

**General Council
3 and 8 May 2000**

MINUTES OF MEETING

Held in the Centre William Rappard
on 3 and 8 May 2000

Chairman: Mr. Kåre Bryn (Norway)

Prior to the adoption of the agenda, the Chairman noted that the meeting of the General Council on 23 March 2000 that had been adjourned in order to allow time for consultations on the items "Appointment of the Chairperson of the Council for Trade-Related Aspects of Intellectual Property Rights and of the Chairpersons of the subsidiary bodies of the Council for Trade in Goods" and "Participation of acceding countries as observers in the mandated negotiations on agriculture, on services and on other elements of the built-in agenda" should be considered closed, as these items were included on the agenda proposed for the present meeting.

Regarding the proposed agenda in WT/GC/W/401, the Chairman proposed that in light of Cape Verde's request that the item on its accession be postponed, item 1 be removed from the agenda of the present meeting. He also proposed that in order to allow time for further consultations, item 2 on "Appointment of the Chairperson of the Council for Trade-Related Aspects of Intellectual Property Rights and of the Chairpersons of the subsidiary bodies of the Council for Trade in Goods" and item 3 on "Participation of acceding countries as observers in the mandated negotiations on agriculture, on services and on other elements of the built-in agenda" be taken up as the last items on the agenda of the present meeting.

The General Council so agreed.

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1. Appointment of the Chairperson of the Council for Trade-Related Aspects of Intellectual Property Rights and of the Chairpersons of the subsidiary bodies of the Council for Trade in Goods

1. The Chairman recalled that at its meeting in February 2000 the General Council had agreed that since the slate of names for chairpersons of the subsidiary bodies of the Council for Trade in Goods, together with the chairperson for the TRIPS Council, were worked out as a whole, and given the fact that the Council for Trade in Goods would only meet later in the month of April, the appointments proposed in the slate of names for subsidiary bodies of the Council for Trade in Goods would also exceptionally be agreed by the General Council. Subsequently, and following extensive consultations with Members, the General Council had agreed at its meeting on 23 March that as an interim arrangement the Chairman of the Council for Trade in Goods would chair the first special session of the Committee on Trade in Agriculture, and that consultations would continue on the slate of names for chairpersons of all the WTO bodies in question. In the light of consultations held, he proposed that the General Council agree on the appointment of Mr. Chak Mun See (Singapore) as the Chairman of the Council for TRIPS.

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

3. Mr. Farrell (New Zealand), former Chairman of the Council for Trade in Goods, read out the slate of names for the chairmanships of the subsidiary bodies of that Council as follows:

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| Committee on Agriculture Chair: | Ambassador Jorge Voto-Bernales (Peru) |
| Vice-Chair: | Mr. Yoichi Suzuki (Japan) |
| Committee on Anti-Dumping Practices | Mr. Yair Shiran (Israel) |
| Committee on Customs Valuation | Mr. Remo Moretta (Australia) |
| Committee on Import Licensing | Mr. Albert Wright (Denmark) |
| Committee on Market Access | Mr. Christophe Kiener (Switzerland) |
| Committee on Rules of Origin | Mr. Sándor Simon (Hungary) |
| Committee on Safeguards | Mr. Joshua Phoho Setipa (Lesotho) |
| Committee on Sanitary and Phytosanitary Measures | Mr. Shishir Priyadarshi (India) |
| Committee on Subsidies and Countervailing Measures | Mrs. Usha Dwarka-Canabady (Mauritius) |
| Committee on Technical Barriers to Trade | Mr. John Adank (New Zealand) |
| Committee on Trade-Related Investment Measures | Mr. Oscar Hernández (Venezuela) |
| Working Party on State Trading Enterprises | Mr. Breffini Carpenter (Ireland) |

4. The General Council agreed to the above slate of names.

5. The Chairman recalled his understanding that the distribution of responsibilities between the Chairman and Vice-Chairman of the Committee on Agriculture had been decided by the General Council on 7-8 February 2000. This made clear that the Vice-Chairman of that Committee would not chair a Special Session of that Committee should the Chairman not be available to do so.

6. The representative of Brazil welcomed the decision just taken, which reflected a spirit of pragmatism and responsibility that unfortunately had been absent until now. It was high time for the organization to observe the procedures Members had agreed upon for the selection of chairpersons of the various Councils and Committees. However, his delegation hoped that the regrettable precedent that might have been created would have not consequences on the conduct of the negotiations just initiated. The new Chairmen could count on Brazil's constructive support.

7. The representative of Mexico said that the Chairmen just appointed were all excellent. However, Mexico could not accept that in the selection process of chairmen or vice-chairmen, conditions or requirements were established additional to those contained in the guidelines for the selection of individuals for these posts. The General Council had decided in February that for the Agriculture Committee there would be a Chairman for the Special Sessions and a Vice-Chairman for the regular meetings of the Committee, but this should not be confused with the situation described in the Chairman's statement after the adoption of the decision. Mexico did not share the Chairman's statement that the Vice-Chairman would not be empowered to chair the Special Sessions should the

need arise, and that statement should not be interpreted as part of the decision just taken. Mexico reserved its rights under the relevant guidelines should the situation described by the Chairman arise. To impose additional conditions on any chairman or vice-chairman would set a very bad precedent in the organization.

8. The Chairman said that he was certain that the General Council would be able to lay this situation behind it, and that conclusions could be drawn from it in future. For the effective functioning of the WTO it was important that all showed flexibility in choosing officers for its bodies, and that the guidelines established for this be carefully abided by. He hoped that in future it would be easier to agree on such appointments.

9. The General Council took note of the statements.

2. Participation of acceding countries as observers in the mandated negotiations on agriculture, on services and on other elements of the built-in agenda

10. The Chairman recalled that at its meeting on 13 March 2000, the General Council had discussed but had not completed its consideration of this matter. Since that time there had been numerous intensive consultations on this matter, and he read out and proposed for adoption the text in Job No. 2814/Rev.1 as follows:

"Participation of Acceding Countries in the Mandated Negotiations on Agriculture, on Services and on other Relevant Elements of the Built-In Agenda"

"The mandated negotiations on agriculture, on services and on other relevant elements of the built-in agenda will be open to States and separate customs territories for whom an accession working party is established. Any decisions in the context of these negotiations will be taken only by WTO Members.

"Participation in negotiations relating to the amendment or application of the provisions of WTO agreements, or the negotiation of new provisions, will be open only to WTO Members.

"It is understood that participation of acceding States and separate customs territories in these negotiations shall not create any rights for such non-WTO Members."

11. The Chairman noted for the record that the reference in the third paragraph of the draft text to "any rights" included the notion of negotiating rights.

12. The General Council took note of the Chairman's statement and agreed to the text.¹

3. Committee on Budget, Finance and Administration

(a) Report of the Committee (WT/BFA/46)

13. Mr. Akil (Turkey), Chairman of the Committee on Budget, Finance and Administration, introducing the report in WT/BFA/46, said that at its March meeting the Committee had paid tribute to the former Chairperson of the Committee, and had taken note of the situation at 29 February 2000 concerning the cash situation, arrears and contributions, and contributions by observers. Members who were more than three years in arrears on 1 January 2000 for contributions to have been paid since 1988 had become inactive Members as of that date. Therefore, the Committee had recommended that

¹ Subsequently circulated in WT/L/355.

in conformity with paragraph 7(b) of document PC/7 and L/7578, the General Council invite the Members referred to in paragraph 9 of WT/BFA/46 and classified as inactive Members to liquidate their arrears as soon as possible. In the course of consideration of budget estimates in 1999 for the year 2000, some Members had expressed concern regarding the excessive variation in percentages from one year to another regarding their contributions. A working party had been established, open to all interested Members, in order to examine the method of calculating assessed contributions. The Committee had also discussed the issue of voluntary contributions from non-governmental sources and would come back to this question in the course of 2000.

14. The General Council took note of the statement, approved the Budget Committee's specific recommendation in paragraph 9 of the report in WT/BFA/46 and adopted the report.

4. Five-year review of the exemption provided under paragraph 3 of the GATT 1994

15. The Chairman recalled that the exemption under paragraph 3 of the GATT 1994 provided in sub-paragraph 3(b) for a five-year review after the date of entry into force of the WTO Agreement in order to examine whether the conditions which created the need for the exemption still prevail. The exemption would thereafter be reviewed every two years for as long as it was in force. At its meetings on 6 October and 4 November 1999, and on 7-8 February 2000, the General Council had considered this matter and had agreed to revert to it at the present meeting.

16. Representatives thanked the United States for the answers it had provided in WT/GC/W/397.

17. The representative of Japan said that his delegation had recently submitted a paper² to the United States in order to facilitate future discussions on this issue. Japan appreciated the US replies to some of its questions, but had some additional follow-up questions to which replies would be appreciated. The US replies to some questions had not been sufficient. For example, while it had referred to the existence of specific legislation, it had failed to explain in detail why such legislation was deemed necessary. Japan hoped that once the necessary information was provided, Members would be able to have a serious and substantial review of the exemption in the near future.

18. The representative of the European Communities said that the replies by the United States had raised further questions, and his delegation would submit the latter to the United States and circulate them to Members. On the basis of the Community's analysis of the information received thus far, it seemed that the US shipbuilding industry was in vigorous health and that a substantive review of the need to maintain the exemption in question should take place as a matter of priority.

19. The representative of Hong Kong, China said that like Japan, his delegation did not feel that the replies received adequately answered all the questions posed, and in some cases those replies raised further questions. The General Council had a duty to examine whether the conditions that had created the need for the exemption still prevailed, and this could not be done without the information necessary. His delegation hoped that the United States would provide more details. As reform of the Jones Act would be important to making real progress in negotiations on trade in maritime services, proceeding with this examination was in the interests of all Members.

20. The representative of Australia said that his country's interests were somewhat different from other shipbuilders, since it was primarily interested in fast ferries for passenger services and car ferries, which efficient Australian companies were unable to export to the restricted US market. There was clearly no national security interest in blocking the import of fast ferries, and no other US industries or their customers were bound by such restrictions. The exemption was a significant derogation that had been granted to one Member, and a proper review of it had to be carried out at this

² Subsequently circulated in WT/GC/W/402.

five-year point as well as subsequently every two years. The General Council should agree to convene a working party to examine the ongoing justification for the exemption.

21. The representative of New Zealand said that his delegation appreciated the range of concerns raised by Members. Paragraph 3 of the GATT 1994, like any other provision providing for periodic review – for example MFN exemptions in the services area – was in no way intended to convey the impression that such exemptions were to be provided in perpetuity. The very concept of a review clearly carried with it the notion of serious substantive reconsideration, rather than simple ongoing application of the status quo. New Zealand therefore encouraged further efforts aimed at addressing the concerns raised by Members regarding the ongoing negative effects of this exemption.

22. The representative of Canada said that the concern expressed by a number of Members reflected the broad derogation from the WTO framework that the exemption represented, as well as Members' strong interest in transparent access to other Members' markets based on common rules – in this case, with respect to the shipbuilding and vessel refit sector. Canada joined others in bringing to the attention of the US authorities its ongoing concerns regarding continuing Jones Act measures that significantly affected market forces.

23. The representative of Panama said that like others, his delegation did not feel the US replies to the questions in all cases adequately met the concerns expressed. For example, the US had given no reasons as to why it felt the legislation was in compliance with the requirements of paragraph 3. Since the inception of the legislation, there had been no review as to whether it met the requirements allowing the US to benefit from the exemption. This was a preliminary point that should be given consideration. Panama would submit follow-up questions, and wanted the review to have substantive content. The review should generate enough information to make it possible to have a substantive discussion in the course of negotiations on trade in services, with a view to trying to eliminate the preferences under the Jones Act and other preferences provided under legislation notified under paragraph 3. This was an important part of reform in the services area.

24. The representative of the Dominican Republic agreed on the need to further the review of the exemption, which should be conducted in such a way as to increase awareness of the urgent need to reform transport legislation, particularly the Jones Act. The implications for his country of such legislation involved transport costs that were at times three times those charged by carriers outside the conferencing system. Reforms in maritime transport in the United States would be essential in ensuring the success of the recently launched round of negotiations in services. There was need for a positive signal in this respect, which would help change the impression that special and differential treatment in the WTO was only granted in favour of developed countries. A transition period of 56 years was at least 11 times greater than the transition periods given developing countries in other areas of interest to the United States.

25. The representative of Guatemala said that his delegation supported the establishment of a working party to conduct a more detailed review of the exemption.

26. The representative of the United States said that when this matter had been taken up in a recent informal meeting of the General Council, only one delegation had said it might have additional questions. Other Members with whom her delegation had met numerous times and who had spoken at the present meeting had only now raised concerns. The United States would try to answer all of the questions put. However, it might be useful for the Chairman himself to convene further consultations in order to move this process forward. She then submitted the following statement for the record.

27. This issue had been raised because paragraph 3(b) of the GATT 1994 required the Ministerial Conference to review the exemption not later than five years after the entry into force of the WTO. The United States had answered all the questions put, and was prepared to continue to repeat its

justification. The review had begun at the July 1999 General Council meeting and had continued at its October 1999 and February 2000 meetings. In September, her delegation had organized consultations, in which a number of Members had participated, on the operation of the exemption, and had subsequently answered questions posed by several Members. While the United States would reply to Japan's and others' further questions, it maintained that it had answered the questions sufficiently. The provisions of paragraph 3 of the GATT 1994 were not a waiver but an integral part of the GATT 1994, which was necessary to deal with non-conforming provisions of domestic legislation of a non-discretionary character in the specific area addressed by the exemption. Under paragraph 3, as long as the legislation remained in force and had not been modified to reduce its conformity with Part II of the GATT 1994, the legislation remained exempt, and Part II did not apply to it. This provision had been agreed by all Members and was a central part of the Uruguay Round results. The United States had invoked the provisions of paragraph 3(a) on 20 December 1994 with respect to specific legislation that met the requirements of that paragraph, and this had been acknowledged by the Director-General on the same day. That invocation carried with it an obligation to provide WTO Members with annual statistical reports pursuant to the requirements of paragraph 3(c), and the United States had abided fully with this reporting requirement, submitting reports for 1995 in WT/L/112, 1996 in WT/L/201, 1997 in WT/L/257 and 1998 in WT/L/293. The only purpose of the review provided for in paragraph 3(b) was to "examine whether the conditions which created the need for the exemption still prevail" – in other words, whether the legislation continued in force and had not been amended in a way that would disqualify it from coverage under the exemption. The conditions that had created the need for the use of this exemption by the United States still existed. Since the United States had invoked the exemption in 1994, there had been no amendments, legislative changes, or measures adopted that would alter the US position in conforming to coverage by the exemption. As her delegation had previously stated, the terms of the exemption did not require the United States to justify the invocation of its coverage. However, she would once again provide the context for the legislation at issue.

28. The core shipbuilding industrial base in the United States, upon which the US Navy depended to meet its acquisition needs, had historically been sustained by a combination of commercial shipbuilding for the domestic trade and military orders. With defense orders declining in a tight budget environment, it was critical for US shipbuilders to build commercial ships for this trade, if a viable industrial base was to be maintained to meet future Navy requirements. Moreover, the Navy relied upon shipyards that performed commercial work for the Jones Act trades for day-to-day maintenance of naval and surge fleet vessels, such as the Ready Reserve Fleet. Vessels in the Ready Reserve Fleet were maintained in a state of readiness by her Government, capable of providing strategic sealift resources to meet national defense and other national security requirements. Under the terms of paragraph 3, satisfaction of the requirements allowed the exemption to continue. The General Council, acting for the Ministerial Conference, should conclude its examination by noting that the conditions which created the need for the exemption still existed.

29. The Chairman said that he would help conduct consultations on this matter so that at a future meeting closure could be brought to this issue, and proposed that the General Council authorize him to do this and revert to this item at a future meeting. Delegations wishing to do so could submit further written questions to the United States.

30. The General Council took note of the statements and so agreed.

5. Waivers under Article IX of the WTO Agreement

(a) Harmonized System – Requests for extension of time-limits

(i) *Nicaragua (G/L/351, G/C/W/189)*

(ii) *Sri Lanka (G/L/350 G/C/W/188)*

31. The Chairman drew attention to the requests from Nicaragua (G/L/351) and Sri Lanka (G/L/350) for extensions until 31 October 2000 of waivers previously granted in connection with their implementation of the Harmonized System, and to the related draft decisions (Nicaragua – G/C/W/189, and Sri Lanka – G/C/W/188).

32. Mr. Pérez del Castillo (Uruguay), Chairman of the Council for Trade in Goods, reported on the consideration of these requests by that Council.

33. The Chairman proposed that, in accordance with the Decision-Making Procedures under Articles IX and XII of the WTO Agreement agreed in November 1995 (WT/L/93), the General Council adopt the draft decisions in G/C/W/188 and 189.

34. The General Council so agreed.³

(b) Zambia – Renegotiation of Schedule LXXVIII

(i) *Request for extension of time-limit (G/L/352, G/C/W/190)*

35. The Chairman drew attention to the request from Zambia (G/L/352) for an extension until 31 October 2000 of the waiver previously granted in connection with the renegotiation of its Schedule, and to the related draft decision in G/C/W/190.

36. Mr. Pérez del Castillo (Uruguay), Chairman of the Council for Trade in Goods, reported on the consideration of this request by that Council.

37. The Chairman proposed that in accordance with the Decision-Making Procedures under Articles IX and XII of the WTO Agreement agreed in November 1995 (WT/L/93), the General Council adopt the draft decision (G/C/W/190).

38. The General Council so agreed.⁴

(c) Decision on the introduction of Harmonized System changes into WTO Schedules of tariff concessions on 1 January 1996

(i) *Extension of time-limit (G/C/W/200)*

39. The Chairman drew attention to the draft decision in G/C/W/200 to suspend the application of the provisions of Article II of GATT 1994 until 31 October 2000.

40. Mr. Pérez del Castillo (Uruguay), Chairman of the Council for Trade in Goods, reported on the consideration of the draft decision by that Council.

³ The Decisions were subsequently circulated in WT/L/353 and 352.

⁴ The Decision was subsequently circulated in WT/L/350.

41. The Chairman proposed that in accordance with the Decision-Making Procedures under Articles IX and XII of the WTO Agreement agreed in November 1995 (WT/L/93), the General Council adopt the draft decision in G/C/W/200.

42. The General Council so agreed.⁵

(d) Customs Valuation Agreement: Request by Uruguay for a waiver under Article IX of the WTO Agreement for minimum values (G/VAL/W/55 and Add.1/Rev.1)

43. The Chairman drew attention to the request from Uruguay for a waiver regarding a derogation on minimum values under the Agreement on Implementation of Article VII of the GATT 1994, and to the related draft decision in G/VAL/W/55/Add.1/Rev.1.

44. Mr. Pérez del Castillo, (Uruguay), Chairman of the Council for Trade in Goods, reported on the consideration of the draft decision by that Council.

45. The representative of India repeated her delegation's statement in the Customs Valuation Committee that India could join the consensus to grant the waiver requested by Uruguay, but that this was without prejudice to India's position on the granting of reservations on minimum values to developing countries in accordance with the provisions of paragraph 2 of Annex III of the Agreement on Implementation of Article VII of the GATT 1994. India believed that developing country Members could be granted the right to apply minimum values under that paragraph without having to seek a waiver from their obligations under the Agreement.

46. The representative of Brazil said that his delegation supported India's statement.

47. The Chairman proposed that in accordance with the Decision-Making Procedures under Articles IX and XII of the WTO Agreement agreed in November 1995 (WT/L/93), the General Council adopt the draft decision (G/VAL/W/55/Add.1/Rev.1).

48. The General Council took note of the statements and so agreed.⁶

49. The representative of Jamaica said that his delegation welcomed Members' favourable consideration of the requests made under the item on waivers. The sympathetic consideration of requests for the continuation of limited use of minimum values was an indicator of Members' willingness to take into account the "development, financial and trade needs of the developing country concerned" as was required by the Decision on Texts Relating to Minimum Values adopted at the time the Agreement on Implementation of Article VII of the GATT 1994 was adopted. Jamaica was also heartened by Members' favourable consideration of the other waiver requests at the present meeting. This was recognition that in a rules-based system the health of the system itself required that there be flexibility, particularly flexibility that was time-bound, that would enhance the ability of the Members concerned to adhere to the rules fully and on time.

50. The General Council took note of the statement.

6. Measures in favour of least developed countries

51. The Chairman said that the issue of measures in favour of least-developed countries was the first of four elements Members had identified at the February 2000 meeting of the General Council as

⁵ The Decision was subsequently circulated in WT/L/351.

⁶ The Decision was subsequently circulated in WT/L/354.

priorities for immediate attention. He invited the Director-General to report on the results of the consultations held thus far on this issue.

52. The Director-General said that he would make a few general comments on the consultative process before reporting on the progress made concerning measures in favour of least-developed countries. The General Council had agreed on 8 February that he should carry out consultations in cooperation with the General Council Chairman on a number of issues that he had identified in his report to that meeting. These issues were, as reflected in the agenda items for the present meeting, measures in favour of least-developed countries, capacity-building through technical cooperation, implementation including transition period issues, and internal transparency and the effective participation of Members. On the first three of these issues he had, in agreement with the Chairman, conducted consultations aided most ably by his deputies. They had also been fortunate to have the active support of the Chairman of the Council for Trade in Goods, who at the request of the Chairman had carried out consultations on TRIMs transition periods. The Chairman himself had taken the lead in consulting on the fourth issue, internal transparency and the effective participation of Members, and he understood that the Chairman would be reporting on this later in the meeting.

