

GENERAL COUNCIL

Annual Report (2003)

The present report has been prepared in pursuance of the Procedures for an Annual Overview of WTO Activities and for Reporting under the WTO (WT/L/105), and sets out the actions taken by the General Council in the period since its previous annual report.

It will be recalled that at its meeting in February 2003, the General Council agreed that its report to the Fifth Session of the Ministerial Conference in September 2003 would consist of the Annual Report for 2002 together with a brief update report which would describe developments since December 2002.

The General Council's Annual Report for 2002 was circulated as WT/GC/70, and an update report describing developments until, and including, the August 2003 meeting of the General Council was circulated as WT/GC/70/Add.1.

The present report sets out the actions taken by the General Council since August 2003, and should be read in conjunction with the report in WT/GC/70/Add.1. The General Council has held two meetings since August 2003. The minutes of these meetings, which remain the record of the General Council's work, are contained in documents WT/GC/M/83 and Corr.1, and WT/GC/M/84.

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1. Matters resulting from the Fourth Session of the Ministerial Conference

(a) Trade Negotiations Committee – Reports (WT/GC/M/83)

Ministers at Doha established a Trade Negotiations Committee under the authority of the General Council to supervise the overall conduct of the negotiations (WT/MIN(01)/DEC/1). In accordance with the Principles and Practices endorsed by the Trade Negotiations Committee (TNC) at its first meeting on 28 January and 1 February 2002, the TNC reports to each regular meeting of the General Council (TN/C/M/1).

At the General Council meeting on 21 October 2003, the Chairman of the Trade Negotiations Committee reported on the TNC's activities since his last report to the General Council in July.

The Chairman spoke.

The General Council took note of the report by the Chairman of the Trade Negotiations Committee and of the statement.

(b) Work Programme on Small Economies (WT/GC/M/83, 84)

Ministers at Doha agreed to a work programme, under the auspices of the General Council, to examine issues relating to the trade of small economies, with a mandate to frame responses to the trade-related issues identified for the fuller integration of small, vulnerable economies into the multilateral trading system and not to create a sub-category of WTO Members. (WT/MIN(01)/DEC/1, paragraph 35). At its meeting in February and March 2002, the General Council took note of a framework and procedures for the conduct of the Work Programme on Small Economies, under which this Work Programme would be a standing item on the General Council's agenda. The framework and procedures also provided that the Committee on Trade and Development would report regularly to the General Council on the progress of work in its Dedicated Sessions on this subject.

At the General Council meeting on 21 October 2003, the Chairman of the Dedicated Sessions of the CTD reported on the work in the Dedicated Sessions regarding the Work Programme.

The General Council took note of the report by the Chairman of the Dedicated Sessions of the CTD.

At the General Council meeting on 15-16 December 2003, the Chairman of the Dedicated Sessions of the CTD reported on the work in the Dedicated Sessions regarding the Work Programme.

The representative of Paraguay spoke.

The General Council took note of the report by the Chairman of the Dedicated Sessions of the CTD and of the statement.

2. Follow-up to the Cancún Ministerial Conference – Report by the Chairman and the Director-General (WT/GC/M/84)

Ministers at Cancún, *inter alia*, instructed their officials to continue working on outstanding issues with a renewed sense of urgency and purpose, and asked the Chairman of the General Council, working in close co-operation with the Director-General, to coordinate this work and to convene a meeting of the General Council at Senior Officials level no later than 15 December 2003 to take the action necessary at that stage to enable them to move towards a successful and timely conclusion of the negotiations (WT/MIN(03)/20, paragraph 4).

At the General Council meeting on 15-16 December 2003, the Chairman reported on the consultations he and the Director-General had been conducting since early October pursuant to the Statement adopted by Ministers at Cancún. The Director-General then reported on his own contacts with Ministers in capitals and elsewhere in this regard.¹

The representatives of Australia, Switzerland, Chile, Brazil, United States, Argentina, Colombia, Canada, Bolivia, China, European Communities, Bangladesh (on behalf of the LDCs), Korea, Mauritius (on behalf of the African Group), Egypt, Chinese Taipei, India, South Africa, Thailand, Turkey, Bulgaria, Mexico, Philippines, Malaysia, Singapore, Djibouti, Botswana (on behalf of the ACP Group), Indonesia, New Zealand, Nigeria, Norway, Benin (also on behalf of Burkina Faso, Chad and Mali), Jamaica, Kenya, Pakistan, Burkina Faso, Japan, Costa Rica, Iceland, Venezuela, Namibia, Ecuador, El Salvador, Sri Lanka, Zambia, Grenada, Cuba, Uruguay, Guatemala, Zimbabwe and Hong Kong, China, and the Chairman² spoke.

