The WTO enters into force

Smooth launch: The Implementation Conference, on 8 December at the International Conference Centre of Geneva, agrees to make the WTO operational on 1 January 1995. Opening the meeting at right is GATT Director-General Peter Sutherland. (T. Tang/GATT)

The Implementation Conference, on 8 December, unanimously confirmed 1 January 1995 as the date of entry into force of the World Trade Organization (WTO) with members pledging to make every effort to quickly conclude ratification of the WTO Agreement.

In a business-like fashion, the two parts of the Conference - first, a meeting at senior officials level of the Preparatory Committee for the WTO chaired by GATT Director-General Peter Sutherland, and second, the Sixth Special Session of the Contracting Parties chaired by Ambassador András Szepesi (Hungary) - took decisions aimed at ensuring an orderly transition from GATT to the WTO. It decided to set a period of one year for co-existence between GATT 1947 and the WTO, which provides a reasonable period of time to settle outstanding disputes. Another decision takes account of the situation of GATT members that would be unable to ratify the WTO agreements early next year.

In separate decisions, the Conference also set a one-year period of co-existence between the Tokyo Round Agreements on Anti-Dumping Practices and on Subsidies and Countervailing Measures and their WTO counterparts. At the same time, it invited the Committees of these Tokyo Round Agreements to maintain their dispute-settlement mechanisms for a period of two years. This longer period takes into account the fact that anti-dumping and countervail cases are usually more techni-

Continued on page 5

General Council meets end of January, Sutherland becomes first WTO Director-General

The WTO General Council will hold its first meeting on 31 January 1995 to put in place the new organization's working structure and appoint presiding officers of various WTO bodies. This was agreed at the final meeting of the PrepCom on 21 December.

The PrepCom Chairman, Mr. Peter Sutherland, announced that on that day, 71 governments had either formally ratified the WTO Agreement or concluded their domestic processes. He expected more governments to be

Continued on page 8
Chairman pays tribute to the GATT on the eve of the WTO

The GATT Headquarters: for nearly half a century, “the only multilateral bulwark against protectionism”.

In opening the Fiftieth Session of the Contracting Parties (8-9 December), the Chairman, Ambassador András Szepesi of Hungary, paid tribute to the GATT on eve of the entry into force of the new World Trade Organization (WTO).

“Established as an interim arrangement, GATT has gained in stature over the years as the only multilateral bulwark against protectionism,” he said. Ambassador Szepesi said that the 13-fold increase in world trade since 1950 would not have happened without the GATT. In welcoming the decision of the Implementation Conference to set 1 January 1995 as the date of WTO’s entry into force, he reminded delegations that the WTO itself was a result of GATT’s most challenging round of negotiations.

On the prospects for the world economy, Ambassador Szepesi said that GATT economists have estimated that global trade growth this year would be double last year’s 3-1/2 per cent. For the future, he said that the significant reductions in tariff and non-tariff barriers negotiated in the Uruguay Round “will give the international trading environment a new dynamism and vitality”.

“CROWNING ACHIEVEMENT”

Welcoming the decision by the Implementation Conference to make the WTO operational at the beginning of the new year, many contracting parties stressed that the WTO represented a reaffirmation of the rule of law in trade and economic relations, a reversal of longstanding protectionist practices in

---

Japan urged members to ensure the effectiveness of the WTO right at the start by refraining from unilateral and arbitrary trade actions. Uganda said the WTO represented new economic opportunities that developing countries should immediately seize. Paraguay

said that the increased coverage of the WTO meant that the level of technical assistance to developing countries should also be commensurately raised.

Looking ahead, Australia predicted that 1995 would be “the year of accessions”, and that new members would add strength to the WTO. Speaking as an observer, the Russian Federation said that it would be handing its request to join the WTO, adding that membership in the new organization was an “essential part” of its reforms. Another observer, China, said that it had been unswerving in its efforts to return to the GATT, including actively participating in the Uruguay Round negotiations. It stressed that GATT/WTO membership would not only benefit China but also the whole world.