53. This had been a very intensive consultative process. In the course of the previous three months they had consulted both widely and deeply. He had reported to informal meetings of the General Council on three different occasions, and there had been a full and lively exchange of views at these meetings on the issues under consultation. He thanked all delegations for their cooperative and constructive spirit throughout this process, as also his colleagues in the Secretariat for their hard and devoted work. He also thanked the Chairman, for his support and leadership, as well as the Goods Council Chair, Ambassador Pérez del Castillo.

54. The objectives set in February could be seen as modest from some points of view. He would prefer to say realistic. The results might not meet everyone's hopes in all cases. But when everyone looked at where they had started, he believed there was good reason to be encouraged about the resilience and dynamism of the WTO system, and what they were capable of doing when they worked together.

55. Turning to measures in favour of least-developed countries, he said that on market access, the results of the consultations were encouraging, especially if they were seen, as he suggested they should be, as a significant step in a continuing process of improvement. He was encouraged that Canada, the European Communities, Japan and the United States had proposed to implement both tariff-free and quota-free treatment, consistent with domestic requirements and international agreements, under their preferential schemes, for essentially all products originating in LDCs. He was pleased to say that he had also had indications from the following Members that they had taken, or were intending to take, measures to improve the access of LDCs to their markets: Chile, Czech Republic, Hungary, Iceland, Korea, Norway, New Zealand, Slovenia and Switzerland.

56. These measures were, of course, in addition to those which had already been taken by a number of Members since the 1997 High-Level Meeting for LDCs or earlier. He also noted that one delegation, Hong Kong China, had reminded the General Council that it gave free access to imports from all sources, including LDCs. He emphasized that these were autonomous and voluntary measures, and he assumed that Members extending access benefits to LDCs would wish them to be known. For this reason, he suggested that Members inform the membership as a whole, in line with existing decisions and through the appropriate bodies, whenever they took any such actions in the future.

57. Collectively, these measures were beginning to add up to tangible and meaningful market-access improvements in favour of LDCs. There was of course more that could and should be done in improving LDCs' market access, but this was a good starting-point. There was a clear will among the

membership as a whole to do more to open up trading opportunities for LDCs, and this was a very positive sign. Of course there were understandable concerns about issues such as potential trade diversion, and this was why he believed that, at appropriate intervals, the WTO should keep under review the evolution of market-access provisions for LDCs, not only to help ensure a positive impact for LDCs, but also to avoid any unforeseen negative effects on other Members.

58. Secondly, he wished to report on the state of play on the Integrated Framework. The IF was a vital aspect of the WTO's efforts to address the trade-related capacity-building needs of LDCs and assist their integration into the multilateral trading system. It was one of his top-most priorities and he was concerned that it was not thus far fulfilling the justified expectations of Members. The IF also required close coordination among the six core agencies, and therefore was a very important element in the mandate for coherence with other international organizations. The Secretariat had initiated a meeting of the Geneva-based agency heads on the IF, and was following up at chef de cabinet level on this process. He had discussed it with the other agency heads at the UNCTAD meeting in Bangkok, and recently at the meeting of the UN Administrative Committee on Coordination (ACC) in Rome, he had emphasised the need for the IF to work effectively for LDCs, and for a stronger, more coherent line of approach to the IF. He believed that the Secretariat would be in a position to provide a lead in this field and he was taking steps to make sure that happened. At the Secretariat's suggestion, the executive heads of the UN system organizations had agreed that the WTO, as the lead agency for the IF, would report back to the ACC at its next session.

59. The IF was currently undergoing a major review mandated by the six core agencies, and this was well advanced. An independent Review Team, task-managed by the World Bank, had been in Geneva from 17-20 April and had met with representatives of all the Geneva-based core agencies (ITC, UNCTAD, and the WTO Secretariat). He had also had a useful and productive meeting with the Team Leader. The Team had also met with virtually all Geneva-based LDCs and a wide spectrum of other Members, developed and developing. The Team's report would be ready by the first week of June. The heads of the six core agencies (World Bank, IMF, ITC, UNCTAD and UNDP) would meet on 6 July in New York to report – a meeting held at the WTO's suggestion. The heads would then report to the respective governing bodies of their Organizations. Furthermore, in his recent meeting with the President of the World Bank, Mr. Wolfensohn had been very supportive of the Secretariat's efforts on the IF and, more generally, its work to improve cooperation with other agencies in the interests of WTO Members. He would report more fully on these points when the General Council discussed the coherence issue.

60. In support of these efforts and ongoing developments, he had also been considering ways of enhancing institutional arrangements for addressing LDC matters in the WTO, including Secretariat arrangements. There had been some discussion among Members as to whether, in present circumstances, the existing Sub-Committee on LDCs should be converted into a new Committee on LDCs, and whether new Secretariat arrangements should be made to service such a new Committee if it were to be established. He understood that, while there was some support for the establishment of a new Committee as a stronger signal that the WTO was fully focused on addressing LDCs' concerns meaningfully and effectively, others felt that the present structure was working well and provided a valuable link between LDC questions and the full Committee on Trade and Development, its parent body. This was an issue which might deserve further consideration.

61. Finally, on Accessions, many WTO Members considered that this was a subject which was not limited to LDCs. Nonetheless, Members, developed and developing, had been flexible. In concrete terms, his consultations showed that a fast-track system on accessions for LDCs would involve only a few countries. Therefore, a generalized, long-term effort would not be required. It had also been recognized that action in this area would entail enhanced technical assistance. However, he understood that Members were prepared to consider favourably the possibilities for accelerating the pace of accession for LDCs, bearing in mind that this also depended on institutional capacity in the

LDCs themselves. It had been suggested that WTO Members could strive to complete current LDCs' accessions by the time of the Fourth Session of the Ministerial Conference.

62. The Chairman said that he agreed fully with the Director-General that the results thus far on market access were encouraging. The Director-General had provided an indication of the Members – developed, developing and economies in transition – which had already announced improvements or the intention to improve market access for LDCs, and he hoped that more Members would be in a position shortly to join that list. Clearly, this was seen by all Members as an important step in a continuing process of improvement in market access for LDCs, and the WTO should not wait too long before taking further steps. There seemed to be considerable support for the understanding that Members taking such action should inform the membership as a whole, and he urged those Members to do so. In fact, as the General Council had been reminded in the informal discussions, the question of notification had been dealt with under two existing legal instruments, the 1979 Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries (the "Enabling Clause"), and the 1999 Waiver on Preferential Tariff Treatment for Least-Developed Countries. Both of these instruments contained agreed mechanisms for notification of measures taken and opportunities for consultations with respect to any difficulty or matter that might arise. There was also widespread support for the suggestion of keeping the evolution and effects of these access measures under review in an appropriate way, and he suggested the Secretariat be requested to report from time to time on the status of such measures. The Director-General had also reported on his work on the Integrated Framework. As he had said, this was an important aspect of the WTO's work aimed at trade-related capacity-building in LDCs, and was one of his personal top priorities. The Director-General's efforts had already done much to reinvigorate the programme. He thanked him for the initiatives he was taking and invited him to report back to the General Council on progress as soon as possible.

63. The representative of Bangladesh, on behalf of the least-developed country Members, said he wanted to address the confidence-building measures broadly, and more specifically to describe the state of LDC confidence in the global trading system in general and in the WTO in particular. For years, LDCs had been encouraged to move away from dependency on aid. They had been urged to use trade as an instrument of development, and international organizations had been meant to assist the process. This had been the "Geneva Consensus", and the LDCs had been persuaded, as reflected by their active participation in the WTO and their keen desire to be integrated in the global economy. Another reflection had been the motivation behind their proposal for a Comprehensive New Plan of Action in the preparatory process for the Seattle Ministerial Conference, which they had believed to be the framework to achieve integration. It had been a combination of mainly market-access, technical assistance and capacity-building proposals. A response to this submission, or in any case to their expressed aspirations, appeared to be the paper by Canada, the European Communities, Japan and the United States and its annex dated 31 March 2000. This had been a huge disappointment, particularly as it had followed a series of pronouncements from the leadership of the developed world. The previous British Government, in a paper entitled "Free Trade and Foreign Policy: a Global Vision" dated November 1996 had said: "While the European Union's existing impartial access arrangements cover 97 per cent of its current imports from the very poorest countries, this proposal would extend zero tariffs to other goods in which they have possibly a greater interest, including agricultural products". More recently, the British Prime Minister in a speech on 22 November 1999 had stated: "As a start we will be calling for zero tariffs to be applied to all goods from the least-developed countries. By helping them, we help ourselves. Free trade is not a zero sum game". He noted the absence of the word "essentially" preceding "all". The President of the World Bank had said on 30 November 1999: "First we expand market access for all exports from developing countries". The Minister of Trade of the Netherlands had said: "I call upon all more advanced countries to open their markets for the products of LDCs". The Minister for Foreign Affairs of Norway had said on 30 November 1999: "We agree that we should extend duty-free market access to products originating in LDCs". Thus, bound, quota-free, duty-free market access for all products was

not just a demand of the LDCs, but had found echo in the voices of politicians of the developed world in clear and unambiguous terms. Sadly, it had not been translated into action at bureaucratic or negotiating levels. Before the paper by the four countries had seen the light of day, hopes had been raised. But when it had appeared, it had become clear that these hopes would not be fulfilled.

64. In all fairness, the paper was not without some merit. For instance, it described its proposal as a "decision" and expressed its "determination" to "enhance market-access opportunities for LDCs" in order to "reinforce the decision taken at Marrakesh and in paragraphs 5, 13 and 14 of the Singapore Ministerial Declaration". This forthright statement strengthened the well-known LDC position that their plea for unimpaired market access in the developed world was based on clear legal foundations. Furthermore, the paper requested all Members to "notify without delay" actions taken in this regard, thus stressing immediate action rather than talk. Finally, it called upon the Director-General to consult with all concerned so as to increase synergy, improve cooperation and coherence and examine capacity-building assistance to address supply-side constraints and infrastructure needs, and to establish a mechanism for regular review and evaluation. The LDCs welcomed these positive elements in the paper, which provided potentials to build upon. However, there were aspects of the document that greatly belied the hopes of the LDCs. First, in effect it provided nothing new in terms of market access and technical assistance beyond the promises at Singapore or at the High-Level Meeting in Geneva, and even retracted from what had been informally circulated in Seattle. The LDCs already enjoyed these benefits, and there appeared to be little new on offer. Second, restrictive terms such as domestic requirements and international agreements narrowed the possibilities further. Third, the expression "essentially all" heightened the threat of restraint upon the very items for which LDCs, over a long period of time and after assiduous efforts, had developed some comparative and competitive advantages. Fourth, the concept of expanding the Integrated Framework to other economies diluted the focus on LDCs and clearly negated the commitments made at Singapore and the High-Level Meeting. Finally, it would have been better for the developing countries to speak for themselves, and their response in the discussions of the Informal Group of Developing Countries had been heartening. The LDCs invited the Director-General to exercise his influence and good offices to obtain a fair deal for them. The WTO should complement and help bridge the gaps in LDC negotiating capabilities. Thus, there was clearly a facilitating role for the WTO Secretariat in this and also in carrying forward the IF, which, while there was scope for optimism, appeared to be in need of resuscitation. Furthermore, LDCs in the process of WTO accession were also in need of technical assistance. There was a need to translate the litany of sympathy for LDCs into genuine action. While the paper by the four countries had initiated a focus that the LDCs appreciated, it was inadequate and much more remained to be done. The Third UN Conference on Least Developed Countries to be held in 2001 was an event in which the LDCs placed great store. However, at the WTO, they needed to have their hopes restored and their shattered confidence repaired.

65. The representative of Zambia said that his delegation fully agreed with Bangladesh, in particular that the current proposals on market access were inadequate, and hoped that further discussions would produce better results and that the Director-General would continue to play a role. Zambia appealed to its developed trading partners, particularly Canada, the European Communities, Japan and the United States, to overcome their political obstacles and to lend their support to the Director-General in his work towards improved integration of LDCs in the multilateral trading system.

66. The representative of the European Communities said that the process of market-access improvement being undertaken was a dynamic one, in which his delegation and others had taken a first and modest step and he encouraged others to join this initiative. It was significant that some Members were making undertakings in a multilateral framework to improve market-access conditions for LDCs, which was consistent with the liberalization objectives of the WTO and the emphasis which delegations were seeking to give to improving the lot of developing countries, in particular the least-developed. These multilateral undertakings were of some importance in political and economic

terms. This initiative also enabled the focus on the plight of LDCs to be maintained and kept their problems in the public eye in the lead-up to the Third UN Conference on Least Developed Countries to be held in Brussels in 2001. The dynamic aspect of the current initiative worked in two ways: the Community would be seeking over time to improve its current offer, and other delegations were considering ways to join. In this way, although the initiative was less than it might have been, it would evolve over time and make a significant difference. Finally, to maintain the focus on the plight of these countries, it was important that the initiative contain an element of transparency, without generating new formal notification requirements.

67. The representative of Japan said that the Director-General had rightly termed this initiative autonomous and voluntary, in which case one might wonder why so much should be made of it. Japan used to have only one generalised scheme of preferences to address the problems faced by developing countries, advanced and least-developed alike, and this scheme had imposed constraints on addressing the problems faced by LDCs. As a result of joining this initiative, Japan had taken a political decision to create a new, special preferential system to enable it to address better the problems of these countries. The initiative should thus be seen in this light.

68. The representative of Korea welcomed the commitment of major Members to enhancing market access for LDCs, since Korea believed the initiative would make a valuable contribution to assisting LDCs in their efforts to integrate into the multilateral trading system. In January, Korea had put in place a preferential tariff regime that granted duty-free treatment to some products originating in LDCs and covered products of substantial export interest for these countries. His Government had introduced the regime in an effort to play its role in the collective efforts to address the concerns of LDCs. In connection with the initiative under discussion, Korea would consider expanding its existing preferential tariff regime for LDCs with a view to further improving trading opportunities.

69. The representative of Morocco, on behalf of the African Group, said that when work had started on measures in favour of LDCs and capacity-building through technical cooperation in February, it had been seen by the African Group as a question of doing the right thing morally. This was not give and take, nor charity, but rather showing solidarity, helping others, making international trade inclusive, and ultimately increasing international trade to the benefit of all. The Director-General had been very active on this and had met with the African Group, but it was up to Members to decide on the measures they wished to take in this regard. The market-access initiative under discussion was very modest, and the African Group hoped it did not mean that some Members might believe that the LDCs had been dealt with and it was time to move on to other matters. The European Communities had been reassuring on this point, but this was a very modest starting-point, going back to the Plan of Action for LDCs adopted in Singapore in 1996. The present initiative was simply a matter of implementing existing market access, not a new initiative. The African Group appreciated the effort being made, but would remember what had been offered when other issues were discussed. This was where give and take would come into play. While there was not much in the present package, it was nevertheless important to implement the measures in favour of LDCs, which meant that something also had to be done on capacity-building. The problems faced by the LDCs should be an ongoing concern.

70. The representative of Haiti said that the issue of measures in favour of least-developed countries was of special importance to Haiti, and his delegation associated itself with the statements by Bangladesh on behalf of LDC Members, Morocco on behalf of the African Group, and Zambia. Haiti appreciated the efforts made by Canada, the European Communities, Japan and the United States in their contribution to the package of measures, especially in the light of their domestic difficulties, as also those made by other developed and developing-country Members with a view to opening their markets to least-developed country exports. However, the offer was in fact a reduction of the existing preferential treatment given by the four Members individually, and was far from attaining the objective of the Plan of Action for LDCs adopted in Singapore in 1996 to improve

market access for the exports of LDCs. The plan of action by Canada, the European Communities, Japan and the United States suggested that duty-free, quota-free market access be granted for "essentially all" products originating in LDCs, and this formulation raised the problem of rules of origin. Furthermore, he wondered who would define which products were essential and which were accessory. It was well known that between 90 and 95 per cent of LDC exports were already duty-free in the European Community, and he wondered if the phrase "essentially all" did not exclude the remaining 5 per cent, and whether textiles and clothing as well as agricultural products were to become products covered by "essentially all". These aspects were not mentioned in the initiative. Finally, the implementation of the initiative was subject to so many conditions that one could wonder if the LDCs which accepted it would receive any benefits. In any case, Haiti would not benefit from it, since it had nothing to export. What was more important to Haiti was a reinforcement of its production and export capacities. Haiti seriously questioned the quality of the necessary coherence between the WTO and the Bretton Woods institutions, since in their communiqué of 17 April, Ministers attending the Development Committee at the Joint IMF/World Bank meeting had called on developed countries to extend "comprehensive and predictable duty- and quota-free market access" for LDC exports including agricultural products and textiles. He wondered if this meant that the World Bank and IMF were more concerned about the integration of LDCs than was the WTO, despite all the talk in the WTO of coherence. Haiti had thus concluded that the conditions were not yet suitable for a new package. No-one was asking the impossible, but in the present situation and in the face of the lack of good will, Canada, the European Communities, Japan and the United States could not offer more. Haiti believed that the LDCs could not accept the offer as being a new initiative, and suggested that they maintain their existing market-access conditions and seek a more ambitious offer. Since this initiative was autonomous and voluntary, Haiti believed that the General Council should not take any decision nor make any statement on this initiative, but rather take note of it. With regard to the Integrated Framework, his delegation believed that if the LDCs' trading partners were truly seeking the integration of LDCs, they should provide technical assistance resources to finance the IF itself, and also the projects identified in the Round Tables held within this framework. His delegation further believed that the General Council should accelerate the accession process for LDCs, many of which had been waiting for too long.

71. The representative of Switzerland said his Government had always been sensitive to the difficulties faced by LDCs in their efforts to integrate their economies in world trade. Switzerland considered that all Members should help them both by improving market access conditions and intensifying technical assistance. For this reason, Switzerland welcomed the initiative announced in the present meeting. It was certainly true that the initiative was not spectacular and would not remove all the obstacles faced by LDCs, but it was a tangible first step in the right direction, even if a modest one. It was also part of a dynamic process, which was its most positive aspect. Switzerland had been mentioned by the Director-General as one of countries taking market-access measures in favour of LDCs. Switzerland had undertaken a revision of its entire preferential tariff schedule, and since its entry into force on 1 March 1997, LDCs were able to benefit from zero tariffs for all industrial and most agricultural products, and since then, some 98 per cent of LDC products entered Switzerland duty-free. Market access was one aspect of measures in favour of LDCs, but effort was also needed in the area of technical assistance. Switzerland's development cooperation policy aimed at promoting LDC participation in the work of the WTO. For this reason, Switzerland had made available to WTO missions the services of the Agency for International Trade Information and Cooperation (AITIC). The mission of this agency was to help LDCs actively participate in WTO work and negotiations, providing personalised assistance on international trade matters and specific issues relating to these countries. The assistance provided by this agency was not limited to Geneva-based missions, but was also available to non-resident missions.

72. The representative of Mauritius said that the results achieved in the work on market access for LDCs were clearly a tangible first step in the right direction, and his delegation hoped more would be forthcoming in due course. Mauritius would have wished to be part of this process, since any

contribution, however modest, would always add to the total results. As a gesture of its solidarity, Mauritius had already provided, within its limited means, market access for some products originating in these countries, and had already announced these measures to both the General Council and the Committee on Trade and Development.

73. The representative of the Slovak Republic said that her delegation supported all efforts aimed at improving market access for LDCs and capacity-building. The Slovak Republic had provided duty- and quota-free access to all imports from LDCs through the Generalized System of Preferences for many years, through which all agricultural and industrial products had unconditional access to the Slovak market. Her delegation wished to confirm that this system would be maintained in the future, and encouraged all Members to make a similar contribution. Furthermore, her delegation supported the suggestion of periodic reviews of improvements in market-access conditions for LDCs.

74. The representative of Iceland confirmed that his Government had agreed to propose to implement both tariff-free and quota-free treatment for essentially all products originating in LDCs. An appropriate notification would be submitted at the earliest convenience. He was also pleased to confirm that this treatment would apply in reality to all products including textiles and other products important for these countries, and hoped that this would be seen as an effort to increase confidence-building in the work of the organization and as an encouragement for others to follow suit.

75. The representative of the Czech Republic said that he wished first to address the process of the previous few weeks, which his delegation believed had been aimed at elaborating a package of short term confidence-building measures. His delegation believed that this had never been a negotiation in the traditional WTO sense in which Members gave in order to take, and made trade-offs. For his delegation and many others, this had been predominantly a matter of "give". Despite this, his delegation had participated very actively in this process, showing sufficient flexibility and readiness to act sympathetically in response to the concerns of a number of developing countries. In doing so, it had been guided by the genuine conviction that what delegations were trying to achieve was proper and that increased participation of less advanced countries in the multilateral trading system would be for the benefit of all Members. On a previous occasion, his delegation had stated that at a certain stage this process would require also a "take", and that stage was approaching. At the present time, all Members had to contribute if they wanted the process to be a success, and to show sufficient understanding for the positions of others. This applied also to those who were likely to benefit most from the positive actions to be taken. These Members should also be sufficiently receptive to the limitations on flexibility which might, and undoubtedly did, exist with respect to some solutions proposed. Turning to the measures in favour of least-developed countries, the situation of these countries remained a particular concern to his delegation. This was clearly an area where the WTO could and should do more to further these countries' participation in the multilateral trading system and enable them to reap the benefits of globalization and market opening. The market-access package might not be as perfect as many would have wished, but it was a very good start for what his delegation understood to be a progressive and evolving process. The fact that, for the present, it was not possible to agree on binding tariff- and quota-free treatment for all products originating in the LDCs should not discourage Members from taking positive actions. Members had never been so close and the package was very promising. His delegation encouraged the Director-General to continue his efforts in this respect. The Czech Republic was proud of its name appearing on the list of countries which had joined this initiative, and had already contributed quite substantially, in particular through a national GSP scheme according to which imports originating in the LDCs enjoyed duty-free treatment. Concerns had been expressed by a number of delegations about possible trade diversion effects of the initiative, and that it was not absolutely clear what would happen and what products would be involved. His delegation was confident that a monitoring mechanism would provide adequate answers to some, if not all, the questions and thus supported the establishment of such a mechanism.