The General Council took note of the statements.

3. China – Transitional Review under Section 18.2 of the Protocol of Accession to the WTO Agreement (WT/GC/M/84)

At its meeting on 15-16 December 2003, the General Council conducted its second review of China's implementation of the WTO Agreement and the provisions of its Protocol of Accession. In so doing, the General Council considered a communication from China (WT/GC/75) which provided information required under Sections I and III of Annex 1A of the Protocol of Accession, as well as reports from subsidiary bodies on their respective reviews (G/L/664, S/C/20, IP/C/31, WT/BOP/R/73).

¹ The statements by the Chairman and the Director-General were subsequently circulated in document Job(03)/226.

² The closing remarks by the Chairman were subsequently circulated in document Job(03)/227.

The representatives of China, United States, European Communities, Japan, Korea, Australia and Chile, and the Chairman spoke.

The General Council took note of the statements and of the reports submitted by the subsidiary bodies on the conduct of their respective reviews, and agreed that the second review by the General Council of China's implementation of the WTO Agreement and the provisions of its Protocol of Accession, pursuant to Section 18 of the Protocol, had been concluded.

4. Review of the Exemption Provided under Paragraph 3 of GATT 1994 (WT/GC/M/83, 84)

At the General Council meeting on 21 October 2003, the Chairman, recalling the history of the Council's discussion on this matter, said that, as agreed in December 2002, the review of the exemption under Paragraph 3 of GATT 1994 would formally be on the Agenda of the General Council meeting in December. At that meeting, the General Council would be invited to take note of the discussions held in the course of the review until then, take any other action it might agree on, and also take note that the subsequent review would normally be held in 2005. He expressed the hope that delegations would be able to use the time until the December meeting to prepare appropriately for that discussion, and that they would be able to proceed as agreed in 2002.

The General Council took note of the statement.

At its meeting on 15-16 December 2003, the General Council considered the exemption provided under paragraph 3 of GATT 1994 for review. The General Council had before it recent communications from Japan and the European Communities (documents WT/GC/W/520 and 521, respectively), as well as a communication from the United States containing information relating to the operation of the exemption (WT/L/512), which had been considered in February.

The representatives of the United States, Japan, European Communities, Australia, Norway, Panama, Philippines, New Zealand and Hong Kong, China spoke.

The General Council took note of the statements and also took note that the subsequent review under the two-yearly cycle provided in Paragraph 3(b) of GATT 1994 would normally be held in 2005.

5. Accession Matters

(a) Iran (WT/GC/M/83, 84)

A communication from Iran requesting accession to the WTO Agreement (WT/ACC/IRN/1) was first considered by the General Council in May 2001 at the request of Egypt on behalf of the Informal Group of Developing Countries, and at each subsequent meeting of the General Council since then.

At its meeting on 21 October 2003, the General Council again considered this matter.

The representatives of the United States and Tanzania (on behalf of the Informal Group of Developing Countries) spoke.

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

At its meeting on 15-16 December 2003, the General Council again considered this matter.

The representatives of the United States and Tanzania (on behalf of the Informal Group of Developing Countries) spoke.

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

(b) Kazakhstan (WT/GC/M/83)

At its meeting on 21 October 2003, the Chairman informed the General Council that Mr. Himanen (Finland) had kindly agreed to chair the Working Party on the Accession of Kazakhstan, replacing Mr. Huhtaniemi (Finland) who had left Geneva and was no longer available to Chair the Working Party.

The General Council took note of this information.

(c) Russian Federation (WT/GC/M/84)

At its meeting on 15-16 December 2003, the Chairman informed the General Council that Mr. Johannesson (Iceland) had kindly agreed to chair the Working Party on the Accession of the Russian Federation, replacing Mr. Bryn (Norway) who had left Geneva and was no longer available to Chair the Working Party.

The General Council took note of this information.

6. Committee on Budget, Finance and Administration - Reports and recommendations (WT/GC/M/84)

At its meeting on 15-16 December 2003, the General Council considered a report by the Committee on Budget, Finance and Administration on matters considered at its meetings held from July to September (WT/BFA/68).

The Chairman of the Committee introduced the report.

The General Council took note of the statement, approved the Budget Committee's specific recommendations in paragraphs 15 and 16 of the report in WT/BFA/68, and adopted that report.