Ambassador Szepesi, in summing up the discussions, noted that several countries had emphasized the need to ensure that the balance in the Uruguay Round agreements was fully maintained in the implementation phase. The Conference’s decisions aimed at a harmonious transition from the GATT to the WTO, particularly in the area of dispute settlement, were widely praised. The role of the WTO Agreement in consolidating and extending the trade and economic reforms undertaken in recent years by developing and transition economies was also recognized.

The Chairman concluded: “the discussions confirmed the historic importance of the establishment of the WTO, while pointing to the challenges that lie ahead to ensure that the WTO becomes the framework for a truly global trading system, whose benefits are shared by all countries”.

REPORT BY THE COUNCIL

While the GATT members’ priority in 1994 concerned preparations for the WTO, the Council still managed to cover a wide range of issues during the year, according to its Chairman, Ambassador Mounir Zahran (Egypt).

A major aspect of the Council’s work was dealing with requests for accession and for observer status. Ambassador Zahran said that since the 49th Session in late January 1994, GATT membership had risen to 124 with the accession of Angola, Grenada, Guinea Bissau, Honduras, Liechtenstein, Qatar, St. Kitts and Nevis, Slovenia and the United Arab Emirates. The Council established two accession working parties, on Estonia and on Lithuania, respectively. Four countries - Georgia, Sudan, Uzbekistan and Vietnam - were granted observer status. The Council
Guinea becomes 125th GATT member

On 8 December 1994, the Republic of Guinea became the 125th member of the GATT following its notification to Mr Peter Sutherland, GATT Director-General, under the terms of Article XXVI:5(c) of the General Agreement.

The government of France notified the contracting parties on 24 June 1994 that the Republic of Guinea had acquired full autonomy in October 1958 for the conduct of its external commercial relations and other matters provided for in the General Agreement. Guinea has been applying GATT on a de facto basis since its independence. Under these circumstances, Guinea needed only to notify the GATT Director General that it wished to be deemed a contracting party according to the provisions of Article XXVI:5(c). In its notification, Guinea also stated its intent to become a member of the World Trade Organization.

had identified a number of procedures to help conclude accession negotiations in the most effective manner.

Trade policy reviews had become a central part of the GATT surveillance function, according to Ambassador Zahran. Eleven such reviews had been carried out by the Council since the last Session: the third reviews of Canada and the United States, second reviews of Australia, Hong Kong and Indonesia, and first reviews of Iceland, Macau, Peru, Senegal, Tunisia and Zimbabwe. Ambassador Zahran said that further improvements were made during the year to streamline the system and promote a more lively and focused discussion.

Regarding settlement of disputes, the Council Chairman said that activity in this area had been declining as members await the entry into force of the improved dispute-settlement mechanism under the WTO (see previous Focus).

The trend towards the establishment of free-trade agreements and customs unions had continued this year, according to Ambassador Zahran. However, he noted that the GATT requirements for biennial reporting on regional arrangements had not been followed for quite some time, and reiterated his recommendation to the Council that this matter be taken up by either the GATT Council or the WTO General Council next year.

THE COMMITTEE ON TRADE AND DEVELOPMENT In the Committee on Trade and Development, the subject of developing countries' participation in world trade has taken on particular importance in the light of the establishment of the WTO, according to its Chairman, Ambassador Ernesto Tironi (Chile). He said that at the CTD's meeting on 21 and 25 November (see Focus No. 112), it was pointed out that while the developing countries' share in world trade had risen to 25 per cent, the shares of various regions, particularly of Africa, were uneven. He added that the discussions would be the initial reference point for future evaluations of developing countries' trade.

Ambassador Tironi reported that in consultations, CTD members had agreed on the terms of reference for the WTO Committee on Trade and Development. He said that the agreement pointed the way to a future work programme regarding the results of the Uruguay Round.

WAIVERS TO LOMÉ IV, TRADE MEASURES RELATED TO GERMAN UNIFICATION The Contracting Parties approved a draft decision granting a GATT waiver to the Fourth Convention of Lomé between the European Community and the ACP (Africa, Caribbean and Pacific) countries, and submitted it to a vote by the contracting parties. The required two-thirds affirmative majority was reached at the close of the Session.