76. The representative of Norway said that trade policy towards developing countries, and particularly the least-developed, played an important role in the formulation of Norway's foreign and development cooperation policy. Improved market access, special and differential treatment, as well as financial and technical assistance were key elements in this respect. With regard to market access, Norway's GSP system had been introduced in 1971 and since then had been significantly improved and expanded. At the present time, according to the scheme, all agricultural products from LDCs were eligible for duty-free market access except grain, flour and feeding stuff. In addition, all imports of industrial products from these countries were duty-free. Norway would continue to attach great importance to this initiative and would continue to target and strengthen its bilateral efforts to promote trade with developing countries, including by implementing improvements to the GSP scheme. Of particular importance was improving market-access conditions for products originating in LDCs in a real and effective way. This initiative should be seen as a modest step in an ongoing process. In order to maintain momentum, there was a need to keep the process under review, including the positive developments resulting from Members' efforts and, as far as possible, trade diversion. Norway would also continue to attach great importance to technical assistance to allow LDCs to make full use of improved access opportunities.

77. The representative of Hungary said that it was imperative both politically and morally to halt further marginalization of LDCs. His delegation was convinced that this endeavour did not conflict with the general goal of promoting the integration of all developing countries in the world economy. On this basis, his delegation supported the Director-General's efforts to improve market-access conditions for LDCs and welcomed the present initiative by several Members, which was clearly only a modest first step in a continuous process. His delegation hoped that within a relatively short period of time the present initiative would become a general system providing duty-free and quota-free access to the products originating in these countries. With this aim in mind, his delegation also hoped that all developed industrialised countries and the more advanced developing countries would be in a position to contribute to a dramatic improvement in market access for LDC products. For this reason, his delegation supported the proposal to review periodically the improvements in LDC market-access conditions. Without meaningful and well-targeted technical assistance and capacity-building, the LDCs would not be able to make optimal use of any increase in market-access opportunities. He thus welcomed the efforts of the Director-General to play a leading role in coordinating the activities of the different agencies in this field. He informed Members that more than two decades previously Hungary had introduced a scheme providing special tariff treatment for LDCs. Under this system, all agricultural and industrial products originating in LDCs received total and unconditional duty-free and quota-free entry to the Hungarian market. For obvious reasons, Hungary was not in a position to improve this scheme, but it did intend to maintain the existing system for the foreseeable future, and hoped that many other Members would follow this example.

78. The representative of Poland said that since 1990 Poland had applied preferential treatment for products originating from LDCs with a zero tariff for all these products. The scheme applied to all countries included in the UN list of LDCs. However, in the context of the confidence-building measures now being considered, Poland was examining autonomous improvements to the existing system with a view to providing duty-free and quota-free market access for essentially all products originating in LDCs, in conformity with national legislation and international agreements. Poland agreed to the suggestion for notification and review of the measures applied in favour of LDCs.

79. The representative of New Zealand hoped that all non-LDC Members would examine ways in which access opportunities could be progressively improved and expanded for least-developed Members. Developed countries should clearly play the leading role in this effort, but there were also developing countries which had progressed to the point where they could offer help to LDCs through improved access to their markets. New Zealand would play its part in this. By 1999, 96.7 per cent of its tariff lines were duty-free to LDCs, and in that year 99.27 per cent of its imports from LDCs entered duty-free and no other forms of restriction were imposed against developing and least-

developed country imports. However, his Government had decided to see if more could be achieved for LDC imports, and was examining the possible achievement of full, duty-free access for these imports. Apart from each Member seeking to improve individual performance over time, it would be desirable to monitor the market access contributions Members were making. This would help them to keep moving systematically in the direction of fully opening markets to LDCs. At the same time, his delegation recognized that this goal could not be achieved overnight, but rather at a pace that each Member was comfortable with. His delegation agreed with the Director-General that further developments should be reported to the relevant WTO bodies, and in this connection it would be useful for the Secretariat to put together a compilation document reflecting the various contributions Members had made or intended to make in this area. This document could usefully include information Members were willing to make available on the actual percentages of tariff lines offered duty-free to LDCs, the percentage of actual imports sourced from LDCs which entered duty-free, and the incidence of quota restrictions or sectorial constraints against imports from LDC Members – recognizing that some barriers to LDC trade were quotas rather than tariffs. Such a document could be regularly revised as Members' policies evolved. This would usefully contribute to the monitoring and analytical role to which many Members attached importance, while also helping to propel further steady progress on market access.

80. The representative of Slovenia confirmed that his country was prepared to provide tariff- and quota-free access for essentially all products originating in LDCs, independent of WTO membership, consistent with its domestic requirements and international agreements under its newly established preferential scheme. His Government had already taken this general decision which would be confirmed through decrees issued during the year. Slovenia was also prepared to consider additional funding through the regular budget for capacity-building through reinforced technical cooperation for developing countries and economies in transition. Capacity-building measures were of the utmost importance, and Slovenia encouraged the Director-General to continue his work in this area.

81. The representative of Bulgaria said that his country continued to grant, as it had done for a number of years, duty- and quota-free access to its market for a wide range of products from LDCs. Bulgaria would continue to support efforts to improve meaningfully market access for products from these countries.

82. The representative of Pakistan said that in the area of improved market access for LDCs this was only a first step, and further quicker steps should be forthcoming. Although Pakistan's GDP was perhaps below that of some LDCs, it offered non-reciprocal concessions for several LDCs under the South Asian Preferential Trade Arrangement. Beyond that, Pakistan also attached importance to capacity-building in the real sense, and in that context had a substantial bilateral programme of technical assistance and cooperation with a number of African countries, largely least-developed. Furthermore, Pakistan cooperated in schemes for cooperation in capacity-building in LDCs through multilateral agencies such as the Islamic Development Bank. His delegation believed that these measures were substantial and meaningful, but would refrain from notifying them, believing that these actions were for solidarity and not publicity. His delegation agreed there should be a mechanism for periodic review of the impact of preferential measures, and believed that the categorization of the information that should be received in that mechanism could borrow from some of the suggestions made by New Zealand. Finally, his delegation would be agreeable to the creation of a new committee on LDCs if there was a consensus on this issue.

83. The representative of Cuba expressed concern about the considerable dichotomy between the increase in marginalization of LDCs and the level of the market access offer being made to these countries as a measure intended to support their economies. His delegation agreed with the LDCs that the offer contained very little, and at this stage, it was unacceptable that an offer be made which was below what had been agreed at Singapore and what had been on offer in Seattle. The aim should be to implement structural measures to facilitate market access for textiles and agricultural goods, which

remained the products that LDCs could most easily export to developed countries, and this would not be achieved by the initiative of Canada, the European Communities, Japan and the United States. The present meeting should not be a publicity exercise, but rather be aimed at taking concrete actions in favour of the poorest countries. Furthermore, the pace of LDC accessions should be increased to contribute to the universality of the WTO and the integration of LDCs in the multilateral trading system. Finally, he wished to note that Cuba already showed solidarity with LDCs by providing technical assistance to Haiti and other countries in Africa, through the supply of doctors, teachers and technicians.

84. The representative of Canada said that, while the market access proposals were being seen by some delegations as modest, they were also positive, coming from 13 countries, both developed and developing, and one could hope that there was potential for future growth in the number. The proposals represented enhancements over the existing programmes that these Members had, and it was the collectivity of these actions that spoke more than the individual programmes. While market access initiatives were important, they were but one issue in a multi-faceted equation. Market access would be impacted, directly or indirectly, by actions in other areas – whether technical assistance, capacity-building or implementation. These linkages meant that action in other areas would ultimately determine the success or failure of LDCs enhancing their market access. Monitoring and notification were also important, not for reasons of publicity, but rather for the purposes of sharing information, and best practices with a view to increasing the number of countries offering enhanced market access, and also to address the concerns of developing countries with respect to trade distortion. One should not be enhancing the confidence of one delegation by removing it from another. Monitoring and notification would allow the confidence of all Members to be built, retained and enhanced.

85. The representative of Zimbabwe associated his delegation with the statements by Bangladesh on behalf of LDC Members, and Morocco on behalf of the African Group. With regard to market access for LDCs, one should not lose sight of the political objectives in this area, particularly rolling back marginalization, fostering the integration of LDCs into the world trading system and ensuring that improved trading opportunities played a critical role in poverty eradication and confronting the problem of underdevelopment in these countries. In this context, market-access offers should also be coupled with measures to address supply-side constraints, as well as human and institutional capacity-building. The focus should be in these areas, in particular on the Integrated Framework, where monitoring and concrete results were needed. In the light of this and while welcoming the voluntary and modest measures undertaken by some Members, Zimbabwe believed that the adoption of bold measures was needed to instil confidence in the LDCs in the benefits of the multilateral trading system. Such bold measures should substantially improve market access opportunities for all products of export interest to them.

86. The representative of the United States said that her delegation was pleased to join other Members in announcing steps to enhance their preference programmes for the benefit of LDCs. This was an important effort, but her delegation knew that it was not enough and that more should and would be done. Her delegation welcomed the statements by Members which had already provided access for these countries. The United States had a number of preference programmes that benefited LDCs and was working to improve those programmes. Furthermore, she was pleased to report that the United States Congress had made another step towards finalizing legislation on improving the Caribbean Basin Enhancement Initiative (CBI) and the proposed African Growth and Opportunity Act by moving the bills out of the conference process and on to a final vote. There would also be additional preference improvements in the United States' GSP programme specifically in favour of LDCs. Her delegation also welcomed the announcements from other trading partners that they too intended to improve their programmes for the benefit of LDCs. At the same time, her delegation understood the concerns which had been expressed about possible trade diversion, and that some Members might find it useful to engage in some monitoring or study of this issue. Her delegation

would be willing to examine this matter. The Committee on Trade and Development would seem to be the appropriate venue for looking at these concerns, and the preparation of some type of report might be considered. With respect to the Integrated Framework, her delegation was encouraged by the efforts of the Director-General to transform this programme into a more useful and demand-driven project. Tangible improvements in this area were needed as soon as possible, and the Director-General's report on his meeting on 6 July with the heads of the core agencies would be important. Her delegation was concerned that there was a good deal of talk about coordination between these agencies but that a framework for actual coordination was not operational thus far, and it would be good for the WTO to lead in this respect. The United States was always prepared to take practical steps to ensure more meaningful participation of LDCs in the trading system, and for this reason her delegation was willing to look at the idea of transforming the Sub-Committee on LDCs into a full committee if others found this to be acceptable. Finally, her delegation took an active role in accession negotiations, and believed that putting into place a WTO-compatible trade regime could be a complement to poverty reduction, particularly for the LDCs. Her delegation was willing to work constructively in this area.

87. The representative of Argentina, on behalf of the Mercosur Members,⁷ said that these countries had already provided tariff preferences for LDCs under the GSTP scheme, and as soon as the ratification process was completed for the offers made in the context of the second round of GSTP negotiations, they would be in a position to enhance their preferences.

88. The representative of Chile said that her Government was in the process of evaluating preferential treatment for products originating in LDCs within its legal requirements. The market-access initiatives announced at the present meeting were being taken autonomously by each country. Nonetheless, her delegation believed that for these measures to have a neutral impact on resource allocation in LDCs, they should be granted for all products originating in these countries and not only for those which caused the least inconvenience to the donor countries. The present initiatives should thus only be a starting-point for further liberalization. Transparency was an important pillar of the organization, and for this reason such initiatives should be notified to ensure that all Members were aware of their scope and impact, particularly with regard to trade diversion. Her delegation agreed with the suggestion to set up a monitoring system, which could be included on the agenda of the Committee on Trade and Development. Finally, improvements in market access for LDCs should be accompanied by enhanced capacity-building, and the WTO should lead a concerted effort with other intergovernmental organizations, taking into account the specific needs of each LDC.

89. The representative of Guinea associated her delegation with the statements by Bangladesh on behalf of LDC Members, and Morocco on behalf of the African Group. Her delegation welcomed all positive measures in favour of LDCs since they would help to enable Africa, which had 33 LDCs, to be fully integrated in the multilateral trading system. It was clear that, faced with the adverse environment in the trading system and without real solidarity by trading partners, LDCs alone would not be in a position to start economic progress, benefit from development, become real partners and finally eliminate poverty.

90. The representative of India said that his delegation shared the concerns expressed by the LDCs with regard to the market-access initiatives and recognized that these were the first steps in what had been described as a dynamic process. The evolution of market access provisions for LDCs should be kept under review at appropriate intervals, and his delegation hoped that the concerns of the LDCs would be gradually addressed in a meaningful manner by developed countries.

91. The representative of Egypt urged the Director-General to continue with his efforts to obtain a meaningful package in favour of LDCs, since Egypt would always support measures in favour of

⁷ Argentina, Brazil, Paraguay, Uruguay.

these countries. Despite its limited resources and capabilities, Egypt provided measures in favour of LDCs on an autonomous basis, including preferential access treatment to products originating in these countries, and would shortly notify these measures through the Committee on Trade and Development.

92. The representative of Venezuela said that his delegation saw trade as a means to achieving development and not an end in itself, and this should be borne in mind in particular with regard to LDCs. The solution to the problems faced by LDCs was not solely improved market access, but also included finding ways to generate products for export. It was a question of replacing the vicious circle of increasing market access with no potential benefits for LDC exports, by a virtual circle of wealth generation, production and market access. Any step towards improving market access for LDCs was positive, but was not in itself a guarantee of their integration in the multilateral trading system. Venezuela had made unilateral efforts in the past to open its markets and had been one of the first developing countries to provide non-reciprocal preferential treatment to a group of LDCs, and also provided access through the GSTP scheme. His delegation would have preferred a more positive demonstration of solidarity among Members and a more open and realistic attitude which would have made it possible for the LDCs to have greater opportunities to ensure their effective participation in world trade. However, this had not been the case at the present meeting. The Director-General should continue his efforts in this area so that a future progress report would be able to reflect greater coherence among the different elements required to ensure the integration of these countries in the multilateral trading system.

93. The representative of Australia said that his country had, as part of a long-standing policy, provided substantial free and preferential access for LDC products, and provided duty- and quota-free access on 93.2 per cent of LDC exports to its market. In terms of tariff rates, nearly 84 per cent of tariff lines were duty-free for LDCs when preferential rates of duty were also taken into account. Duty-free or preferential access applied to particular products of interest to LDCs, including agriculture, fish, and textiles and clothing.

94. The representative of Turkey said that from the beginning his delegation had supported the Director-General's efforts towards elaborating a package of measures in favour of LDCs out of solidarity with these countries. The initiatives announced at the present meeting, even if modest, were a step towards halting the marginalization of LDCs in the multilateral trading system. Since 1998 and in keeping with the recommendations of the High-Level Meeting, Turkey had provided preferential market access for LDCs and was in the process of examining an extension of this access, from both quantitative and qualitative points of view. His delegation recognized that preferential market access alone did not resolve the problems faced by LDCs, and a simultaneous increase in LDC production capacity through reinforced technical assistance would also be of considerable help to these countries.

95. The representative of Burundi fully associated his delegation with the statements by Bangladesh on behalf of LDC Members, and Morocco on behalf of the African Group. His delegation was concerned by the lack of enthusiasm on the part of its developed trading partners for supporting technical cooperation and the Integrated Framework, which were both fundamental to allowing LDCs to increase production and benefit fully from market access. For this reason and for solidarity, his delegation called on developed countries to increase their efforts in these two areas.

96. The representative of Uganda associated her delegation with the statements by Bangladesh on behalf of LDC Members, and Morocco on behalf of the African Group. Like other LDCs, Uganda's high expectations of the package of measures had not been realized. The package was too little and too late. Like Morocco, her delegation believed that unless LDCs capacity-building was also addressed, improved market access would have no meaning. Nevertheless, her delegation encouraged the Director-General to continue his efforts in the hope of achieving a realistic approach to enable LDCs to fully integrate in the multilateral trading system.

97. The representative of Bolivia said that the statements made at the present meeting had revealed the importance of real market access to the development prospects of developing countries, as also the adverse consequences of the anomalies in their ability to develop enterprises. The lack of production and export capacity was the result of protectionist policies which made it impossible to give a free rein to incentive in these countries. A good way to show that past lessons had been learned would be to ensure rapid liberalization of trade in agricultural products.

98. The General Council took note statements and of the report by the Director-General.

7. Capacity-building through technical cooperation

99. The Chairman said that capacity-building through technical cooperation was the next element of priorities for immediate attention, and invited the Director-General to report on the results of the consultations held thus far on this matter.

100. The Director-General said that the second point on the programme from February, technical cooperation and capacity-building, was rightly seen as central to the interests of least-developed countries. However, the developing-country membership as a whole and the economies in transition all had a strong interest in seeing this section of the WTO's activities conducted in an effective and productive way, with adequate resources properly targeted and employed, and full use made of the possibilities for cooperation with other international agencies. In fact he believed that this was an interest of the whole membership, not forgetting those industrialized economies whose generosity had done so much to finance technical cooperation activities in recent years. This was an interest he fully shared.

101. One should also not lose sight of the fact that capacity-building was an essential requirement to enable many WTO Members to take full advantage of trade opportunities. This had been underlined by LDCs in the course of his consultations and endorsed by other Members. It had particular relevance to the improvements Members were embarking on in market access and the Integrated Framework. He saw this fact as another reason why these two areas of activity should remain high on the list of priorities.

102. Among the questions on which he had been consulting was how to increase confidence in the WTO's ability to provide technical assistance to Members in meeting their obligations under WTO Agreements. It was generally recognized that in order to do this, it was necessary to look at what could be done to provide greater stability in the funding of this activity and a more equitable arrangement for burden-sharing among Members that were providing the resources for these projects. This was why there was a proposal before Members to phase-in an increase in the regular budget to a level of Sw F 10 million.

103. Consultations on this subject had demonstrated that Members, for the most part, confirmed that the objective should continue to be to fully fund these activities through the regular budget of the WTO. He would continue to work toward this goal, in particular as the discussions on the next year's budget were engaged – a process which would start shortly.

104. In the meantime, he believed that deep appreciation should be expressed to those delegations which had come forward voluntarily with extra-budgetary contributions making it possible for the WTO to undertake its current level of activity. There were also positive signs that other governments were also actively considering voluntary contributions to the Global Trust Fund. In this context, one should recognize the special significance of any multi-year contributions, which were of great help in forward planning. He believed, from the consultations he had had with Ministers, that the WTO's budget for technical assistance would be no less than that for the past year, and hopefully more.

105. Technical assistance and training to Members in exercising their rights and meeting their obligations under the WTO Agreements was a core activity of the organization and he would be pursuing further consultations on this issue in the weeks and months to come, bearing in mind that this was an area of the WTO's activity where effective cooperation and coordination with other intergovernmental organizations was extremely important and where interagency discussions under the coherence mandate could produce real and meaningful results.

106. The representative of Morocco, on behalf of the African Group, said that these countries were disappointed that it had not been possible to reach the target of regular funding for capacity-building through technical cooperation, which the Director-General had said remained the objective. The African Group believed that it was a reasonable target, and if it was not reached they would begin to doubt whether some countries were in fact serious about giving the LDCs and developing countries their chance to be part of the multilateral trading system and take the opportunities that all spoke of. The Director-General had said that he hoped that the budget for technical assistance for the current year would not be less than the previous year, and it would be a tragedy if this were to be the case. It would be a shame to talk so much but in fact not deliver anything. The implementation mechanism which would be discussed under item 9 of the agenda would not be a success and would remain inactive if there were no funds to help the African countries which needed evaluation of their implementation problems followed by the resources to implement the agreements. He called on the countries that had the means and more responsibilities in the trading system to show some leadership. The funds needed for technical cooperation would not break the budget of these countries, so they should help create a truly integrated trading system that all could benefit from. Effective coordination and coherence between organizations was also important, but if the WTO was to play an important role in the Integrated Framework, it could not be a financial lightweight with regard to technical assistance. It could not be the lead agency in the IF if it were only able to offer token technical assistance.