The General Council then considered the recommendations of the Committee which had resulted from the Committee's meetings of November and December (WT/BFA/70).

The Chairman of the Committee introduced the recommendations.

The representative of Japan spoke.

The General Council took note of the statements, approved the Budget Committee's specific recommendations in paragraphs 1 through 6 of document WT/BFA/70, including the draft Resolutions referred to in paragraphs 5 and 6, and adopted the draft Resolution on the Revised Expenditure of the WTO in 2004 and the Ways and Means to Meet Such Expenditure, as well as the draft Resolution on the Expenditure of the WTO in 2005.

7. Waivers under Article IX of the WTO Agreement

- (a) Introduction of Harmonized System 1996 Changes into WTO Schedules of Tariff Concessions - Israel and Thailand (WT/GC/M/84)

At its meeting on 15-16 December 2003, the General Council considered requests from Israel (G/L/646) and Thailand (G/L/647) for extensions of waivers for the introduction of Harmonized System 1996 changes into schedules of tariff concessions, and the related draft decisions (Israel – G/C/W/468; Thailand – G/C/W/470).

The Chairman of the Council for Trade in Goods reported on the consideration of these requests by that Council.

The General Council took note of the report and, in accordance with the Decision-Making Procedures under Articles IX and XII of the WTO Agreement agreed in November 1995 (WT/L/93), adopted the Decisions (WT/L/554 – Israel; WT/L/555 – Thailand).

- (b) Sri Lanka - Establishment of new Schedule VI – Extension of time-limit (WT/GC/M/84)

At its meeting on 15-16 December 2003, the General Council considered a request by Sri Lanka (G/L/644) for an extension of its waiver previously granted in connection with its implementation of the Harmonized System, and a draft decision to this effect (G/C/W/469).

The Chairman of the Council for Trade in Goods reported on the consideration of this request by that Council.

The General Council took note of the report and, in accordance with the Decision-Making Procedures under Articles IX and XII of the WTO Agreement agreed in November 1995 (WT/L/93), adopted the Decision (WT/L/556).

- (c) Review of Waivers under Article IX:4 of the WTO Agreement (WT/GC/M/84)

Under Article IX:4 of the WTO Agreement, "Any waiver granted for a period of more than one year shall be reviewed by the Ministerial Conference not later than one year after it is granted, and thereafter annually until the waiver terminates."

At its meeting on 15-16 December 2003, the General Council considered the following waivers for review under Article IX.4 of the WTO Agreement:

- (i) El Salvador – Agreement on Implementation of Article VII of GATT 1994, granted on 8 July 2002 until 7 March 2005 (WT/L/476);
- (ii) LDCs – Article 70.9 of the TRIPS Agreement with respect to pharmaceutical products, granted on 8 July 2002 until 1 January 2016 (WT/L/478);
- (iii) Canada – Caribcan, granted on 14 October 1996 until 31 December 2006 (WT/L/185, WT/L/545);
- (iv) Preferential Tariff Treatment for Least-Developed Countries, granted on 15 June 1999 until 30 June 2009 (WT/L/304);
- (v) Switzerland – Preferences for Albania and Bosnia-Herzegovina, granted on 18 July 2001 until 31 March 2004 (WT/L/406, WT/L/547);

- (vi) United States – Former Trust Territory of the Pacific Islands, granted on 14 October 1996 until 31 December 2006 (WT/L/183, WT/L/548);
- (vii) Cuba – Article XV:6 of GATT 1994, granted on 20 December 2001 until 31 December 2006 (WT/L/440, WT/L/550);
- (viii) Colombia – Extension of the Application of Article 5.2 of the Agreement on Trade-Related Investment Measures, granted on 20 December 2001 until 31 December 2003 (WT/L/441);
- (ix) EC – Autonomous Preferential Treatment to the Countries of the Western Balkans, granted on 8 December 2000 until 31 December 2006 (WT/L/380, WT/L/551);
- (x) EC – Transitional Regime for the EC Autonomous Tariff rate Quotas on Imports of Bananas, granted on 14 November 2001 until 31 December 2005 (WT/L/437);
- (xi) EC – The ACP-EC Partnership Agreement, granted on 14 November 2001 until 31 December 2007 (WT/L/436, WT/L/552);
- (xii) Turkey – Preferential Treatment for Bosnia-Herzegovina, granted on 8 December 2000 until 31 December 2006 (WT/L/381, WT/L/553);
- (xiii) United States – Caribbean Basin Economic Recovery Act, granted on 15 November 1995 until 31 December 2005 (WT/L/104, WT/L/549).