The decision waives the m.f.n. proviso of the GATT on EC preferential treatment for ACP products as set out under Lomé IV. It requires Lomé signatories to submit annual reports to GATT and, upon request, to engage promptly into consultations with GATT members on any difficulty that may arise as a result of the preferential trade. Should consultations fail to solve the problem, the GATT member concerned can bring the matter before the Contracting Parties, or have recourse to the dispute-settlement provisions of the GATT.

The United States and Guatemala expressed continuing concerns over EC measures on imports of bananas, and reserved their right to take action if these were not addressed by the EC.

The Contracting Parties approved a draft decision extending until the end of 1995 the waiver granted to EC's transitional measures connected with German unification and submitted it to a vote by

Traditional market: GATT grants waiver to EC's preferential trade for the ACP countries. (ILO Photo)
Trade and Environment.

of the ICITO, chaired by Ambassador

been provided by the Interim Com­

General Council; and the composition

agenda for the first meeting of the WTO

authorities; the date and provisional

lowing: the conclusion of the WTO

delgations to intensify work on the fol­

outstanding issues

to the Final Act unable to ratify the

WTO Agreement to participate in

meetings of the new organization but

without the right to vote for a period

of seven months from the date of entry

into force of the WTO, i.e. until 31

July 1995;

• Transitional arrangements to avoid

procedural and institutional duplica­

ination to both bodies and the holding

of joint or successive meetings, as ap­

propriate.

Mr. Sutherland cited the "tremen­

doously useful work by the Chairmen

of the Sub-Committees in the clearing

the decks". (They are Ambassador Szepesi

of the Sub-Committee on Budget, Fin­

ance and Administration; Ambassador

K. Kesavapany of the Sub-Committee

on Institutional, Procedural and Institu­

tional Matters; Ambassador Christer

Manhusen of the Sub-Committee on

Services; and Ambassador Luiz Felipe

Lampreia of the Sub-Committee on

Trade and Environment.)

The PrepCom Chairman said that

thanks to the results achieved in the Sub-

Committees, the outstanding issues

have been reduced to three. He called on

delegations to intensify work on the fol­

owing: the conclusion of the WTO

Headquarters Agreement with the Swiss

authorities; the date and provisional

agenda for the first meeting of the WTO

General Council; and the composition

and chairmanship of the Textiles Moni­

toring Body.

The PrepCom agreed to hold its next

and final meeting on 21 December.

Since the establishment of the GATT

in 1947, its Secretariat services have

been provided by the Interim Com­

mission for the International Trade Or­

ganization (ICITO). Following the

Conference, the Executive Committee

of the ICITO, chaired by Ambassador

Mounir Zahran (Egypt), met for the last

time. It authorized its Executive Secre­

tary, Mr. Peter Sutherland, to sign on its

behalf the Agreement transferring

assets, liabilities and staff from

ICITO/GATT to the WTO. The ICITO

Secretariat will continue to service the

GATT and the WTO until 30 June 1995,

at which time the Director-General of

the WTO should have appointed the

members of the WTO Secretariat. On

that date, the ICITO will cease to exist.

The texts of some of the decisions

taken by the Implementation Con­

ference for an orderly transition from the

GATT to the WTO follow:

TRANSITIONAL CO-EXISTENCE

OF THE GATT 1947 AND THE

WTO AGREEMENT

Decision of 8 December 1994

The PREPARATORY COMMITTEE

FOR THE WORLD TRADE ORGAN­

IZATION

invites the CONTRACTING PARTIES

to the General Agreement on Tariffs and

Trade 1947 to take the following deci­

sion:

The CONTRACTING PARTIES to the

General Agreement on Tariffs and

Trade (hereinafter referred to as “GATT

1947”),

Noting that not all contracting parties to

the GATT 1947 meeting the conditions

for original membership in the World

Trade Organization (hereinafter referred

as “WTO”) will be able to accept

the Marrakesh Agreement Establishing

the WTO (hereinafter referred to as

“WTO Agreement”) as of its date of

entry into force, and that the stability of

multilateral trade relations would there­

fore be furthered if the GATT 1947 and

the WTO Agreement were to co-exist

for a limited period of time:

Considering that, during that period of

coeexistence, a contracting party which

has become a Member of the WTO

should not be under a legal obligation to

extend the benefits accruing solely

under the WTO Agreement to contract­
ing parties that have not yet become

WTO Members and should have the

right to act in accordance with the WTO

Agreement notwithstanding its obliga­
tions under the GATT 1947;

