by which Members would prepare for it would be the subject of informal consultations by his successor as soon as possible.

157. The General Council took note of the statement.