In so doing, the General Council considered reports on the implementation of the waivers submitted by Canada (WT/L/545), Cuba (WT/L/550), European Communities (WT/L/551 and 552) Switzerland (WT/L/547), Turkey (WT/L/553) and the United States (WT/L/548 and 549).

The representative of Turkey spoke.

The General Council took note of the statement, took note also that the exceptional circumstances justifying the waiver granted on 8 December 2000 for Turkey's preferential treatment for Bosnia-Herzegovina (WT/L/381) no longer existed and, in accordance with the terms of paragraph 4 of Article IX of the WTO Agreement, decided to terminate the waiver. The General Council then took note of the reports in documents WT/L/545 and WT/L/547-553.

8. Trade in Textiles and Clothing - Developing Members' concern about potential reduction in market (quota) access in 2004 (WT/GC/M/83, 84)

At the General Council meeting on 21 October 2003, the Chairman recalled that following the discussion on this matter at the July General Council meeting, he had proposed that consultations be held on the best way to deal with it. However, the focus of his work since the July Council meeting had revolved around preparations for the Cancún Ministerial Conference and its follow up and, as a result, it had not been possible to devote the necessary attention to this issue. He intended to take up consultations on this matter – despite the heavy workload all faced as a result of Cancún – with the aim of making a report to the December meeting of the General Council.

The General Council took note of the statement.

At the General Council meeting on 15-16 December 2003, the Chairman reported on the consultations he had held on the concerns raised by developing country textiles and clothing exporters regarding effects of any diminution in quota access in 2004 due to the non-availability of the quota "carry forward" provision in that year, and their proposals to meet these concerns.

The representatives of India (on behalf of the co-sponsors of the proposal in WT/GC/W/503), Pakistan, Indonesia, Bangladesh and Thailand spoke.

The Chairman said, *inter alia*, that he would encourage the proponents and the restraining Members to continue their dialogue to see if there were other possibilities for addressing the concerns raised.

The General Council took note of the statements.

9. Review of Chairmanships of WTO bodies under the TNC (WT/GC/M/83)

At its first meeting on 28 January and 1 February 2002, the Trade Negotiations Committee (TNC) adopted a structure and established a number of bodies to undertake work on the various elements of the Doha Development Agenda under its supervision. The TNC also endorsed certain principles and practices to guide its work, including that the Chairman of the General Council would consult on the chairmanships of the individual bodies, and that the Chairpersons of these bodies would be appointed to serve up to the Fifth Ministerial Conference, at which time all the appointments would be reviewed (TN/C/M/1). The Chairpersons of the bodies under the TNC were appointed by the General Council at its meeting in February 2002. At the General Council meeting in August 2003, the Chairman suggested that, although these appointments were to be reviewed at the time of the Fifth Ministerial Conference, given the heavy workload in connection with the Ministerial Conference, Members would be better placed to conduct this review at the next meeting of the General Council in October. The General Council agreed that, in the meantime, and keeping in mind the need for maintaining continuity in the process, the Chairpersons of these bodies be requested to continue in office until the review at the October Council meeting.

At the General Council meeting on 21 October 2003, the Chairman suggested that Members revert to the review of Chairmanships of WTO bodies under the TNC once the outcome of the follow-up work from the Cancún Ministerial Conference was clear, and proposed that the General Council postpone consideration of this item until its first regular meeting in the new year, and that, in the meantime, and keeping in mind the need to maintain a sense of continuity, the Chairpersons of these bodies continue in office until the review at that meeting.

The General Council took note of the statement and so agreed.

10. Sixth Session of the Ministerial Conference (WT/GC/M/83)

At its meeting in August 2003, the General Council considered a communication from Hong Kong, China (WT/GC/72) offering to host the Sixth Session and, noting that the date and venue of the next Ministerial Conference was an item on the Agenda of the Cancún Ministerial Conference, agreed that its Chairman should hold informal consultations urgently on the venue of the Sixth Session and report back to the Chairman of the Cancún Ministerial Conference at the earliest opportunity with a view to assisting the latter in preparing this item for consideration at the Ministerial Conference. At the Cancún Ministerial Conference, Ministers took note with appreciation of the offer from the Government of Hong Kong, China and requested the Chairman of the General Council to continue consultations with a view to determining the date and venue of the Sixth Session.