107. The representative of Bangladesh said that capacity-building and technical cooperation were subjects of crucial importance to his country as well as to other LDCs. They were essential elements in enabling these countries to take advantage of any increased market-access offers, if and when made. The Comprehensive New Plan of Action that the LDCs had proposed prior to the Seattle Ministerial Conference entailed the simultaneous addressing of such issues as market access, capacity-building, and technical assistance, all of which were closely interlinked. The essence of the Integrated Framework was the provision of technical assistance to enhance capacity-building in the area of trade. Prior to Seattle, Bangladesh together with Lesotho, Nigeria, Senegal, the United States and Zambia, had proposed the launching of a new action agenda to strengthen and enhance the WTO's ability to work with other international institutions in delivering such assistance to less-advanced members, particularly LDCs. Important components of this concept had been to ensure that technical assistance address supply-side and other infrastructural needs for further action, and also the establishment of a mechanism for regular review and evaluation of such activities. Bangladesh had also cosponsored another proposal along with Canada, Denmark, the Netherlands, Norway, Sweden and Switzerland suggesting that technical assistance be directed to needs regarding implementation of WTO commitments and integration in the multilateral trading system, that it be financed in principle through regular budgets, not excluding potential extrabudgetary resources, and that the necessary increase in budget to meet at least the current annual demand for technical assistance, or Sw F 10 million, be phased in over a period of three years starting from 2000. These two initiatives symbolised close North-South cooperation, and were reflective of the spirit of solidarity of which some spoke. The implementation of both initiatives would enhance the effectiveness of the WTO's role as a provider of capacity-building technical assistance.

108. Bangladesh was a good example of how a prudent mix of appropriate macroeconomic policies and proper utilization of development cooperation, including technical assistance, could substantially and positively transform an economy. Pursuit of trade liberalization, financial sector

reform, privatization, and the maintenance of an extremely liberal FDI regime together with donor support had led to dramatic changes in Bangladesh within a short time-frame. For example, the share of clothing as an export item had grown from 70.4 per cent in 1992 to 83.5 per cent in 1998; by contrast that of jute, which at one time had commanded a major share of exports, currently comprised only 6 per cent. This fundamental change in the composition of exports was the consequence of Bangladesh's increased integration into the multilateral trading system. However, there was still some way to go, and in order to remain competitive in exports as well as expanding their base, Bangladesh would continue to require capacity-building technical assistance. The Integrated Framework could be a useful conduit for such a technical assistance package, and this had been highlighted by many Members in the recent Trade Policy Review Body meeting on Bangladesh. The same would also be true for other similarly placed countries. His delegation suggested that the WTO should reorganize its institutional set up to gear up the technical assistance delivery system, set up effective monitoring mechanisms and draw up programmes which could be fully implemented. The IF should not be a one-size-fits-all programme, and each Member should be treated uniquely. Finally and most importantly, the organization's requirement of Sw F 10 million should be met, and his delegation had confidence that the Director-General's appeal for resources would be heeded. It was through these measures that Members could give the WTO a face that was both human and humane.

109. The representative of Japan said that his delegation recognized the importance of capacity-building through technical assistance for developing countries, in order for them to fully enjoy the benefits of the multilateral trading system. In this regard, Japan supported the efforts by the Director-General to meet the increasing needs of developing countries in this area. His delegation also recognized the importance of increasing the efficiency and effectiveness of technical assistance by facilitating coordination efforts among international organizations and bilateral donors. In this context, the Integrated Framework should be strengthened, and his delegation supported the ongoing review, which hopefully would lead to its improvement. The former Prime Minister of Japan had explained at the recent UNCTAD X Conference that Japan's efforts in this area included plans to provide support for 2,500 personnel from developing countries over the next five years with a view to assisting those countries with their capacity-building related to the implementation of WTO Agreements. Furthermore, Japan also planned to participate in trade-related technical assistance activities within regional economic frameworks such as APEC.

110. The representative of the United States said that without technical assistance and effective capacity-building it was difficult for developing and least-developed countries to take advantage of market-access opportunities. She recalled the pre-Seattle proposal by the United States co-sponsored by Bangladesh, Lesotho, Nigeria, Zambia and Senegal for improvements to the Integrated Framework, the elements of which had also been supported by Canada, the European Communities and Japan. Her delegation hoped that the Director-General would be able to take these elements into account in his further efforts in this area. Many Members had extensive bilateral programmes and had made other contributions to assistance. Whether such outlays were handled in the form of a regular budget item remained an open question for the United States. In addition to the increase in funding that had been proposed to the General Council, a number of very worthwhile programmes had been suggested to many US development agencies. Like Morocco, her delegation believed that coordination was important and the Director-General should take the lead in this area. Her delegation wished to work with him in devising a plan to help ensure that the needs of Members were being met. The United States was also contributing financially to multilateral efforts on technical assistance. In the past, it had regularly funded the trade policy courses conducted by the Secretariat, and had also contributed to several initiatives of the Secretariat, including the Information Technologies for Development project. In addition, President Clinton's 2001 budget proposal included a request for US\$1 million as a contribution to the WTO Global Trust Fund, and separately the United States would fund two three-week trade policy courses for LDCs that the Secretariat would conduct in sub-Saharan Africa, along with several scholarships for the Secretariat's dispute settlement seminars in Geneva. Other projects proposed by the Secretariat were still being evaluated.

111. In addition to its contributions to the WTO, the United States had an extensive bilateral development programme where trade capacity-building received substantial attention. Furthermore, the US Agency for International Development (USAID) would shortly announce a commitment of US\$2 million in technical assistance to help sub-Saharan African countries comply with the Customs Valuation Agreement and improve their customs procedures. USAID, the primary sponsor of these activities, spent more than US\$150 million annually on trade-related technical assistance, typically through its offices or missions in many WTO Member countries. Other US Government agencies, including the Department of Agriculture, the Commerce Department's Commercial Law Development Program, the Patent and Trademark Office, the Food and Drug Administration, the Department of Justice, the US Customs Service, the Environmental Protection Agency and many others also contributed through programmes in their areas of expertise. All of these contributions covered a broad spectrum of areas – from services, intellectual property and customs, to agriculture development and SPS – dealing with requests where the United States had the capacity to respond to trading partners in capacity-building and technical assistance. During the informal consultations, a number of delegations had raised concerns about the level of assistance being provided. She would not provide a detailed list since it was too long, but it was clear that all Members did their part, not just her country. One example was that USAID would spend around US\$3 million on trade-related technical assistance activities in Bangladesh. Trade capacity-building had been a special area of attention for all. To respond to the specific trade needs of sub-Saharan African countries, the African Trade and Investment Program (ATRIP) initiative had been created, and in the current year US\$22 million was available for trade-related activities. This programme was in addition to the millions spent by USAID missions all over the world and particularly in Africa. The passage of the Caribbean Basin Enhancement Initiative (CBI) and the proposed African Growth and Opportunity Act would stimulate market-led investment and economic growth, and most of all raise living standards in some of the world's poorest countries. A stable, secure and prosperous sub-Saharan Africa would be good not only for the inhabitants of the region, but also for the United States and for all countries. The CBI marked a significant step forward in the development of stronger economic ties in that region, and for ten years this initiative had played a key role in development in the region, which in turn had resulted in better export markets for all countries. It also helped provide assistance to Central American and Caribbean countries to rebuild economies devastated by a recent hurricane. Finally, it was a bridge to the Free Trade Area of the Americas, and a move towards trade-opening market reform.

112. The representative of Cuba supported the aim of establishing a financially stable basis for technical assistance and like Morocco, found it disappointing that this was not yet the case. The organization was now facing certain operational difficulties because it did not have a clear budget for technical assistance for the current year, and this was unfortunate. Technical assistance should have a firm and stable basis and should be increased annually to meet the needs of developing countries. His delegation thanked donor countries for their generosity in allowing specific projects to be carried out.

113. The representative of Hong Kong, China said that technical assistance to Members in both exercising their rights and meeting their obligations was a core activity of the WTO, and for this reason his delegation supported a staged increase in the regular budget for these activities towards meeting the target of Sw F 10 million. It was not appropriate to rely so much on voluntary contributions for this core activity, any more than it would be for any other core activity. His delegation appreciated the Director-General's remark that an increase in the regular budget up to the Sw F 10 million target remained the objective, but believed, like Morocco, that concrete progress in that direction was needed. The Director-General had also expressed the hope that the budget for the next year would not be less than the current year for technical assistance activities, and his delegation hoped that it would be substantially more. If this were not to be the case, all the talk about technical assistance would not have been given substance. For this reason, his delegation supported the statements made by Morocco and Bangladesh.

114. The representative of the European Communities said that the European Commission and the member States of the European Union constituted together the largest source of extrabudgetary funding for technical assistance in the WTO. However, there was a need for greater stability and predictability in the provision of technical assistance, and his delegation hoped that Members would be able to overcome the crucial problem of funding. In addition, it would be timely to start to make progress on a new approach to trade-related technical assistance. The key to progress in this area was closer cooperation between international organizations and donors on the basis of a demand-driven approach. Assistance should be geared towards supporting participation in the WTO and facilitating implementation of its rules. Clearly, the Integrated Framework should be improved. The consultant on this would be reporting shortly and his delegation hoped that this work would provide the basis for the needed reforms in its functioning. Monitoring of technical assistance was also an important role which the Committee on Trade and Development and relevant other WTO bodies could play. He recalled that his delegation had recently submitted a paper on this issue to the Committee on Trade and Development which set out in more detail this new approach, and a contribution had also been made to the present meeting by the European Communities along with Canada, Japan and the United States. In the first paper, his delegation had suggested a project on customs valuation in an attempt to build a more integrated and cooperative approach in this specific area which continued to cause considerable difficulties for a number of developing countries. His delegation had noted the positive signals from the World Bank/IMF Development Committee and knew that the Director-General would be making efforts to ensure effective follow-up to calls for enhanced cooperation in capacity-building programmes. The Community looked to the Director-General to come forward with proposals for enhancement as soon as possible and pledged its support for his efforts in this area.

115. The representative of Turkey said that his delegation considered technical assistance to be one of the pillars of the WTO system, allowing better integration of developing countries, particularly the least-developed, in the multilateral trading system and as an effective means of halting the marginalization of some Members. For this reason, it was important that the resources available for technical assistance be predictable and part of the regular budget. Funding of such an important WTO activity could not be left to the goodwill of certain Members, which led to fluctuations in available funding from one year to the next. However, the financing of technical assistance through the regular budget should not exclude voluntary contributions. The acceptability of voluntary contributions from non-governmental sources was being considered as another way in which the Secretariat's capacity for technical assistance could be increased. His delegation supported the efforts of the Director-General in this area.

116. The representative of Haiti said that stable financing for technical assistance would not only ensure better integration of developing countries in the multilateral trading system but also strengthen and enhance the dignity of the WTO, and his delegation thus supported the statements by Bangladesh and by Morocco on behalf of the African Group. His delegation appreciated the support given by other Members to the Director-General's efforts in this area, particularly by Japan, and also the efforts being made by the United States to renew the CBI which would benefit his country. His delegation also appreciated the remarks by the European Communities which continued to support technical assistance, believing that without it, the WTO would lose validity. Furthermore, his delegation appreciated the importance that Hong Kong, China attached to technical assistance, as also the remarks made by Turkey with regard to the importance of ensuring predictability of technical assistance. Haiti hoped that it would be possible to concretize the quasi-consensus reached just prior to the Seattle Ministerial Conference on the phase-in of Sw F 10 million and that this could start with the 2001 budget exercise. This would be one way of showing that all Members, developed, developing and least-developed alike, were taking the responsibility of bearing the burden of technical cooperation, as well as ensuring the functioning of the Integrated Framework and the integration of least-developed countries.

117. The representative of Egypt urged the Director-General to continue his consultations aimed at phasing in the funds needed for technical assistance in the regular budget over the following three years. His delegation hoped that appropriate contributions from more advanced trading partners would be forthcoming in this regard. Finally, he wished to associate his delegation with the statements by Morocco on behalf of the African Group, and Bangladesh.

118. The representative of Switzerland said that many international organizations and national development agencies participated in activities in favour of least-developed countries, and it was thus more important than ever to ensure that technical assistance was made available in the most rational manner possible. This entailed avoiding duplication by resorting to the most competent institution to provide any given type of assistance. His delegation thus welcomed the efforts being made to improve the functioning of the Integrated Framework for LDCs. However, his delegation regretted that it had not been possible to take a decision at the present meeting to increase the regular budget of the WTO by Sw F 10 million to respond to the technical assistance requests submitted by many Members. This was the only way the technical assistance provided by the organization could be funded in a stable and predictable manner. Achieving this goal should be possible in the context of discussions on the following year's budget.

119. The representative of Jamaica said that his country attached great importance to technical assistance and capacity-building since it was through these means that the agreements negotiated in the WTO would translate into tangible benefits for developing countries. He wished to emphasize the importance of both technical assistance that strengthened the capacity of developing countries to implement those agreements, and broader trade-related capacity-building to facilitate effective integration into the world trading system. The former would allow developing countries to adhere to the rules, while broader capacity-building would ensure that market-access opportunities could be taken advantage of and that more developing countries would be able to follow a trade-led path to growth and development. In this context, he noted with satisfaction the recent progress in the US Congress with respect to legislation of interest to a large number of developing countries in Africa and the Caribbean, and said that a positive outcome would serve to strengthen market-access opportunities for developing countries. His delegation urged the Director-General to continue his efforts to strengthen coordination and cooperation within the context of the Integrated Framework so that it could achieve its full potential. While some Members had provided extrabudgetary funding for WTO technical assistance, it was necessary to increase this and also to provide increased and more predictable regular funding, particularly through the regular budget. Jamaica urged the Director-General to continue his efforts in this area.

120. The representative of Norway said that technical assistance was a core activity of the WTO, a precondition for the implementation of obligations and commitments by developing countries – and the LDCs in particular – and enhanced the necessary conditions for their integration into the multilateral trading system. Technical cooperation activities had increased by more than fourfold since 1995, and the fact that they were predominantly financed by voluntary extrabudgetary contributions created a high degree of uncertainty and volatility with respect to the continued availability of funding. Secure funding was the most important precondition to the mechanism, providing the required degree of certainty on the allocation of funds in accordance with the priorities of the membership and in the context of the planning and evaluation of projects in the Committee on Trade and Development. For this reason, her delegation agreed with Morocco and Bangladesh that the failure to secure such predictability in the current year was a disappointment. Ad hoc grants subject to the financial situation of individual Members could not provide the certainty required. Voluntary contributions should be welcomed as additional resources, and Norway intended to continue to provide such contributions in the future.

121. The representative of Kenya associated his delegation with the statements by Bangladesh and by Morocco on behalf of the African Group. He could not overstate the crucial importance of

technical cooperation and its contribution to capacity-building at the human and institutional levels. His delegation appreciated the extrabudgetary contributions of donor countries which kept afloat the technical assistance component of the WTO work programme. However, predictability and certainty in the delivery of technical assistance were important, and these aspects could be enhanced by the phased-in increase in the regular budget to the modest level of Sw F 10 million. His delegation wished to thank the WTO, UNCTAD and the ITC for jointly providing useful technical assistance through the Joint Integrated Technical Assistance Programme (JITAP). Kenya's experience thus far with JITAP had highlighted the weakness of continued reliance on extrabudgetary resources, since to date the Window II facility for Kenya had not been financed. Such an anomaly would not have arisen had the JITAP been fully financed under the regular budget of the WTO.

122. The representative of Venezuela said that his country recognized the importance of technical cooperation since it had been a beneficiary. Voluntary contributions were important, but permanent funding was also important to guarantee predictability for the WTO's technical cooperation programmes. For technical cooperation to achieve the goal of effective integration of developing countries into the multilateral trading system, four elements were fundamental: coherence, coordination, constant follow-up, and evaluation. The fourth element would guarantee that technical cooperation programmes were not sporadic and based solely on immediate needs, but rather that there would be coherence over time. Any sporadic technical cooperation project could create expectations impossible to achieve, and programmes thus had to be permanent to have any effect. His delegation urged the Director-General to continue his efforts to guarantee that one of the pillars of the organization was technical cooperation.

123. The representative of Canada said that technical assistance for capacity-building was seen by many as a part of trade enhancement, as had been clear from the discussion under item 7 of the agenda of the present meeting, and Canada, together with the European Communities, Japan and the United States had made a contribution to the informal discussion on this issue. His delegation commended Members which continued making voluntary contributions to technical assistance despite local domestic pressures, since this collective demonstration overcame domestic politics to help enable a level playing field for all Members. His delegation had been an active and consistent supporter of increasing the budget for technical assistance through the phasing-in of an increase, and supported rapid action in this regard. Canada also supported an enhanced coordination and coherence agenda on technical assistance and shared the concern of the Director-General on the lack of a single source of information on the international community's contributions in this area. This would be useful not only for information purposes, but also to evaluate possible improvements, and would clarify worldwide technical assistance activities to allow the WTO to be more effective in this area.

124. The representative of New Zealand joined others in urging the Director-General to continue in his work on technical cooperation. In addition to market access, New Zealand sought to provide effective assistance to developing-country Members, including LDCs, to build trade policy capacity. Like many others, New Zealand believed that there was a crucial connection between capacity-building and actually realising trade access opportunities. New Zealand had been one of the first Members to make a regular voluntary contribution each year since 1995 to the WTO's extrabudgetary resources for technical assistance, and was looking at increasing this voluntary contribution. New Zealand supported agreement on the proposal for a Sw F 10 million fund for technical assistance in the regular budget and would be willing to meet its share of the cost. Such a modest objective was entirely consistent with the WTO's role. The WTO might not be primarily a development assistance agency, as other institutions had this as their primary role, but the organization and many of its Members did have special technical expertise to assist with the training of trade policy officials, to allow some Members to gain a better understanding of the WTO agreements and how they worked, and to negotiate. It was important that the WTO be properly and consistently resourced to play this vital role. Like Morocco, New Zealand believed that Members had an interest in helping those less well equipped to develop the capacity to play an active and valuable role in the organization.

125. The representative of Lesotho supported the statement by Morocco on behalf of the African Group with regard to concerns about the availability of adequate funding for implementation of the capacity-building technical cooperation programme. Lesotho hoped to be in a position to benefit from enhanced technical assistance since this would help it sustain its role and participation in the multilateral trading system. This would be particularly relevant in the context of Lesotho's membership of the regional economic integration process and programmes of the Southern African region. Lesotho appreciated the contributions of the United States, the European Communities and other donor countries, which were an indication of support for the direction which should be taken. Finally, Lesotho urged the Director-General to continue his efforts to ensure success in improving technical cooperation.

126. The representative of Australia said that technical assistance was an important complementary element of the WTO's work. His delegation agreed with others that adequate resources needed to be provided in the area of technical cooperation, and that early action was needed to put the WTO's budgetary support for technical cooperation activities on a sounder footing. This would be a key issue if the WTO was to play a strong role in provision of trade-related capacity-building. However, the WTO's technical cooperation activities would only be one part of the overall process of improved delivery of technical assistance. The relevant international organizations needed to be actively involved, especially in areas in which they had relevant expertise. Bilateral donors also needed to ensure that trade-related capacity-building was given adequate attention in their development assistance programmes, which was a major feature of Australia's efforts in the Asia-Pacific region. The Integrated Framework already provided a basis for seeking enhanced coordination of technical assistance in relation to LDCs, but there had been significant concerns expressed about the pace of implementation of the IF. Although there were indications that the situation was improving, it was important to ensure that there was a strong political commitment to making the IF work, and to do so as soon as possible. It was important to be forward looking. Technical assistance for the implementation of existing agreements was a crucial first step, but developing countries also required technical assistance to help them fully participate in current and future WTO work, including negotiations. This was essential if this work was to genuinely reflect the needs of all Members.

127. The representative of Djibouti said that his delegation appreciated the goodwill shown at the present meeting by many Members with a view to helping developing countries through technical assistance. A long-term approach was needed to allow the WTO's technical assistance programmes to enable developing countries, and particularly the least-developed, to integrate into the WTO system. With regard to the Integrated Framework, his delegation believed that the Director-General should take a lead role – since the IF had its origins in the WTO – to reinforce follow-up activities, which were far from reaching initial expectations.

128. The Chairman said it was clear from the discussion that there was a wide view that this was an issue the General Council could usefully address again on another occasion.

129. The General Council took note of the statements and of the report by the Director-General.

8. Implementation and transition periods

(a) Implementation

130. The Chairman invited the Director-General to report on the results of the consultations that had been undertaken on the overall implementation issues.

131. The Director-General said that this was an area where he had the clear impression that Members were ready to take action. To do so would, in his view, be a very important step forward in the confidence-building process. It had become clear in the consultations that Members wanted to see

the concerns arising from implementation of existing agreements addressed at the level of the General Council. A considerable number of such concerns had been raised in the process of preparation for the 1999 Ministerial Conference, and delegations had repeated the importance they attached to these questions. He had been impressed by the realism and cooperation delegations had shown in the discussions on this issue since February. There was a widespread appreciation that these were serious concerns that had to receive serious treatment, even if definitive solutions might not be found immediately in all areas. This was why the consultations – which had been very thorough – had increasingly focussed on the idea of a special mechanism to address implementation issues under the General Council.

132. He had circulated a draft text to all Members on 28 April setting out the elements of a possible decision to establish such a mechanism as they had emerged from his consultations up until then. There had been further discussion at the previous day's informal General Council meeting on the basis of that text, in the light of which the Chairman would submit a revised text to the Council for decision. Such a decision would, he believed, have a considerable positive impact on the life of the organization. In the expectation that it would be approved, he committed himself and his colleagues to working as hard as they could, in continuing cooperation with the Chairman and with delegations, to help ensure that the mechanism operated efficiently and productively.