At the General Council meeting on 21 October 2003, the Chairman said, *inter alia*, that from the contacts he had had with a number of delegations, there was broad support for accepting the offer from Hong Kong, China, and that he believed it would be good for all concerned if agreement could be reached at that meeting on the venue of the next Ministerial Conference. He proposed therefore that the General Council agree on Hong Kong, China as the venue for the Sixth Session of the Ministerial Conference, and expressed appreciation, on behalf of the General Council, to the

Government of Hong Kong, China for its generous offer. He further proposed that consultations be held with a view to determining the timing of the Sixth Session, and that the General Council revert to this matter at a future meeting.

The General Council so agreed.

The representative of Hong Kong, China spoke.

The General Council took note of the statement.

11. Widening of EC textiles quota restrictions following accession of new member States (WT/GC/M/83, 84)

At the General Council meeting on 21 October 2003, the representative of India, on behalf of members of the International Textiles and Clothing Bureau that were also Members or observers of the WTO, expressed concern regarding an Act published in the Official Journal of the European Union dated 23 September 2003³ and its provisions regarding possible adjustments to be made to bilateral textile agreements and arrangements concluded by the Community with third countries.

The representative of the European Communities spoke.

The General Council took note of the statements.

At the General Council meeting on 15-16 December 2003, the representative of India, on behalf of members of the International Textiles and Clothing Bureau that were also Members or observers of the WTO, recalled the concern it had expressed at the October Council regarding this matter, and that it had requested the EC to inform the General Council of its plans and to provide further details.

The representative of the European Communities spoke.

The General Council took note of the statements.

12. Eleventh APEC Economic Leaders' Declaration (WT/GC/M/83)

At the General Council meeting on 21 October 2003, the representative of Thailand drew attention to the Declaration of the Eleventh APEC Meeting of Economic Leaders issued that afternoon in Bangkok, and to the paragraphs related to the WTO and the multilateral trading system,⁴ and expressed the hope that the Declaration would help the Chairman find convergence among Members and provide positive inputs and political impetus to the ongoing DDA negotiations and their successful conclusion.

The General Council took note of the statement.

³ Entitled "Act concerning the conditions of accession of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic and the adjustments to the Treaties on which the European Union is founded".

⁴ The APEC Economic Leaders' Declaration (the "Bangkok Declaration on Partnership for the Future") was subsequently circulated as WT/L/542.

13. WTO Pension Plan - Annual Report of the Management Board (WT/GC/M/84)

At its meeting on 15-16 December 2003, the General Council considered the Annual Report of the Management Board of the WTO Pension Plan for 2002 (WT/L/546).

The Chairman of the WTO Pension Plan Management Board introduced the report.

The General Council took note of the statement and of the Annual Report of the Management Board for 2002 in WT/L/546.

14. Appointment of Officers of WTO bodies (WT/GC/M/84)

At the General Council meeting on 15-16 December 2003, the Chairman announced, pursuant to the Guidelines for Appointment of Officers to WTO Bodies agreed in December 2002 (WT/L/510), that he would be starting the selection process for the appointment of chairpersons to the bodies outlined in Groups 1, 2, 4 and 5 of the Annex to the Guidelines. In accordance with Paragraph 7.1(b) of the Guidelines, he would be assisted in the selection process by the serving Chairman of the Dispute Settlement Body, Mr. Oshima (Japan), and the former Chairman of the General Council still serving in Geneva as Permanent Representatives, Mr. Marchi (Canada). In keeping with paragraph 7.1(d), he and his colleagues would communicate, as early as possible, a specified time-period in which they would be available to hear the views and suggestions of Members, individually and/or in groups. He recalled that, in accordance with paragraph 2.1 of the Guidelines, representatives of Members in financial arrears for over one full year could not be considered for appointment.

The General Council took note of the statement.

15. Review of WTO Activities (WT/GC/M/84)

At its meeting on 15-16 December 2003, the General Council considered the annual reports of the Councils and Committees submitted for consideration under this agenda item.

The Chairman said that a number of WTO bodies had not met in the period since the Cancún Ministerial Conference, and had therefore not submitted any reports covering their work since they last reported to the General Council in July.

The General Council took note of the statement, adopted the report of the Committee on Trade and Development (WT/COMTD/48), and took note of the reports of the other WTO bodies, including the report of the body under the Plurilateral Trade Agreements, in documents WT/DSB/35 and Add.1, WT/TPR/140, G/L/665, S/C/19, IP/C/30, WT/BOP/R/72, WT/BFA/69, WT/REG/13, WT/CTE/10 and WT/L/544 and Corr.1.

The General Council then adopted the draft report of the General Council (WT/GC/W/518), on the understanding that the Secretariat would make the necessary adjustments to it as to include matters discussed at that meeting.