133. The Chairman thanked the Director-General for his report, and also thanked him, his Deputies and the Chairman of the Council for Trade in Goods for their untiring efforts to enable a satisfactory conclusion to be reached on these issues. He expressed appreciation to delegations for the spirit of cooperation they had shown, and the flexibility and pragmatism they had demonstrated throughout the lengthy and detailed consultations. As a result of Members' goodwill, and the willingness on all sides to engage constructively and positively in confidence-building endeavours, he believed they were now in a position to consider a draft text that could be accepted by all. The text on the overall implementation issues he was submitting for decision remained unchanged from that considered at an informal General Council earlier that day.⁸

134. Before proposing the text for decision, he made the following points: First, it was understood that this decision was without prejudice to Members' rights and obligations under the WTO. Second, it was also understood that the General Council would carry out its work in this area in full respect of its normal practice of consensus. Third, a number of implementation-related issues and concerns had been raised by a number of delegations as needing urgent action. He suggested that these proposals be discussed by the General Council at its first Special Session. He further suggested that the first Special Session also draw up a programme and calendar for its work in the coming months. Fourth, it should be understood that this decision was without prejudice to Members' positions on any possible further multilateral trade negotiations. Fifth, and finally, he emphasized that the purpose of the exercise that Members would be embarking on following this decision was to resolve the implementation issues and concerns. This was reflected in the last sentence of the second bullet point which stated: "In addressing these issues, the General Council will assess the existing difficulties, identify ways needed to resolve them, and take decisions for appropriate action".

135. The representative of Bangladesh, on behalf of the Informal Group of Developing Countries, thanked the Chairman for his proposal for a decision on implementation-related issues. The Informal Group believed that with certain adjustments that might be proposed during the present discussion, it provided a useful procedural starting point for future work. These countries emphasized, however, that the mechanism being set up was purely a procedural vehicle. What they expected to come out of this procedure was a serious commitment by their developed trading partners to address the substantive issues of implementation, so that these primary concerns of developing countries would be resolved expeditiously.

⁸ Reproduced as Annex I.

136. The representative of Brazil said that implementation was an issue of great importance to Brazil and one on which it wished to see progress. It was a key area in terms of building confidence and gaining momentum and, in this connection, Brazil welcomed the ideas that had resulted from the informal consultations. The decision under consideration – mostly a procedural one – was a positive first step and deserved the support of all Members. Brazil, like many others, expected substantive results in this area.

137. The representative of Morocco, on behalf of the African Group, said that the decision under consideration was an important step, and endorsed Bangladesh's statement on behalf of all developing countries. With good faith on the part of all to find solutions to implementation issues and concerns, Members would be able to clarify the various categories of problems, examine possible options and solutions, and apply these solutions. This would be a source of great satisfaction to developing countries, and make them more inclined towards any future negotiations. This mechanism would make it possible for Members to collectively move forward and to seriously and systematically consider all implementation problems. This would have to go hand-in-hand with efforts relating to capacity-building and technical cooperation. Many African countries would require sustained technical cooperation in order to identify their implementation problems and find solutions to them, and Members would have to put money into this mechanism for it to work. He hoped that all would be willing to do this, and not let down the developing countries.

138. The representative of Malaysia said that while his delegation wanted to see a decision taken at the present meeting to establish an implementation review mechanism, it continued to have concerns with the final bullet point of the proposed text. His delegation had already made clear in informal consultations its concerns as to what it feared would happen in the implementation review process if Members proceeded with a linkage to possible further multilateral trade negotiations as implied in this text. It was his delegation's impression from the consultations that there would not be any major objections if this point were deleted. Implementation ranked high on the hierarchy of issues before the WTO, and could not be linked to any other new issues or any further trade negotiations. These issues would have to be addressed and dealt with before Malaysia could even begin to talk about any new issues that were part of the WTO's core business. The less said about a possible new round the better. Indeed, it would better serve everyone's purpose not to mention this link at all. Malaysia urged others to reconsider, and proposed that the final bullet point be deleted entirely and the text adopted with this amendment.

139. The representative of the United States said that Members had done a lot in the past few months to move forward with confidence-building, and implementation had certainly been the highlight of this process. Members were taking the necessary steps that all knew needed to be taken to address implementation issues. The United States shared the concerns of many Members that implementation issues should continue to be given a high priority in the WTO's continuing work, and believed that the text proposed for decision by the Chairman did that by establishing a serious, meaningful mechanism for dealing with these issues.

140. The representative of Poland, on behalf of the CEFTA Members, Estonia and Latvia, said that agreement on how to handle implementation matters was particularly urgent and important, and these countries could accept the Chairman's proposed text and his introductory remarks. They hoped that agreement on this text at the present meeting would pave the way for an open, constructive and realistic dialogue in a spirit of mutual confidence which would further strengthen the multilateral trading system.

141. The representative of Pakistan said that it was now well-recognized that progress on implementation issues would be essential to enable a large number of Members to move forward on a broader front towards the objectives of the WTO. Pakistan therefore attached particular importance to the proposed decision which would set up a special mechanism to address and resolve the

implementation concerns raised by a large number of developing countries. The footnote to the text of the decision was particularly important because it made specific reference to the proposals that had been made regarding implementation problems and the ways to resolve them. Pakistan hoped that these proposals would be addressed by the General Council meeting in special sessions under the implementation mechanism. Some points of interest to Pakistan had unfortunately not been reflected in the text presented by the Chairman. Pakistan would have liked to have seen, for example, some form of a work programme within the proposal which would have indicated that there were certain urgent issues that needed to be addressed and resolved within the coming few months. His delegation had noted the Chairman's statement that the first special session on implementation should address these issues and endeavour to adopt such a work plan. On that understanding, his delegation would not press for reflection of this position in the text. With regard to the last bullet point, Pakistan had a flexible position. His delegation had noted the views expressed by Malaysia and others, and would be prepared to have this point deleted if this could be agreed by all concerned. If that were not possible, Pakistan would be prepared to retain it on the clear understanding that this did not prejudice its position with regard to the issue of possible further multilateral trade negotiations. His delegation noted that the Chairman had indeed said so in his statement, which could perhaps be made more affirmative, if that would enable Members to take a positive decision. While his delegation fully appreciated and endorsed the concerns of Malaysia and others, it had a flexible and constructive position on this issue.

142. The representative of Costa Rica said that the proposed text reflected a delicate balance of interests, and it would therefore not be appropriate to modify it. The reference to possible further multilateral trade negotiations had been included in the last bullet point because various delegations, including his own, had wanted to see it reflected. All Members had been engaged in the past few months in a process of confidence-building. However, some appeared to think that only their confidence needed to be enhanced, and not that of others. All Members had lost out at Seattle, and the present meeting therefore had to send a positive message to all. The last bullet point reflected precisely this balance among the interests of all Members.

143. The representative of Bolivia said that, like Malaysia, her delegation had understood that there had been some convergence of views in informal consultations on the deletion of the last bullet point. Bolivia preferred to see this point deleted.

144. The representative of Honduras said that while his delegation was concerned at the lack of a timetable in the second bullet point that could provide for an effective solution to urgent implementation problems, it would not oppose a consensus on the text. On the last bullet point, his delegation had expressed a position similar to Malaysia's in informal consultations. Implementation should not be linked to any other issues that might be taken up in future. Members had an obligation to comply with current obligations before moving to other areas. Honduras therefore wished to see the last bullet point, or at least the phrase "including in the context of possible further multilateral trade negotiations," deleted. The restoring of confidence lay in the hands of those who wished to link implementation with any future trade negotiations.

145. The representative of Singapore said that while not every delegation would be satisfied with the Chairman's proposed text, it represented the best possible compromise and had to be seen in the political context of the exercise that all were engaged in – namely the need to move forward. In this light, Singapore endorsed the text. The adoption of this text, together with that to be proposed on TRIMs transition period issues, the market-access offers in favour of least-developed countries, and measures being undertaken on technical cooperation and capacity building would give a positive signal that the WTO was back in business. The decisions and outcomes from the present meeting would enable Members to move forward with the future work programme of the WTO. In this context, in addition to the mandated negotiations on agriculture and services, Members should give clear directives to the various WTO bodies to move on with their work. Members should put back on

track the core business of the WTO, i.e. market access and progressive trade liberalization. The market-access concerns of developing countries, such as tariff peaks and tariff escalation, should therefore be addressed in particular. Singapore was encouraged by the autonomous offers made by several delegations to provide tariff- and quota-free access to essentially all products originating in LDCs. Singapore maintained an almost duty-free trading regime for imports from all sources, including LDCs. Nevertheless, at the High-Level Meeting on LDCs in October 1997, Singapore had undertaken to maintain zero tariffs on 107 additional products of export interest to LDCs.

146. The representative of Hong Kong, China said that setting up the proposed implementation mechanism would be a significant and positive development for the WTO's future health. Regarding the Chairman's proposed text he made clear his delegation's understanding that the text as it stood would allow interested delegations to raise concerns relating to the evaluation of implementation of individual agreements pursuant to paragraph 8 of the Geneva Ministerial Declaration, such as was reflected in paragraph 20 of the draft Ministerial text of 19 October 1999. However, given the importance of taking a decision on this subject, his delegation was prepared to accept the present text, although its position might change if the text were subject to further negotiation. Members should also recognize that taking the decision to establish this mechanism would only be a first step, and that they had yet to deliver if they were going to make further progress on their agenda.

147. The representative of Jamaica said that his delegation was in a position to support the Chairman's text which was an important starting point. At Seattle, when efforts were being made to start a new round, a critical variable for Jamaica had been, first, whether immediate decisions on implementation would be taken at Seattle, and second, whether clear time-frames would be set for addressing those issues that were not part of the immediate decisions. The text for decision at the present meeting was another opportunity to move forward on implementation. However, agreement on a mechanism, while a welcome indication of willingness to compromise, was only a matter of procedure and not substance. The further step of elaborating a work programme that detailed priorities and time frames would show whether, collectively, there was a willingness not simply to address but to resolve implementation concerns. Jamaica would participate in the elaboration of this work programme, a task made easier by the preparatory work carried out for Seattle, which should be drawn on and refined. Regarding the final bullet point, Jamaica would not complain if it were deleted. However, if retaining it was important to a large number of delegations, as appeared to be the case, Jamaica would have no difficulty with this. His delegation expected to participate in future decisions by the General Council to further advance its work in this area, as referred to in that bullet point, and would defend its interests at that time.

148. The representative of Colombia said that the Chairman's proposed text represented an important step in the overall confidence-building exercise that had been under way since December 1999. Colombia had a special interest in this issue and believed that this text, which reflected its concerns adequately, would make it possible to initiate a positive and constructive process. His delegation therefore fully supported the text, which covered the interests of all Members in a balanced manner.

149. The representative of India said it was clear that some delegations had concerns regarding the last bullet point of the text. While India could live with either its inclusion or exclusion, it was important to find a solution to enable Members to take a decision at the present meeting. The main concern was that there should be no linkage between the satisfactory resolution of implementation issues and concerns, and future negotiations. He noted that in his introductory remarks the Chairman had reflected the understanding of Members that this decision would be without prejudice to Members' positions on any possible further multilateral trade negotiations. If the Chairman were to also inject the idea that this decision would not imply any linkage between the satisfactory resolution of implementation concerns and future negotiations, he believed this would give comfort to the delegations concerned.

150. The representative of Cuba said that the draft decision was only the first step toward resolving the important issues relating to implementation. It was important that at the first special session Members adopt a work programme that took into account the priorities and the very short time available to resolve these urgent problems. Like others, Cuba believed that the last bullet point in the text could be deleted. However, if delegations wished to retain this point they should consider India's suggestion, which he believed offered a way out by making clear that there was no link between implementation and possible further multilateral trade negotiations.

151. The representative of Barbados endorsed the statement by Bangladesh on behalf of the Informal Group of Developing Countries. Barbados was one of the many delegations that had often stated that it would be difficult for them to accept additional commitments in the absence of the addressal and resolution of implementation problems. Barbados therefore welcomed the proposed establishment of a mechanism to deal with outstanding implementation problems that would renew consideration of all the proposals made on this matter during the preparatory process for Seattle. Her delegation also believed that consideration of implementation issues should remain outside the context of any new multilateral trade negotiations, and could therefore support either Malaysia's or India's suggestions with regard to the last bullet point of the text.

152. The representative of Egypt said that implementation issues would continue to be a top priority for his delegation. Redressal and resolution of implementation concerns would not only help strengthen confidence in the multilateral trading system, but would also help move forward the WTO's work programme. In this context, he wished to refer in particular to paragraph 15 of the Singapore Ministerial Declaration and paragraphs 8 and 9(a)(i) of the Geneva Declaration. The General Council, in its work on implementation, should not only identify the measures needed to resolve the issues and concerns, but actually take the appropriate decisions to resolve them. Furthermore, and more importantly, decisions in this regard should be taken independently and not be linked in any way to any further trade negotiations. Egypt therefore supported the position of Malaysia and others regarding the deletion of the last bullet point of the text. However, keeping in mind that there were other considerations for other delegations in regard to this point, and the possible risk of not being able to arrive at a decision at the present meeting, his delegation would reluctantly accept the last bullet point on the understanding that the Chairman would make a clear, unambiguous statement that this decision did not in any way prejudice the position of a large number of developing countries who wished to see implementation problems resolved satisfactorily in the special mechanism without any linkage to any possible further multilateral trade negotiations.

153. The representative of Nigeria endorsed the suggestion by India.

154. The representative of Indonesia said that although the proposed text did not fully address his delegation's concerns, he would be prepared, in a spirit of compromise and after hearing the Chairman's statement and India's suggestion, to support it on the understanding that the text was not in any way intended to prejudice any Member's position with regard to possible further multilateral trade negotiations, particularly the position of many developing countries that wished to see no link between redressal of implementation problems and possible further negotiations. As his delegation had stated on earlier occasions, it would be difficult for Indonesia to assume new commitments unless its problems in implementing existing agreements were fully addressed.

155. The representative of Zimbabwe said that, as Morocco had stated, the African Group considered the proposed text to be a workable solution to the implementation issue. His delegation had no problem with the last bullet point. However, in a spirit of compromise, it wished to endorse India's suggestion so that Members be able to take a decision on this matter at the present meeting.

156. The representative of the European Communities said that his delegation could live with the text either as currently drafted or with the last bullet point deleted.

157. The representative of the Philippines recalled that in consultations on this text his delegation had also insisted that there should be no linkage between implementation issues and further multilateral trade negotiations. To his delegation's satisfaction, that position had been reiterated by Malaysia at the present meeting. However, his delegation would not stand in the way of a compromise decision, and in this connection could agree to the proposal by India.

158. The representative of Saint Lucia said that in view of the lengthy and detailed consultations on this issue her delegation could join a consensus on the proposed text, while noting that many of Saint Lucia's concerns had not been explicitly addressed. There could no linkage between addressing implementation issues and the launch of further multilateral trade negotiations.

159. The representative of Sri Lanka expressed support for the Chairman's proposed text. His delegation was flexible regarding the last bullet point and would support the proposal by India as a means of addressing the concerns of some delegations.

160. The Chairman said that all seemed to realize that they should stay with the text as currently drafted, and expressed gratitude to those that would have preferred to see the last bullet deleted for indicating that they could live with its retention. The alternative would involve a further drafting exercise which could prevent the adoption of a text at the present meeting. As regards his statement, he could strengthen its tone in line with the comments by Pakistan and India. However, there was a fine line here, because he could not make a statement that would put him in the position of being a judge of what should be the relationship between the issue under discussion and future trade negotiations. He could nevertheless consider strengthening the language as far as the implication of not prejudging Members' positions was concerned. While there were clearly differing positions on this issue, he hoped that with this clarification Members could agree to adopt the decision. He therefore proposed that the General Council decide to establish the implementation review mechanism as described in the proposed text, and take note of the statements.

161. The representative of Malaysia said that his delegation could not join in the proposed action unless it heard the Chairman's statement. His delegation had not heard any objections thus far to its proposal that the last bullet point of the text be deleted, and that would remain its first choice. However, failing that, if the Chairman wished to pursue the second course of action he would want to hear the language of his statement.

162. The Chairman said that several delegations had indicated their preference for the text as it stood, either because it would be difficult to renegotiate it or because they preferred the text as currently drafted.

163. The representative of the United States said that all delegations had worked hard to arrive at this compromise text, although they would all clearly want to see improvements. The United States was willing to go along with this text, and if the Chairman could strengthen his statement in line with India's suggestion, without being a judge, the General Council could move to taking a decision that was important to all. Deleting any section would open up the whole text, which would not be fair to any delegation. If the important concerns expressed by some delegations could be addressed through the Chairman's statement, that should be done. Reopening the text at this stage would create a very difficult situation.

164. The Chairman said that in the light of the recent statements, it would be best to pursue the option of staying with the text as currently drafted. If that were acceptable, he would then want to hear again India's proposal on how the Chairman's introductory statement might be strengthened.

165. The representative of the Philippines suggested that the Chairman's statement say the following: "This decision shall not in itself be construed as one establishing a link between the

resolution of implementation issues and the holding of possible further multilateral trade negotiations."

166. The representative of Pakistan said that sometimes in dealing with sensitive issues, particularly questions of whether linkages existed or did not exist, it was wiser not to state things explicitly. For this reason, he had not intervened to support India's proposal. However, if others could accept the proposal by the Philippines, he would go along with it, although reluctantly, because this issue required further consideration and should not be dealt with in summary fashion. His delegation would be happier with a statement by the Chairman along the following lines: "The General Council, having noted the statements made, understands that the reference to possible further multilateral trade negotiations in this text is without prejudice to the position of any Member." That would leave open the position of all delegations and enable them to work in future in directions which might not be clear at present.

167. The representative of the Philippines said that his delegation could accept Pakistan's proposed language.

168. The Director-General said that the Chairman, in his opening remarks, had already stated that it should be understood that this decision was without prejudice to Members' positions on any possible further multilateral trade negotiations. As a result, he could not see how any national interest could be endangered.

169. The Chairman suggested that he amend the fourth point of his statement to say that having noted the statements that had been made, it should be understood that this decision would in no way prejudice the positions of Members on any possible further multilateral trade negotiations. That would be along the lines of what Pakistan had proposed.

170. The representative of Bolivia said that if the decision were going to be adopted as drafted, her delegation wanted it clearly understood that the resolution of implementation-related issues should redress deficiencies in the system, and should seek to ensure the delivery of goods that developing countries had already paid for and had been promised in the Uruguay Round. Finding solutions to implementation problems should not involve further concessions on their part.

171. The representative of Costa Rica said that the language proposed by Pakistan was very close to the text originally read out by the Chairman, and his delegation could go along with the Chairman's suggested amendment to that statement as long as the last bullet point in the text of the draft decision was retained as drafted.

172. The representative of Brazil said that in order to accommodate Malaysia's position, the Chairman might state that it was understood that Members agreed that this decision would in no way prejudice the position of Members on any possible further multilateral trade negotiations.

173. The representative of Morocco said that in his view Members had covered all bets with the existing text and the Chairman's introductory statement. Perhaps the only way to satisfy those that might still have difficulties would be for the Chairman to reemphasize at the end of the discussion, having heard all the statements made, that this decision would in no way prejudice the positions of Members. In an organization in which decision-making was based on consensus, any decision that might be taken in future would clearly need the acquiescence of all in order to be a consensus decision.

174. The representative of Malaysia said that his delegation could support Brazil's proposal, which had originated with that initially made by the Philippines and modified by others.

175. The representative of Costa Rica said that Brazil's proposal would modify what had originally been a statement by the Chairman and make it a part of the decision, which his delegation could not accept. The Chair's statement should stay as originally read out by the Chairman, and not be transformed into an agreement of the Members.

176. The representative of Honduras recalled that in informal discussions the previous day, when several delegations had expressed concern regarding a reference to Article III.1 of the Marrakesh Agreement in an earlier version of the draft decision, the delegations having proposed it had agreed to its withdrawal. At the present meeting, Malaysia was making a similar request for deleting a portion of the text that was of concern to it. While a number of other delegations had proposed ways to resolve this issue, they had agreed in one way or another regarding the possible deletion of the text in question. His delegation supported the proposal by Pakistan.

177. The Chairman appealed to Malaysia to accept the text as drafted, on the understanding that he would, as suggested, make a statement re-emphasizing that the decision would in no way prejudice the positions of Members on any possible further multilateral trade negotiations.

178. The representative of Malaysia said that in a spirit of compromise, his delegation was willing to go along with the proposed text of the Chairman's statement. This was a major concession on Malaysia's part, and more should not be expected. For his delegation, implementation issues were extremely important and had to be addressed adequately, and he did not see any linkage to any new round of negotiations. Like several other developing countries, Malaysia wished to reiterate that it would not be able to accept any new issues that were part of the WTO's core business until the implementation concerns of developing countries were adequately addressed and resolved.

179. The Chairman said that having noted the statements made, he wished to reemphasize that this decision would in no way prejudice the positions of Members on any possible further multilateral trade negotiations. He then proposed that the General Council take note of the statements, and take the decision to establish the implementation review mechanism as described in the proposed text.⁹

180. The General Council so agreed.

181. The representative of the Dominican Republic said that the decision just taken was an incremental step in the mandate given by Ministers in paragraphs 8 and 9 of the Geneva Ministerial Declaration. The General Council had taken a decision to establish a mechanism to assess in special sessions the existing implementation difficulties, identify ways needed to resolve them, and take decisions for appropriate action. This process should culminate not later than the Fourth Session of the Ministerial Conference. At the first special session under this mechanism, Members should establish a timetable that would aim to resolve all transition period issues by 30 June 2000, the more pressing implementation problems – such as those included in paragraph 21 of the draft Ministerial text of 19 October 1999 – by 30 October 2000, and those implementation problems requiring more in-depth consideration – such as those included in paragraph 22 of the 19 October text – by 30 March 2001. Once Members had completed their work in accordance with such a timetable, they would have an opportunity to assess whether their confidence in the multilateral system had been enhanced. As long as the implementation problems facing a number of countries, including his own, remained unresolved, they would not be in a position to enter into discussions to consider the possibility of launching a further round of trade negotiations.

182. The General Council took note of the statement.

⁹ The text is contained in Annex I to the present Minutes.

(b) Transition Periods

183. The Chairman invited the Director-General to report on the results of the consultations that had been undertaken on the transition period issue.

184. The Director-General recalled the Chair's understanding at the meeting of the General Council on 17 December that the questions raised by a number of delegations concerning the provisions that had lapsed and the deadlines that had expired on 31 December 1999 would be part of consultations to be continued. At the General Council meeting February 2000, he had reported to delegations that in his consultations up to that date Members had indicated that they were all prepared to adopt a reasonable and constructive attitude to crafting practical solutions to individual Members' transition problems within the multilateral framework. He had further reported to delegations at an informal meeting of the General Council on 26 April 2000 that a lot of time and effort had been devoted over the past months to this issue, both to identify areas of concern and to seek viable multilateral solutions. Consultations had been held by himself, his Deputies and, more recently, by the Chairman of the Council for Trade in Goods, who had made untiring efforts to help bring issues in the TRIMs area to a successful conclusion. This had in fact been the main focus of work on transition periods in recent weeks. With the Goods Council Chairman, intensive consultations had been held and great efforts made to build common ground reflecting all points of view. He understood that the Chairman intended to propose to delegations a text for decision on the basis of the elements presented by the Chairman of the Goods Council. As with the decision on implementation, this too would be a considerable positive achievement.

185. It was important to note that in the customs valuation area the process of examination and approval of requests for extensions of the transition period by developing countries had, in general, been proceeding well in the Committee on Customs Valuation, and Members should encourage the Committee to continue with this work. He added that the TRIMs and Customs Valuation Agreements were not the only areas where developing countries might be facing difficulties with transition periods. Members should remain committed to helping these countries overcome their difficulties in other areas through further consultations. There was also scope, he believed, for the WTO to work in closer cooperation with other relevant international organizations to establish programmes to help meet developing countries' needs in specific areas.

186. The Chairman said that, as the Director-General had indicated, there were a number of transition period issues that might need to be addressed, and he was fully prepared to consult further on these issues as necessary. Amongst these transition period issues, one that was ripe for consideration and action by the General Council at the present meeting related to the TRIMs Agreement. As Members were aware, intensive consultations conducted by the Chairman of the Goods Council had resulted in a text that had been discussed at an informal General Council meeting. Since that discussion, the text had been further refined to reflect the views and concerns of all delegations. The revised text¹⁰ had been distributed to all delegations, and at a further informal General Council meeting, no delegation had indicated opposition to it. He hoped that the revised text was now acceptable to all delegations.

187. Before submitting the text for decision, he emphasized, in regard to the Article 9 review of the TRIMs Agreement referred to in bullet 5 of the text, that this mandated review would take into account the developmental impact of the TRIMs Agreement. It was understood that this decision was also without prejudice to Members' rights and obligations under the WTO.

188. The representative of Brazil said that while Brazil recognized and appreciated the efforts carried out by the Goods Council Chairman on aspects regarding TRIMs, it did not agree with the

¹⁰ Reproduced in Annex II.

rather selective approach that had seemed to prevail on transition period issues in general. In December 1999, and certainly at Seattle, transition periods had been a major preoccupation. However, Members were now faced with a reductionist formula by which suddenly, and without any substantive discussion, the transition periods in the TRIMs and Customs Valuation Agreements seemed to be the only ones on the agenda. Brazil believed this to be a systemic mistake. He recalled some of the main proposals regarding transition deadlines, all of them relevant, that had been under discussion at a certain stage: anti-dumping, subsidies, electronic commerce and TRIPS, including the moratorium on non-violation complaints. More troublesome was the fact that Members seemed to be losing sight of the parameters under which this exercise was being conducted. The Chairman's statement at the 17 December Council meeting, one might cast was of paramount relevance. This exercise was, and remained, a political one. Its purpose was to progressively allow for the enhancement of confidence among Members. Its key element therefore was the principle of due restraint, which encompassed many possible interpretations. One, which could not be denied, was that Members should refrain from taking action that might compromise the delicate work that all were conducting. Any action that could be perceived as detrimental to this process was certainly detrimental also to the very concept of confidence-building. Members should therefore reflect on this aspect and act accordingly.

189. The representative of Morocco, on behalf of the African Group, extended the Group's appreciation to the Goods Council Chairman for his work. The text submitted for consideration was an excellent compromise between different positions, and included the concept of a multilateral approach with the possibility of taking into account different situations in different countries. This was a realistic approach. One could not ask for the impossible and had to be reasonable, as long as the necessary assurances were provided.

190. The General Council took note of the statements and agreed to the text proposed by the Chairman.

9. Internal transparency and effective participation of Members

191. The Chairman recalled that at the General Council meeting on 7-8 February 2000 the issue of internal transparency and effective participation of Members had been identified as one of the priorities for further consultations. In his report to that meeting the Director-General had suggested that such consultations could be initiated on the basis of contributions from delegations. On 11 February a fax had been sent to all Members inviting them to submit their written inputs on the issue of internal transparency and effective participation of all Members. In total 18 submissions on this issue had been received from individual delegations or groups of countries, all of which had been circulated as informal Job Number documents. He recalled that on 28 March Members had met for an informal General Council meeting to discuss these submissions and to engage in an exchange of views on ways to improve the working methods of the WTO. At that meeting it had been agreed that the Secretariat would circulate an informal document containing the main points made by delegations in their submissions and in their interventions, to assist Members in their further deliberations on the issue. This document had been circulated on 14 April as Job(00)/2331 and on 26 April the Chairman had circulated a short discussion paper, Job(00)/2551, as a contribution to focussing further debate on internal transparency and the effective participation of all Members. This paper set out a non-exhaustive list of questions which had been suggested by the debate and which could usefully be addressed in further consultations.

192. He said that even before the February General Council meeting the issue of improving internal transparency and the effective participation of all Members in the work of the WTO had received considerable attention. He expressed his appreciation for both the thoughtful written contributions by delegations and the constructive spirit in which the discussion of this important matter had taken place. In referring to previous statements by the Director-General, he agreed that every organization

that wished to remain relevant should continuously look at ways to improve its working methods. In this light it was important to recognize that although there remained room for improvement, the ongoing debate on internal transparency and the effective participation of all Members had already positively influenced the way in which informal consultations were conducted in the WTO. He emphasized, however, that more could be done. The preparatory process for the present meeting had involved a series of consultations held by himself, the Chairman of the Council for Trade in Goods, the Director-General and his Deputies, as well as frequent open-ended informal meetings of the General Council. On the basis of comments by delegations he felt that the process had responded well to the calls for inclusiveness, transparency and information flow. In addition, and equally important, these consultations had served the specific purpose of building consensus to facilitate work in the General Council. He believed that this process had already contributed towards the improvement Members were seeking in the consultation process. Members had a collective responsibility to ensure that the progress made over the past few months was built upon.

193. It seemed clear that future consultations by the Chairpersons of the General Council and other bodies, the Director-General and his Deputies should continue to be conducted in a manner that fully respected the core principle of decision-making by consensus in the formal bodies of the WTO. In this context it was important to stress that nobody was suggesting that the process of smaller consultations, which would always be necessary from time to time, should replace the formal decision-making process. The effort to establish an effective interaction between informal consultations and open-ended meetings of the General Council was a crucial element in the continuing efforts to build confidence among all Members. He noted with interest that many Members considered improved communication between delegations a key aspect of confidence-building.

194. The Director-General had worked very hard to involve non-resident delegations more fully in the work of the organization, and in this context was organizing the "Geneva Week" from 21 to 27 October. During that week these delegations would have the opportunity to hear reports from the Chairs of the Committee on Agriculture and the Council on Trade in Services. In line with the commitment to further transparency, he suggested that Members at some stage consider the possibility of organizing an open-ended information meeting where the Chairs of main WTO bodies could provide an overview of the state of play of their work. Such a meeting could also address the issue of technical assistance aimed at improving Members' participation in the work of the WTO. In light of the experience and usefulness of such a meeting, Members could consider arranging for such information meetings to take place on a more regular basis – for example twice a year – as had been suggested by some Members. Several Members had made useful suggestions as to how the WTO could more effectively apply different means of information technology to ensure better and faster dissemination of information on activities in the WTO, and the Secretariat was currently exploring every possibility for using information technology to improve the dissemination of information to Members. Such measures, including e-mail and improved internet access, would seek to facilitate the work of the WTO and improve coordination among delegations.

195. He reiterated his appreciation to delegations for the constructive spirit in which they had engaged in the debate on internal transparency and the effective participation of all Members and noted the considerable convergence of ideas and suggestions put forward. There was a genuine commitment among Members to address this issue and seek real improvement, and based on the discussions so far and on the papers by the Secretariat and the Chairman, a solid framework within which to further pursue this matter existed. He intended to engage delegations in further consultations in the coming weeks.

196. The representative of Pakistan said that the present system of decision-making in the WTO had come under criticism from the membership because of its exclusiveness and failure to engage all Members in decision-making. The system clearly had lacked transparency and had not permitted

effective participation of all Members in the decision-making process. His delegation was encouraged by the fact that the shortcomings of the present system were being acknowledged by all Members and that there was a broad commitment to seriously address the questions pertaining to internal transparency and effective participation. He expressed particular appreciation for the efforts of the Chairman of the General Council to seek inputs from Members on this matter and to crystallise the issues that Members might wish to consider in their consultations. These efforts had resulted in providing a sharper focus to the discussions as well as an indication of the measures Members would need to consider in order to improve the present system. It was clear that the most critical issues had still to be addressed, particularly the nature of informal consultations and their relationship with the formal decision-making process. Presumptions that positions evolved in certain limited gatherings of so-called major players would form the basis of decision-making had proved to be incorrect. Without satisfactorily addressing these issues delegations could not claim to have made tangible progress on this matter and should not seek to give the impression that such progress had been made. His delegation, on behalf of Cuba, Egypt, Uganda and Zimbabwe, had submitted a paper on internal transparency and effective participation of all Members as a contribution to the process. The open-ended consultative process, as suggested in the paper, was the best option to pursue in order to ensure effective participation of Members. Such a process would be inclusive and would allay the apprehensions of small countries who presently felt marginalized from the decision-making process. Equally important was the fact that such an open-ended process would be more efficient because the results obtained through it would be accepted by all and would, therefore, be durable, precluding the sort of breakdown in the decision-making process witnessed at previous meetings. This issue was of utmost importance, and meaningful decisions were required if Members were to strengthen the confidence of the smaller countries in the WTO as well as the multilateral trading system as a whole. His delegation looked forward to participating in consultations on this issue in the near future.

197. The representative of Mexico welcomed the Chairman's statement and agreed that Members had had a series of useful consultations where they had addressed the submissions by different Members. On the basis of these consultations a compendium had been drawn up by the Secretariat and an interesting discussion paper had been presented by the Chairman. He noted that there had already been improvements in terms of greater transparency and enhanced participation in the daily activities of the WTO. Mexico would be examining the different points in the Chairman's report, such as the possibility of convening open-ended information meetings by the Chairmen of the main WTO bodies. It was his delegation's understanding that further consultations on this issue would continue on the basis of the decision at the present meeting and not necessarily on the content of each submission. He reiterated that Mexico could support further discussions on this issue only as long as it remained within the parameters of internal transparency and effective participation of all Members.

198. The representative of Honduras, also on behalf of the Dominican Republic, welcomed the Chairman's statement on internal transparency and noted that informal consultations should not replace the formal decision-making by Members at formal open-ended meetings. A more effective interaction between informal consultations and formal meetings was necessary, and better communication between Members was a key aspect of confidence-building. He took note of the proposal to consider the possibility of organizing open-ended information meetings at which the Chairpersons of the subsidiary bodies of the WTO could present the state of play in their respective areas of responsibility. In order to ensure increased internal transparency and effective participation of all Members, further consultations would be necessary. Such consultations would serve the purpose of developing working methods that would make repetition of the recent cases of exclusion impossible.

199. The representative of Costa Rica welcomed the Chairman's report and said that although his delegation attached great importance to the discussion of this issue, there was no need for big changes with respect to the consultative process or decision-making in the WTO. He reiterated his delegation's firm support for the principle of decision-making by consensus. His delegation was still

in the process of closely studying a number of the proposals submitted. He expressed preoccupation with respect to the suggestion to establish a formal representative mechanism based on either regional representation or weight in international trade. His delegation would continue to study the Chairman's report as well as the discussion paper and hoped to be able to participate in the consultations on this issue to be held in the coming weeks.

200. The representative of Morocco, on behalf of the African Group, thanked the Chairman for his work so far on internal transparency. Members had achieved certain results, which had been consolidated in the Secretariat paper and in the discussion paper by the Chairman and which would facilitate progress on the issue. He agreed that the Chairman should continue his consultations in the immediate future in an attempt to draw up certain rules that could assist Members in their work in future. The system did not need fundamental change, but rather certain common sense improvements. He welcomed the fact that recently the meetings of the General Council had been more serene and that decision-making had involved all Members. The result was a consultation system that worked. Several delegations had made interesting suggestions on internal transparency that Members might be able to adopt in the near future, and his delegation looked forward to discussing these suggestions. He suggested that the Chairman, after the present discussion, suspended the present meeting until Members could come back and take specific decisions. In order to increase confidence among Members, but also *vis-à-vis* the outside world, it would be necessary in the near future to announce the introduction of certain common sense rules that applied to the work of the WTO. The discussion paper by the Chairman was very close to the kind of results Members should be able to endorse in the short term.

201. The Chairman agreed that the issue of internal transparency and effective participation of all Members should be revisited in the very near future, and noted the possibility of calling a special session of the General Council to deal with it.

202. The representative of Canada welcomed the Chairman's efforts on this issue, both at the informal meeting of the General Council held on 28 March and in the discussion paper. The whole issue of internal transparency or the lack thereof had been identified as one of the so-called fault lines that had contributed to an unsuccessful conclusion of the Third Ministerial Conference. As a result a number of delegations had reacted with some degree of urgency to ensure that the WTO came to grips with this deficiency. Even if Seattle had been a successful Ministerial Conference, the WTO would probably still have had to address the issue of internal transparency and effective participation of all Members. The WTO as an institution was both expanding and changing, and there was a need to ensure efficiency for all Members, particularly the smaller delegations, as full shareholders of the organization. Canada had taken this issue very seriously and had made a written submission containing both short-term and long-term issues. The short-term issues referred to those items that Members should be in a position to embrace more easily, whereas the longer-term and more substantive issues would require further discussion and reflection. His delegation agreed that addressing the issue of internal transparency was a matter of priority and looked forward to participating in future discussions on it. The momentum built so far provided a good basis to move forward. His delegation did not believe there was a need to suspend the present meeting. Although the present discussion focused on internal transparency, a number of delegations, including Canada, had raised the issue of external transparency. The issue of improving transparency included internal as well as external transparency, and Canada looked forward to engaging in informal consultations on the latter issue as well.

203. The representative of Panama thanked the Chairman, the Director-General, and his Deputies, and the Secretariat for their efforts on this issue. The idea of regular information meetings with the Chairpersons of the main WTO bodies was interesting and he encouraged the Chairman to pursue this matter. Panama partly shared the Chairman's assessment that the consultation process itself on this matter had led to improvements on how consultations were held, but it was clear that other aspects for

improving the process remained. Although it was not necessary to make major changes in the procedures, this did not mean that certain further changes were not important. Panama would like to see a process in which prior notice was given as to where and when informal consultations were to be held, as well as the issues to be discussed. This would enable delegations themselves to decide whether they wished to participate. Regular information sessions in between small consultations and formal meetings would provide the entire membership with an opportunity, in an informal context, to be informed of the results achieved in such consultations. These were just examples of some of the aspects on which further progress should be made. His delegation looked forward to participating in further consultations on this matter and would be interested to learn how the Chairman, together with the Secretariat, intended to proceed. He agreed with Canada that despite the fact that certain improvements had already been achieved, Members should continue to work hard on this important issue, particularly in light of the recently launched negotiations that would become more intensive in future.

204. The representative of Hong Kong, China welcomed the Chairman's report which demonstrated that some progress had already been made. The report made some helpful and practical suggestions for further consideration. It also conveyed the right impression regarding Members' commitment to address other outstanding issues, and did not give an impression of complacency. Such a generally positive interim report on the deliberations on the question of internal transparency was correct. His delegation needed further time to reflect on individual proposals submitted by other delegations as well as the papers from the Secretariat and the Chairman. In doing so his delegation would start from the premise that radical reform was not necessary. He agreed that some expedition in Members' deliberations was desirable, but did not favour the suggestion of adjourning the present meeting. This would leave the wrong impression that Members were unable to reach agreement.

205. The representative of Turkey expressed his delegation's appreciation for the efforts of the Director General and the Chairman to bring the issue of internal transparency and effective participation of all Members into the mainstream of Members' discussions. The Seattle Ministerial Conference had exposed the shortcomings of internal transparency in the WTO and had disillusioned a great number of Members with respect to the process. His delegation was interested in seeing tangible improvements in internal transparency but did not favour any policy change that might result in undermining the principle of consensus. The principal premise for participation in informal meetings should be inclusiveness based on each Member's interest in the subject. However, informal consultations in small groups could facilitate decision-making and could enhance efficiency in the decision-making process. In those cases where restricted meetings were preferred in the interests of facilitating decision-making, representation should be based on the nature of the issue, and not on fixed representation. The Secretariat should have the fundamental responsibility to ensure a well balanced representation of the positions held by the entire membership in restricted informal meetings, and the outcome should be promptly communicated to all Members. Prompt communication by the Secretariat was important in all cases, but became even more important during Ministerial Conferences. A lack of communication by the Secretariat had left many Members in the dark as to what progress had been made in restricted meetings, and the Seattle Ministerial Conference had been a good case in point in this regard. Any draft decision resulting from restricted informal consultations should be taken up at open-ended informal meetings, and only if the entire membership came to a consensus on the draft decision could it be introduced as a final decision. The Chairman's discussion paper of 26 April contained a number of useful and stimulating discussion points. However, item 12 on the possibility of holding an informal General Council information meeting every six months in order for the Chairpersons of the main WTO bodies to deliver reports on the state of play of these bodies' work did not seem to not address the crux of the problem. As far as internal transparency was concerned, practical benefits did not seem to justify the cost of holding such meetings, which would require additional time and resources both for the Members as well as the Secretariat. He reiterated that the most urgent need on this issue was the immediate dissemination to the full membership of information on informal consultations.

206. The representative of Paraguay said the issue of internal transparency and effective participation of Members was of the highest importance because of the very nature of the WTO and its binding decisions. He welcomed the Chairman's report and agreed that there had been noticeable progress since Seattle. The submissions and Secretariat papers which had been circulated were of great importance. Paraguay believed that the main point was to maintain and defend the principle of consensus which required that all Members had the necessary information about what and when certain issues were being discussed. In addition, there should be no exclusion from informal consultations if a delegation considered the subject-matter of importance to its national interest. His delegation would continue to study this matter very carefully and suggested that Members recognize the progress made since Seattle and commit themselves to ensuring that information would be available to all delegations and that each Member could take an active part in the decision-making process.

207. The representative of Bulgaria thanked the Chairman for his report and for his discussion paper. The issue of internal transparency had had a good start and his delegation hoped that the discussions would yield substantive results in the near future. The constructive spirit demonstrated by Members so far and the genuine commitment to transparency in future would contribute to a positive outcome. Bulgaria supported the Chairman's intention to undertake further consultations which could lead to concrete and meaningful steps for the improvement of internal transparency and effective participation of all Members in the processes of consultations and decision-making in the WTO.

208. The representative of the United States said that she had hoped that the Chairman, at the end of the present meeting, would be able to announce a number of practical and operational improvements to enhance the effectiveness of the WTO, in particular improvements to the consultative process. Among the proposals to improve participation of the smaller delegations in Geneva, her delegation could in particular support increasing the frequency of open-ended meetings following informal consultations. The practice of informal meetings in advance of formal meetings was useful. The United States supported the scheduling of a regular program of briefings for smaller delegations that were unable to attend and follow the large number of WTO meetings, as well as convening, at regular intervals – e.g. every six months – an informal information meeting of the General Council. She noted that taking advantage of the WTO's available video conferencing technology to engage non-residents and capital-based officials in discussion on matters of particular interest could be useful, as would establishing a regular e-mail system to ensure broad and prompt notification of meetings and announcements. She said that engaging informal country groups in broader consultations in between regularly scheduled informal meetings of the General Council could be beneficial. She encouraged the Chairman and the Director-General to look more closely at these positive and practical suggestions to improve communications between delegations, and urged the Chairman to continue his consultative process. Over the longer term a number of ideas had been raised about improving the arrangements for consultations, including engaging capital-based representatives, the NGO community, scheduling a more regular program of symposia on key issues and expanding the use of the internet to disseminate information. In addition, a number of ideas had been raised about developing a consultative mechanism that would involve elected officials from Member governments, and in opening meetings to wider participation. All these were worthwhile suggestions that should be explored further, and her delegation supported giving the Chairman a mandate to continue his efforts on this important issue.

209. The representative of Jamaica thanked the Chairman for his statement and the non-exhaustive list of questions raised in his discussion paper. He also thanked the Secretariat for the summary of the main points of the debate so far. Jamaica agreed that further consultations would be necessary and his delegation would participate in such a process fully and constructively. Members had an interest in an outcome on internal transparency that was acceptable to the broad membership. Based on the proposals on the table and the various views expressed, it should be possible to find a way forward. Jamaica did not believe that the needed changes with regard to internal transparency should be

approached in a context of fine-tuning. Although the fundamental principles and structure of the organization remained valid, Members would need to make changes in both process and procedure, and those changes would have to allow for a genuine inclusiveness at all stages. Such changes would need to go beyond fine-tuning and the cosmetic. He supported the Chairman's intention to continue consultations, as it was essential that any changes in this area enjoyed the support and confidence of all Members.

210. The representative of St. Lucia supported the statement by Pakistan as well as the views expressed on prior occasions by India. The most critical issues were still to be addressed – especially with respect to the nature of informal consultations and their relationship to decision-making processes, and the assumption that decisions by the so-called major players formed the basis of Members' decision-making. She reiterated the need for open-ended consultations which were inclusive and gave Members the opportunity to articulate their interests. Her delegation thanked the Director-General for his initiative with respect to non-resident delegations and looked forward to participating in the activities scheduled for this year's "Geneva week."

211. The representative of the Philippines referred to the submission on internal transparency by the ASEAN Members and said that his delegation looked forward to further discussions of the papers submitted in the process so far. He agreed with the Chairman that certain improvements in internal transparency had already taken place. He expressed concern with certain statements that seemed to indicate that the discussion of external transparency was somehow a part of the exercise on internal transparency. External transparency and internal transparency were two different issues, and only if there was a consensus to discuss external transparency should Members address this issue. He reiterated that the present discussion on internal transparency was taking place in recognition of the fact that if Members failed to address this important matter the decision-making process would be hampered. As to participation in informal consultations, this remained for individual delegations to decide. The discussion on internal transparency was taking place because improving it would be part of good practice. However, internal transparency did not mean that Members, as a matter of principle, would have to discuss external transparency. In the case of external transparency, each Member had to be transparent and accountable to its constituencies. His delegation did not believe that a collective responsibility for filling gaps in individual transparency existed. The multilateral trading system did not represent a world government and as such was not accountable to all peoples as a whole. He noted that although the discussion of external transparency did not belong in the current debate, his delegation would look forward to a future debate on this issue.

212. The representative of Singapore welcomed the Chairman's report which showed that the ongoing debate on internal transparency had already contributed to improvements as seen in recent informal consultations. She said that Members had had a very productive first discussion on internal transparency at the informal General Council meetings on 28 March and 27 April, and that several common elements had emerged. These elements included the fact that the consensus principle was sacrosanct, that the process of decision-making and informal consultations in the WTO was generally functioning well, and that there was no need for major reform. All formal decisions had to be taken in an open-ended forum with the full participation of the entire membership. Informal consultation processes, open-ended as well as smaller groups, were unavoidable and participation in these processes could not be governed by rigid rules. Participation would vary depending on Members' substantive interest in the issues being addressed. Singapore could not support representation based on regional or geographical criteria. The information flow between small group consultations and the open-ended process had to be improved as a matter of priority. Regarding the questions raised in paragraphs 3, 4, 5, and 6 of the Chairman's discussion paper, the submission by ASEAN provided some constructive responses.

213. The representative of the Czech Republic welcomed the Chairman's report on internal transparency and effective participation of all Members as timely, as there seemed to be widespread

opinions about the decision-making methods of the WTO. The Chairman's report allowed Members to send an important message to the outside world on the ability of the WTO to examine and improve its working methods. The report was balanced because it reflected adequately the views expressed so far. It was fair because it had been carefully crafted as a progress report which indicated that the discussion had not been finished yet and that a lot of work remained before Members could reach their common objective. The convergence of the ideas and suggestions put forward was encouraging, and Members seemed to be in agreement that instead of fundamental institutional reform, a number of adjustments could be made with a view to improving the functioning of the WTO. Members agreed that consensus principle remained the backbone of the multilateral trading system and that the debate should focus on possible steps to facilitate consensus-building. No one would question the rationale for having informal consultation groups, provided certain conditions had been met. These conditions would be the focus of future discussions and consultations, and his delegation was optimistic when it came to the identification of converging elements such as those regarding information flows. He emphasized that transparency and effective participation was not only about being informed about what had happened but also about the opportunity for any Member to react and express its views, in particular about the manner in which these views were taken into account in subsequent informal meetings. The Czech Republic attached great importance to the issue of external transparency, which was the other side of the same coin, and was confident that Members would also be able to make progress on this front.

214. The representative of the Slovak Republic said that her delegation considered the improvement of internal transparency a key element in creating a more effective decision-making process in the WTO. The documents by the Secretariat and the Chairman provided a good basis for further consultations in the coming weeks. She expressed hope that Members would pursue this matter with the same effort and spirit as had been the case so far. Her delegation supported the efforts of the Chairman and the Director-General in pursuing this matter.

215. The representative of Brazil thanked the Chairman for his report. He said that consultations, whenever necessary, were there to help Members to reach decisions, and in this context Members might consider how to use the various chairpersons of other bodies to reach consensus on technical issues. The recent series of consultations held by the Chairman of the Council for Trade in Goods on TRIMS was a good example.

216. The representative of New Zealand welcomed the Chairman's progress report on internal transparency as both carefully constructed and positive. Good momentum on this subject had been established. The internal transparency challenge was not unique to the WTO but was shared by other multilateral bodies, especially where the consensus approach was followed and where there was a broad and diverse membership. Although radical institutional reform of decision-making processes was not required, the WTO could still improve. The questions raised by the Chairman could usefully serve as the focus of a subsequent session of the General Council dedicated to the issue of internal transparency and effective participation of Members. His delegation continued to have serious objections to any fixed formulas on informal consultations, or any notion of delegations representing others when national interests were at stake. New Zealand saw three brief principles on internal transparency that could possibly serve as the basis for broad agreement. First, the composition of informal consultative groups should be inclusive of those who had a close interest in the issue being discussed. Second, the intention to consult on an issue should be made known to all Members in advance. Third, there should be a strengthened commitment to brief the wider WTO membership swiftly on the outcome of any informal consultation.

217. The representative of Barbados thanked the Chairman for his report and discussion paper and the Secretariat for the useful compilation of points made in the debate so far. Barbados looked forward to further discussions and decisions on this matter. She endorsed the actions taken by the Director-General to cast the transparency net farther and wider. Open-ended consultations had to be

at the root of internal transparency, and as a result, inclusiveness should be a guiding principle in the decision-making process of the WTO. Barbados did not favour consultations in smaller groups, but agreed that on some occasions smaller group discussions could make the consultation process more manageable. However, this should be on the explicit premise that all Members would be involved in such consultations. In this way the consultation process would remain inclusive, which would be conducive to consensus-building. Her delegation looked forward to continued deliberations on this matter.

218. The Chairman thanked delegations for their positive responses to the progress report. He said that he was encouraged to note that delegations looked at internal transparency and effective participation of Members as a priority issue where progress should be sought as quickly as possible. He would pursue consultations on this matter in the coming weeks with the objective of finding common ground that would allow Members eventually to draw some conclusions. The notion of having a special session between now and the next regular meeting of the General Council in July would be the best way of proceeding. Several delegations had expressed an interest in addressing the issue of external transparency at some stage. He remained convinced that the best way to proceed on this matter would be to engage initially in a discussion of the modalities and procedures for such a debate. Such a gradual approach was one of the reasons Members had been able to make progress on the issue of internal transparency, and would ensure that all delegations felt comfortable addressing the issue of external transparency. He expressed his intention to engage Members in a discussion of these modalities in the coming weeks.

219. The representative of Mexico said that his delegation had not agreed to address what some Members had referred to as external transparency. While his delegation would be willing to come back to this issue, he suggested that Members first consider whether other pending issues were of greater importance to them.

220. The Chairman said it was clear that Members needed to reflect further on this subject and that a substantive discussion at the present stage remained premature. He expressed his intention to conduct consultations to see if it would be possible to establish a procedure for a possible future debate on external transparency.

221. The General Council took note of the statements.

10. Work Programme on Electronic Commerce

222. The Chairman recalled that at the Special Session of the General Council on 24 and 25 September 1998, a Work Programme on Electronic Commerce was established. Paragraph 1.2 of the work programme provided that the General Council "shall play a central role in the whole process and keep the work programme under continuous review through a standing item on its agenda". It also provided that the bodies charged with implementing the work programme – the Council for Trade in Services, the Council for Trade in Goods, the Council for Trade Related Aspects of Intellectual Property Rights and the Committee for Trade and Development – shall report or provide information to the General Council on their respective work by 30 July 1999. The reports of these bodies had been considered by the General Council in October 1999. At that time the General Council had agreed to revert to the matter of e-commerce as early as possible in the year 2000 in the context of its regular work programme, in light of (a) the reports of the relevant WTO bodies, (b) any further work that might be carried out by those bodies in the interim period, and (c) any agreements that might be reached at the Seattle Ministerial Conference on the issue of e-commerce. The issue of e-commerce had recently been discussed at an informal meeting of the General Council as well as in consultations that had preceded the present meeting. In the light of these discussions, he suggested that he hold further consultations on this matter and that the substantive discussion in the formal General Council be taken up in at its July meeting.

223. The representatives of Mexico, Venezuela, United States, Switzerland, Panama, New Zealand, European Communities, Czech Republic, Uruguay, Argentina, Australia, Israel and St. Lucia welcomed the Chairman's suggestion for consultations on this matter and indicated their wish to be included in them.

224. The representative of Pakistan recalled that the Declaration on Global Electronic Commerce adopted on 20 May 1998 had two components: (i) establishment of a work programme on e-commerce, and (ii) moratorium on imposition of customs duties on electronic transmissions. The Declaration provided that the General Council would review it while reporting to the Third Ministerial Conference, and that extension of the Declaration would be decided by consensus. The General Council had made no recommendations to the Ministerial Conference, and no decision had been taken at Seattle on e-commerce. Consequently, the Declaration had lapsed, as a decision by consensus was required for its continuation. One could not decide on any element of a Declaration that had ceased to be operative. It would first have to be decided, by consensus, whether to extend the operation of the Declaration. Pakistan was willing to discuss this matter, but a decision on the extension of the Declaration, including extension of the work programme, could not be taken in isolation. There were other extension issues that had to be addressed, such as the extension of transition periods related to the TRIMS, TRIPS, and Customs Valuation Agreements. There was a need for an overall package decision to address and resolve all transition period issues, including the extension of the operation of the Declaration on Electronic Commerce.

225. The representative of Japan said that in view of the rapid development of e-commerce, resuming the work programme in the WTO was an important priority. Since e-commerce had a significant impact on the world economy, this exercise would benefit all Members, including developing countries. The four subsidiary bodies examining e-commerce had submitted their reports in July 1999 and it was now time to examine outstanding issues in a horizontal manner. This examination should be focussed on issues of a cross-cutting nature, which should be discussed from various perspectives, including how existing WTO rules applied to e-commerce. This process should be of a purely non-negotiating nature and should not prejudice the future role of the WTO in e-commerce. Japan's position on some important issues raised in the subsidiary bodies was as follows. Regarding classification of digitalized products and the applicability of the GATT and the GATS, further discussions would be needed to find the best way to avoid unnecessary restrictions on the electronic transmission of such products. Serious consideration should be given to the application of core principles of MFN, national treatment, and the general prohibition of quantitative restrictions. Second, e-commerce had a significant impact on development, and developing country Members faced serious difficulties such as the shortage of infrastructure and human resources. Developed country Members had to find an appropriate way to assist these countries, including further information sharing. These were but a few of the issues that needed to be discussed. Given the highly technical nature of these issues, the General Council should establish a horizontal group to examine them in an effective manner with the participation of experts. If a decision could not be taken at the present meeting on how to proceed with the work on e-commerce, the Chairman should conduct informal consultations on this matter so that the General Council could reach consensus at its next regular meeting.

226. The representatives of Japan, Korea, Venezuela, Singapore, Switzerland, Canada, Ecuador, Australia and Turkey supported the establishment of a horizontal non-negotiating group to examine issues relating to e-commerce.

227. The representative of Mexico said that his delegation agreed with the Chairman's opening statement on this matter. Mexico also agreed on the need for consultations on how to proceed with this matter in future and on what basis, in view of the unforeseen situation that had arisen at the end of 1999.

228. The representative of Hong Kong, China said that e-commerce was such an important issue for how trade and commerce was conducted that the WTO had to be at the forefront in considering it and its consequences for the trading system. The reports from the subsidiary bodies showed there was a significant number of issues of a trade nature that needed to be further considered and, where possible, agreed upon. These ranged from fundamental issues of classification to equally important issues of how to make sure that the much-vaunted levelling of the playing field and facilitating access to developed country markets for LDC producers and suppliers actually happened. The work programme on e-commerce had to continue, and his delegation appealed to all Members to deal with this issue in a pragmatic way, and to look forwards, not backwards. The present meeting was the first real opportunity the General Council would have had to discuss the reports of the subsidiary bodies. Thus, Members should take decisions as soon as possible in order to move WTO consideration of this vital matter forward.

229. The representative of Korea said that e-commerce, as a new form of trade, was developing at a pace unprecedented by any other traditional form of trade. In view of the significance of e-commerce, there was an urgent need to resume discussions on how to provide the best trading environment for it. The unresolved issues were mostly cross-cutting in nature and thus difficult to be dealt with by the four subsidiary bodies that had been discussing the work programme. The most efficient way to make progress on the unresolved issues was to set up a separate horizontal group that could concentrate on them.

230. The representative of Venezuela said that it was important to complete the evaluation process by the relevant WTO bodies. Establishment of a horizontal group would be consistent with the importance of e-commerce, in particular its positive impact on the developing countries, who had begun to see the benefits of this new form of trade. Venezuela agreed with Hong Kong, China that the work called for in the Declaration should be carried out.

231. The representative of the United States noted that the Declaration stated that "the General Council should produce a report on the progress of the work programme and any recommendations for action to be submitted at" the Third Ministerial Conference. The General Council had received four reports from the relevant subsidiary bodies in July 1999. In the US view the Declaration was still applicable, and the General Council could take up where it had left off in Seattle and report on progress and recommendations. Her delegation did not agree with any view that the triggering event for the expiration of the Declaration had taken place. It was clear that the General Council was still obligated to produce an overall report based on the four inputs from the subsidiary bodies. Thus, the Declaration could not have lapsed. Further, the stage at which a decision would be taken on its continuation would only come after the review provided for in the Declaration had been completed. Avoiding unnecessary measures that could impede e-commerce went to the heart of how the WTO could help create a global environment where countries could benefit from this growing means of trade. This principle was embedded in goods, services, and standards disciplines. Her delegation looked forward to hearing ideas from the Chairman on how to proceed on the unfinished business relating to e-commerce, which included the fact that the reports submitted by the relevant WTO bodies were to be examined by the General Council in order to facilitate a determination as to what should be done regarding the Declaration. While her delegation was prepared, if necessary, to engage in a legal debate over the Declaration, it was highly important to reach an understanding on how to proceed. The Declaration was political in nature, and should not be raised to the level of transition issues that involved legally binding commitments. She stressed that the Declaration was a commitment to move forward on a sector that would affect all Members, and noted that e-commerce was one certain area where developed countries could help developing countries. The rest of the world would move forward on this issue whether or not the WTO did.

232. The representative of Singapore said that Members should show the same political will they had shown two years earlier in tackling e-commerce. The reality was that on this issue, the WTO was

lagging behind the business world, and e-commerce would continue to evolve rapidly whether or not the WTO work programme continued. The rules would then be shaped by the industries concerned, unilaterally or plurilaterally, and not under the aegis of the WTO. The four subsidiary bodies had all presented their reports to the General Council, but the latter had not discussed them. Those reports should be used as the starting-point for continuation of the work programme. Several issues had been flagged in the reports, such as the classification of digitalized products, scheduling of new services in the context of e-commerce, the question of likeness in relation to MFN and national treatment, and copyright issues, which required considerable further examination. These issues should be taken up at the earliest possible time. The report of a horizontal group examining these issues, together with its recommendations, could be submitted first to the General Council and then to the next Ministerial Conference.

233. The representative of Switzerland said that the usefulness and pertinence of the work carried out by the relevant WTO bodies on e-commerce was without doubt. E-commerce offered unique opportunities to all countries, both developed and developing. It was thus essential for this item to remain on the General Council's agenda, and he hoped that the consultations foreseen would allow the General Council to take a decision on this matter at its next meeting. Switzerland advocated a sequential approach to e-commerce, starting with in-depth discussion of the reports of the relevant subsidiary bodies in the General Council. This should allow Members to pinpoint specific questions that could subsequently be considered in further detail. In the light of that debate, the General Council should organize its work in an effective manner, including a horizontal group that would consider the specific questions identified by the General Council. The WTO's work on e-commerce should have the objective of allowing all Members to understand the realities of e-commerce and of clarifying the way WTO rules applied to e-commerce.

234. The representative of Canada said that this matter was very important and required practical consideration. His delegation was disappointed that the General Council could not take a decision on it at the present meeting. He recalled that at the informal meeting of the General Council on 29 February 2000, there seemed to be a broad sense that the work programme, as well as the moratorium, should continue. Members should avoid a legal debate on this matter.

235. The representative of Ecuador said that e-commerce was of great importance to Ecuador. Discussion of it should continue in the WTO, but it would be premature to set up a horizontal group. His delegation welcomed the sequential approach outlined by Switzerland, as this seemed an appropriate way to re-start the work on e-commerce.

236. The representative of Panama said that consultations on this matter could benefit from some of the progress in consultations on internal transparency.

237. The representative of India said that her delegation looked forward to consultations on all aspects of the Declaration. She reiterated the importance her delegation attached to the exploratory work on e-commerce, including on how to help developing countries. Regarding the forum for this work, India preferred to have the technical bodies examine all the issues under e-commerce. While discussion in the WTO bodies examining these issues to date had been educational, it had not progressed sufficiently to reach agreement on any issue. Since a number of substantive and technical issues raised needed time to be understood, and the debate on e-commerce needed to be made more intensive and wide before any views on future action could evolve, India preferred to have the subsidiary bodies carry on their work, rather than having a distinct group for this. The organization of work could be reviewed by the General Council at a subsequent stage. India had a different view of how the trigger mechanism in the Declaration worked. In October 1999 the General Council had agreed that this matter would be presented to Ministers on the basis of the preparatory process, and that the decision of the Ministers would guide the General Council on how to proceed. India had understood that the General Council's annual report would reflect that the latter had agreed to forward

the reports of the relevant subsidiary bodies to Ministers. In the absence of guidance from Ministers, discussion of continuation of the moratorium on customs duties on electronic transmissions lacked a legal basis. However, India was willing to continue the examination of e-commerce issues, provided this included all issues related to this subject and not just those identified by some delegations.

238. The representative of New Zealand said that further informal consultations in the coming weeks would provide a valuable opportunity to explore views on the work carried out to date under the work programme and to consider follow-up action. To ignore this issue at the present juncture would be a sorry and critical commentary on the WTO's treatment of new and active forms of commerce that affected both developed and developing country Members. All stood to benefit from further rigorous analysis under the work programme. Given that e-commerce was merely a means of delivery of trade subject to the full range of WTO rules, it would be logical to continue to pursue e-commerce issues through the standing WTO bodies, while benefitting from coordination at the General Council level.

239. The representative of the European Communities said that a subject as important and complex as e-commerce required careful preparation so that the right options could be decided. In February 2000 Members had signalled their will to resume discussions on the work programme. It was now necessary to take stock of the results under the work programme. Building on the latter, the General Council should make a report setting out the results. The work programme should resume on outstanding issues, and the General Council should consider setting a deadline – perhaps the Fourth Ministerial Conference – for it to add conclusions to its report, or to complete the work if no report could be made on the remaining issues. At present, outstanding issues should be addressed in the appropriate corresponding bodies. As others had said, the key was that work proceed as a matter of urgency.

240. The representative of the Czech Republic said that his delegation supported the Chairman's procedural proposals. Any lengthy procedural debate should be avoided. The work programme had proved its value, and good progress had been made on its various elements. However, much work remained to be done in order to better understand what was at stake and the concrete steps that were needed. The Czech Republic fully supported the continuation of the work programme and the continued involvement of the WTO in this important issue.

241. The representative of Uruguay said that during discussions on this issue under the work programme, it had been noted that some issues needed more thorough analysis.

242. The representative of Argentina said that e-commerce was a key issue. He noted that while some Members had raised the need for a methodology and future action, others had raised more deep-rooted issues concerning the decisions taken on this subject in the past. Argentina was confident that consultations of an appropriate nature would be held in the best possible context.

243. The representative of Australia said that his delegation agreed that the work programme had to be taken forward and completed, according to the May 1998 Declaration. This work should take place in a highly focussed fashion with the aim of providing recommendations on important issues to Ministers at their Fourth Session. The focus should be on the issues outstanding, as highlighted by the subsidiary body reports submitted to the General Council in July 1999. Given the technical nature of this work, Australia could support the establishment of a special-purpose, i.e. temporary, non-negotiating group to handle the cross-cutting issues. This group could liaise as necessary with other relevant subsidiary bodies and report to the General Council as directed. It should have specific terms of reference and a sunset clause – probably the Fourth Ministerial Conference. Australia did not envisage the work programme continuing beyond the Fourth Ministerial Conference, as it did not want e-commerce to become institutionalized as a special, distinct issue within the WTO. Rather, it

should continue to be viewed as just another way of doing business within the scope of WTO rules and disciplines.

244. The representative of Hungary said that his delegation agreed with the Chairman's procedural proposals. It was an undeniable fact that a majority of delegations present were in favour of resuming the work on e-commerce, and this was a solid basis for the Chairman's efforts to reach a consensus on how to proceed with this work.

245. The representative of Turkey said that much progress had been made under the work programme during the past two years. His delegation looked forward to further discussion of e-commerce along the lines suggested by the Chairman.

246. The representative of Israel said that Israel recognized the importance of e-commerce in trade as well as development. The work on e-commerce should continue, and he welcomed the Chairman's proposals in this regard.

247. The representative of St. Lucia said that her delegation was aware of the potential benefits of e-commerce for small economies given the size constraints of these countries, and was interested in an assessment of the economic and financial development implications of e-commerce for developing countries. St. Lucia agreed with New Zealand that e-commerce was simply a means of delivery of trade, and the more distinct treatment it received the more potential it had for trade distortion. Therefore, the work on e-commerce should continue in the existing WTO bodies.

248. The General Council took note of the statements, agreed that the Chairman would conduct consultations on the way to proceed with this issue, and agreed to revert to this matter at its July meeting.

11. Accessions to the WTO

(a) Statement by the CEFTA Members, Estonia and Latvia

249. The Chairman recalled that this item had been included on the agenda at the request of the CEFTA Members, Estonia and Latvia, and invited the representative of Poland, speaking on behalf of those delegations, to introduce it.

250. The representative of Poland, on behalf of the CEFTA Members, Latvia and Estonia, said that in the past these countries had often stressed the importance of accelerating the accession process on the basis of full adherence to existing rules and disciplines and mutually satisfactory conditions. The successful conclusion of accession negotiations would considerably contribute to the stability of the world economy by bringing the applicants' economic policies under WTO rules and disciplines, as well as accelerate their economic reforms. Members had discussed this issue at the June 1999 General Council meeting, and had generally supported the idea that the process of accession should be accelerated as much as possible, in particular in the course of 1999 prior to the launching of a new round of trade negotiations. The CEFTA Members, Latvia and Estonia had supported the Community's idea of intensifying accession negotiations for countries that showed the appropriate level of preparedness to conform their economic systems to WTO rules, and to offer meaningful market-access commitments. They noted with satisfaction that two countries from their region, as well as Jordan, had acceded to the WTO in 1999 and 2000 respectively, and looked forward to Georgia's accomplishment of its domestic requirements for accession. Nevertheless, the number of accessions in recent years was not what it could have been. Acceding countries should be encouraged to accelerate and strengthen systemic economic reforms. Members should demonstrate their determination to keep the multilateral trading system open to those who could prove their ability to be an effective part of it, and who would offer meaningful market-access concessions. The CEFTA

Members, Latvia and Estonia hoped that acceding countries would respond with intensification of their efforts, and noted with satisfaction the decision on the participation of acceding countries in the mandated negotiations. However, certain difficulties in the accession process could not be attributed to acceding countries, and in some cases the process had been blocked due to issues that were neither directly related to WTO rights and obligations nor possibly subject to future multilateral negotiations. Certainty and predictability should be assured in the accession process, which should be as efficient as possible. Organizational measures, such as the early submission of questions and of draft proposals to the working parties, should endeavour to draw relevant conclusions, consolidate agreement reached during the process and help to focus debate. Members should assess the accession process in the light of these comments in order to work together towards a successful completion of the still-pending cases.

251. The representative of the European Communities said that his delegation shared Poland's view that it was in the WTO's interest to make every effort to complete the accession process of as many applicants as possible before the launch of new multilateral negotiations. Members should be responsive to the considerable efforts acceding countries were making across a wide range of complex and challenging WTO Agreements to complete their accession processes.

252. The representative of the United States said that her delegation had actively participated in the accession negotiations of Albania, Croatia and Lithuania, as it believed that WTO membership offered the best opportunity to integrate into the global trading system. The United States had provided considerable technical assistance to these countries as well as to other applicants so as to facilitate their accession processes. The United States had completed its bilateral negotiations with Croatia and Albania, and was prepared to join a consensus to complete their accession processes. Regrettably, these two accession packages had been blocked by another Member, after all partners had concluded their market-access negotiations. The United States had approached these accession negotiations in a constructive spirit and remained ready to continue this process.

253. The representative of Brazil said that his delegation hoped to conclude most of the accession negotiations soon. Brazil had recently indicated to acceding countries its willingness to contribute to this, and was waiting for a reply from the parties concerned. Regarding the accession of LDCs and developing countries, Brazil remained flexible.

254. The representative of Croatia, speaking as an observer, said that her country's accession process had lasted six and a half years, during which eight Working Party sessions and 20 rounds of bilateral negotiations had been held. With the exception of negotiations with two major partners on one issue related to a services commitment, all bilateral negotiations had been concluded. Croatia had already assumed its WTO commitments and obligations, and it had accepted some obligations that went beyond the requirements of the Uruguay Round Agreements. Regrettably, this had not been enough to conclude its accession process. The current situation was similar to that experienced by the Baltic States. Croatia's main concern was how to find a way out of the present stalemate so as to complete its accession process. As an economy in transition, Croatia needed to be part of the WTO trading system to complete its internal political and economic reforms and to achieve long-term stability and growth.

255. The representative of Lithuania, speaking as an observer, said that his country had shown the appropriate level of preparedness to conform its economic system to WTO rules. It had made the necessary commitments to implement all the WTO Agreements without transition periods, and had adopted the necessary legal acts to incorporate all WTO obligations into its national legislation. Lithuania confirmed its readiness to continue and finalise its accession negotiations, and asked Members to accelerate this process by concrete deeds.

256. The representative of Moldova, speaking as an observer, said that his country had requested WTO accession in May 1994. Six years later, Moldova had concluded all its bilateral negotiations. It shared the concerns expressed by Poland regarding requests for concessions that went beyond the scope of rights and obligations under existing WTO Agreements. WTO accession had an important role to play in Moldova's present economic context, and could not be delayed because of divergences between certain Members.

257. The representative of the Russian Federation, speaking as an observer, said that his country had recently tabled its revised offer on industrial tariffs and agriculture, and more than six months earlier had tabled its offer on services, thereby covering all basic elements of the accession package to be negotiated. The Russian Federation looked forward to entering the substantive phase of its accession process, and hoped that Members could accelerate the pace as much as possible. The next meeting of the Working Party would take place at the end of May, and he invited all interested Members to take advantage of this opportunity to continue or to start bilateral negotiations on trade in goods and services with his delegation's capital-based experts.

258. The General Council took note of the statements.

12. Review of procedures for circulation and derestriction of WTO documents

259. The Chairman recalled that at the informal meeting of the General Council on 29 February 2000, Mr. Rodriguez, Deputy Director-General, had been requested to resume consultations on the circulation and derestriction of WTO documents. Due to intensive consultations in the last two months on the issues identified at the February 2000 meeting of the General Council, there had not been time to carry out consultations on this matter. He proposed that the General Council revert to this matter at its July meeting.

260. The General Council so agreed.

261. The representative of the United States recalled that Members had come close to improving on the 1996 Decision on derestriction, including dispute settlement panel reports and the release of findings and conclusions in all WTO languages when the reports were adopted. These improvements, particularly with respect to the release of panel reports, would be beneficial, and her delegation had hoped that at the present meeting Members would be in a position to agree on them. She noted that the Chairman had circulated an informal paper on this matter in Job No.1629 of 14 March 2000. Her delegation hoped that the resumed consultations would produce results, as this was becoming a matter of credibility for the WTO.

262. The representative of Mexico said that the Note in Job No. 1629 confirmed Mexico's view that the WTO was neither an opaque nor a clandestine organization. Between 18 July 1996 when the Decision had been adopted, and 31 December 1999, an average of 64.4 per cent of WTO documents had been circulated as unrestricted. Of the 35.6 per cent of documents that had initially been circulated as restricted, 27.4 per cent had been derestricted and 8.2 per cent remained restricted. Of the documents remaining restricted, only 0.4 per cent would remain so, and related mainly to documents issued by the Committee on Budget, Finance and Administration and to those containing information provided by other international organizations and thus subject to the derestriction rules of those organizations. Therefore, there seemed to be a misunderstanding about the secret character of the WTO, and the figures in the Secretariat Note confirmed this.

263. The Chairman said there was a clear need for consultations before the General Council reverted to this matter in July.

264. The General Council took note of the statements.

13. Accreditation of permanent representatives to the WTO

(a) Statement by the Chairman

265. The Chairman recalled that in 1997, Mr. Lafer, in his capacity as Chairman of the General Council, had raised the issue of accreditation of permanent representatives to the WTO. Since the WTO was no longer legally associated with the United Nations system, Mr. Lafer had proposed that Members agree to send separate notes of accreditation of their permanent representatives in Geneva to the WTO, and that they no longer continue to send the WTO a copy of the letter of accreditation addressed to the United Nations in Geneva. Following informal consultations, most missions appeared to be following the practice of addressing a separate note of accreditation to the Director-General of the WTO. Thus, the problem no longer seemed to exist. However, as a few delegations needed more time to consider this matter, he proposed that the General Council revert to this matter at its July meeting.

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

14. Revision of guidelines for the scheduling of WTO meetings

267. The Chairman, speaking under "Other Business", drew attention to the document circulated by the Secretariat at the request of the General Council containing comparative tables on the number of WTO meetings in 1998 and 1999 (Job No. 2005 of 30 March 2000). These tables appeared to indicate a trend towards a flattening out of the number of meetings, particularly if one took account of the surge of informal meetings at the end of 1999 in preparation for the Seattle Ministerial Conference. The problem of the concentration of meetings in the mid-week period also seemed to be disappearing, and the dearth of meetings on Mondays and Fridays might have been due to the incidence of holidays and non-working days, as well as to the fact that meetings convened for two days or more often finished earlier. He invited delegations to inform him as to whether they considered this matter warranted further consultations, and recalled that this was one of the matters included in the discussion paper on Internal Transparency and the Effective Participation of all Members (Job No. 2551 of 26 April 2000).

268. The representative of Mexico said that Table 2 of the Secretariat Note (Job No. 2005) indicated that although there was a trend towards the streamlining of the distribution of meetings throughout the week, there were occasions where there had been up to 29 half-day meetings on one day of the week on a monthly basis, making it virtually impossible for a delegation to attend all these meetings. He recalled that the Informal Group of Developing Countries had circulated a document on this issue, and suggested that it be discussed at the July General Council meeting. He was interested to hear other delegations' views as to whether the problem had ceased to exist or whether they were still suffering from it. This item should be kept on the General Council's agenda.

269. The representative of Slovenia recalled that at a previous meeting his delegation had expressed concern about the cumulation of meetings on the same date and about the uneven distribution of meetings among days of the week. This affected small delegations' organization of work and their participation in meetings. Table 2 of the Note provided monthly figures as a whole but did not give any indication of the cumulation problem. Improvement in this area would help small delegations to follow and to participate in all meetings.

270. The representative of Panama said that this question was particularly important to small delegations who had to decide on a daily basis which meetings to attend. He asked the Secretariat to provide a breakdown of the figures in Table 2 of the Note according to the nature of the meetings, in order to determine whether there had in fact been a flattening out of meetings and an equalization in the scheduling of meetings throughout the week.

271. The representative of India said that although the Note showed that the distribution of meetings was not uneven on average, one should try to ensure that meetings were distributed more evenly so that there would be more effective participation of smaller delegations in all meetings. He welcomed consultations on this issue, in which his delegation would participate.

272. The representative of Pakistan said that his delegation would examine the Secretariat Note and would revert to some points later. He had three comments: first, because of the inevitable proliferation of meetings, ways should be considered to inform smaller delegations of the proceedings of meetings. For formal meetings, minutes could be made available more quickly, and for informal meetings, a synopsis of the discussions could be provided. Second, one should consider how meetings were clustered and whether the agreed guidelines on scheduling of meetings could have been followed. Third, Pakistan preferred that this issue be treated separately from internal transparency issues.

273. The Chairman proposed that Mr. Rodriguez hold consultations on this issue while he was consulting on the derestriction issue, since both related to Secretariat practices in implementing guidelines. He also proposed that the General Council revert to this issue at its July meeting.

274. The representative of Mexico said that both items should appear on the General Council's agenda separately, so that each could be dealt with on its own merit.

275. The Chairman said that this was his intention, but that for information purposes regarding Secretariat practices, the two issues could be taken up together.

276. The General Council took note of the statements and agreed to the Chairman's proposals.

15. Chairmanship of the Working Party on the Accession of Azerbaijan

277. The Chairman, speaking under "Other Business", informed the General Council that Mr. Lewalter (Germany) had agreed to chair the Working Party on the accession of Azerbaijan.

278. The General Council took note of this information.

16. Chairmanship of the Working Party on the Accession of Ukraine

279. The Chairman, speaking under "Other Business", informed the General Council that Mr. Marchi (Canada) had agreed to chair the Working Party on the accession of Ukraine.

280. The General Council took note of this information.

17. Reports of the first Special Sessions of the Committee on Agriculture and of the Council for Trade in Services

281. The Chairman, speaking under "Other Business", recalled that at its meeting in February 2000 the General Council had agreed that the negotiations on agriculture and services under Article 20 of the Agreement on Agriculture and Article XIX of the General Agreement on Trade in Services would be carried out in the Committee on Agriculture and in the Council for Trade in Services respectively, meeting in special sessions. The reports on the first Special Sessions of these bodies had been circulated in G/AG/NG/1, G/AG/NG/R/1 and S/CSS/M/1.

282. The representative of Argentina said that if future consideration by the General Council of the reports of the special sessions of the Committee on Agriculture and of the Council for Trade in Services was to occur only upon request by Members and under "Other Business", this was not the

best way for the General Council to have a consistent overview of the progress achieved in the mandated negotiations. This matter should be a standing item on the General Council's agenda.

283. Mr. Marchi (Canada), Chairman of the first Special Session of the Council for Trade in Services, agreed with Argentina's statement. It would be useful for the General Council to discuss at what intervals the reports of the Special Sessions of the Committee on Agriculture and of the Council for Trade in Services should be produced by these two bodies. Discussions with a number of delegations in the Council for Trade in Services indicated that an oral report or a statement by the Chairman could be made at the July General Council meeting that would allow Members to hold discussions based on that report or statement. Consultations might be held in order to identify the appropriate way to proceed, taking into account the principle of parity between the agriculture and services negotiations.

284. Mr. Farrell (New Zealand), Chairman of the first Special Session of the Committee on Agriculture, said that Argentina had raised an important point regarding the need to provide the General Council with an opportunity to discuss the reports of the special sessions of the bodies in question. The Committee on Agriculture had followed the procedure required, which was to provide a brief and purely factual report to the General Council. Members could comment on that report if they so wished.

285. The representative of Mexico said that this was an important issue and his delegation wished to be included in any consultations on it.

286. The representative of Uruguay said that his delegation shared the concern expressed by Argentina. In reaching agreement on the procedure to apply to the mandated negotiations, Members had sought to establish parity between the Council for Trade in Services and the Committee on Agriculture although, de facto, these bodies were not equal. Thus, Members had agreed that negotiations would be held in special sessions, and that reports thereon would be submitted to the General Council. In order to ensure proper implementation of that agreement and to allow Members to discuss the reports, they should be included as a standing item on the General Council's agenda.

287. The representative of Brazil supported Uruguay's statement. Members could thus examine the implications of the reports and decide whether to discuss them.

288. Mr. Farrell (New Zealand), Chairman of the first Special Session of the Committee on Agriculture, said that for the mandated negotiations on agriculture there was an obligation to report to the General Council after each special session of the Committee.

289. The Chairman proposed that the reports of the first Special Sessions of the Committee on Agriculture and the Council for Trade in Services be taken up at the July General Council meeting. Subsequently, and for the duration of the mandated negotiations in question, the reports on them would be a standing item on the General Council's agenda.

290. The General Council agreed to the Chairman's proposal and took note of the statements.

18. Observer status for international intergovernmental organizations

291. The Chairman, speaking under "Other Business", said that this was one of the important pending issues before the General Council and that there seemed to be a general wish among Members to resolve this matter. Therefore, he would resume consultations on it as soon as possible. He recalled that this matter was discussed at the July 1999 General Council meeting, at which time a solution was quite close, and he hoped that Members could move quickly on it.

292. The General Council took note of the statement.

19. High-Level International Intergovernmental Event on Financing for Development

293. The Chairman referred to the communication from the Co-Chairmen of the Bureau of the Preparatory Committee for the High-Level International Intergovernmental Event on Financing for Development and to the response to that communication, circulated to Members through a fax dated 12 April 2000. As indicated in the response, he had invited members of the Bureau to an informal meeting in the week of 8 May to discuss with WTO permanent representatives in Geneva and senior officials of the WTO Secretariat the possible contribution of the WTO to this event. The Bureau had subsequently suggested that this meeting be held on 19 May, and he would circulate this communication to Members. Delegations interested in participating in this informal meeting on 19 May were invited to inform him accordingly.

294. The General Council took note of this information.

295. The representative of Bolivia asked what the Chairman's intentions were regarding consultations on procedures for the selection of the Director-General.

296. The Chairman said that due to time constraints and certain urgent issues, such as transparency, implementation and e-commerce, it had not been possible to take up this issue. He intended to start consultations on procedures for the selection of the Director-General as soon as this was possible.

297. The General Council took note of the statements.

ANNEX I

Draft General Council Decision on Implementation-Related Issues to be Included in Chairman's Statement*

In consultations held over the past weeks, the following elements have emerged around which I propose that a decision be taken by the General Council:

- Members recognize that the implementation of some WTO agreements and decisions has given rise to serious concerns among many developing country Members. They also recognize the importance, in this regard, of continuing the work on implementation begun pursuant to paragraphs 8 and 9 of the Ministerial Declaration of May 1998, and that progress in addressing these implementation concerns would enhance confidence in the multilateral trading system.
- Members agree that the General Council, meeting in special sessions, will address outstanding implementation issues and concerns, particularly those raised during the preparations for the Third Session of the Ministerial Conference.¹ The first such special session should be held no later than June 2000, and the process should be completed not later than the Fourth Session of the Ministerial Conference. In addressing these issues, the General Council will assess the existing difficulties, identify ways needed to resolve them, and take decisions for appropriate action.
- In carrying out its work, the General Council may direct other WTO bodies to provide any appropriate inputs and to take any appropriate action. The General Council may also take into account any implementation-related issues under consideration in other WTO bodies.
- This process shall be without prejudice to any future decisions that may be taken by the General Council to further advance its work in this area, including in the context of possible further multilateral trade negotiations.

* Text proposed by the Chairman and agreed to by the General Council.

¹ Footnote to text: These issues include the issues on implementation raised by a number of developing countries during the course of preparations for the Third Session, as reflected in the compilation of proposals in document Job (99)/4797/Rev.3 of 18 November 1999 and in paragraphs 21 and 22 of the draft Ministerial Text of 19 October 1999 (Job(99)5868/Rev.1).

ANNEX II

TRIMs Transition Period Issues*

In consultations held over the past weeks regarding the transition period issues in the TRIMs Agreement, and taking into account the Chairman's statement on 17 December in the General Council urging countries to exercise restraint on deadline issues:

- Members have noted the efforts made by many developing-country Members to implement their commitments under the TRIMs Agreement within the time period provided to them under Article 5.2, and that some Members have decided to exercise their rights under Article 5.3 to request an extension of the transition period for their measures notified under Article 5.1.
- Members have also indicated that there is a need to preserve the multilateral character of this process and that the requested extensions shall be examined in accordance with the rights and obligations of Members under Article 5.3 of the TRIMs Agreement, taking into account the particular difficulties of any kind, including internal and external, encountered by developing countries in implementing the provisions of the Agreement, and the development, financial and trade needs of the country in question.
- Taking into account such elements, Members agree to direct the Council for Trade in Goods to give positive consideration to individual requests presented in accordance with Article 5.3 by developing countries for extension of transition periods for implementation of the TRIMs Agreement.
- Members have noted the concerns of those Members who have not notified TRIMs or have not yet requested an extension. Consultations on the means to address these cases should also be pursued as a matter of priority, under the aegis of the General Council, by the Chairman of the Council for Trade in Goods.
- Members affirm that the above decisions are without prejudice to the mandated review provided for in Article 9 of the TRIMs Agreement.
- The Chairman of the Council for Trade in Goods should be invited to pursue informal consultations in order to facilitate the process and to reinforce the multilateral character of the exercise and its rapid conclusion. The Chairman of the Goods Council should also be invited to keep the General Council informed of progress including information provided by the parties concerned.

* Text proposed by the Chairman and agreed to by the General Council.