Desiring to end the period of co-ex­

istence on a date agreed in advance so as

to provide predictability for policy

makers and facilitate an orderly termina­
tion of the institutional framework of the

GATT 1947;

Decide as follows:

1. The contracting parties that are Mem­

bers of the WTO may, notwithstanding

the provisions of the GATT 1947,

(a) accord to products originating in

or destined for a Member of the WTO

the benefits to be accorded to such prod­

ucts solely as a result of concessions,

commitments or other obligations as­

sumed under the WTO Agreement

without according such benefits to prod­

ucts originating in or destined for a

contracting party that has not yet become

a Member of the WTO; and

(b) maintain or adopt any measure

consistent with the provisions of the

WTO Agreement.

2. The provisions of Article XXIII of the

GATT 1947 shall not apply:

(a) to disputes brought against a con­

tracting party which is a Member of the

WTO if the dispute concerns a measure

that is identified as a specific measure at

issue in a request for the establishment

of a panel made in accordance with Ar­

ticle 6 of the Understanding on Rules
and Procedures Governing the Settlement of Disputes in Annex 2 of the WTO Agreement and the dispute settlement proceedings following that request are being pursued or are completed; and
(b) in respect of measures covered by paragraph 1 above.
3. The legal instruments through which the contracting parties apply the GATT 1947 are herewith terminated one year after the date of entry into force of the WTO Agreement. In the light of unforeseen circumstances, the CONTRACTING PARTIES may decide to postpone the date of termination by no more than one year.

AVOIDANCE OF PROCEDURAL AND INSTITUTIONAL DUPLICATION

Decision of 5 December 1994
The PREPARATORY COMMITTEE FOR THE WORLD TRADE ORGANIZATION
Noting that the General Agreement on Tariffs and Trade (hereinafter referred to as “GATT 1947”) and the Marrakesh Agreement Establishing the World Trade Organization (hereinafter referred to as “WTO Agreement”) are legally distinct and that Members of the WTO may therefore remain contracting parties to the GATT 1947;
Considering that contracting parties to the GATT 1947 and parties to the Tokyo Round Agreements that are also Members of the WTO should not be subjected to the inconvenience of having to notify and consult on their measures and policies twice;
Desiring, therefore, that the bodies established under the GATT 1947, the Tokyo Round Agreements and the WTO Agreement coordinate their activities to the extent that their functions overlap;
Decides to propose the following procedures for adoption by the CONTRACTING PARTIES to the GATT 1947, the Committees established under the Tokyo Round Agreements and the General Council of the WTO:
In the period between the date of entry into force of the WTO Agreement and the date of the termination of the legal instruments through which the contracting parties apply the GATT 1947 and of the Tokyo Round Agreements the following notification and coordination procedures shall apply under the GATT 1947, the Tokyo Round Agreements and the WTO Agreement:
1. If a measure is subject to a notification obligation both under the WTO Agreement and under the GATT 1947 or a Tokyo Round Agreement, the notification of such a measure to a WTO body shall, unless otherwise indicated in the notification, be deemed to be also a notification of that measure under the GATT 1947 or the Tokyo Round Agreement. Any such notification shall be circulated by the WTO Secretariat simultaneously to the Members of the WTO and to the contracting parties to the GATT 1947 and/or the parties to the Tokyo Round Agreement. These procedures are without prejudice to any notification procedures applicable in specific areas.
2. The coordination procedures set out in paragraphs 3 and 4 below shall apply in the relations between the bodies referred to in sub-paragraphs (a) to (d) below:
(a) The following Committees established under the GATT 1947 or a Tokyo Round Agreement shall coordinate their activities with the corresponding Committees established under the WTO Agreement:
- Committee on Trade and Development,
- Committee on Balance-of-Payments Restrictions,
- Committee on Anti-Dumping Practices,
- Committee on Customs Valuation,
- Committee on Import Licensing,
- Committee on Subsidies and Countervailing Measures,
- Committee on Technical Barriers to Trade.
(b) The Committee on Tariff Concessions and the Technical Group on Quantitative Restrictions and Other Non-Tariff Measures of the GATT 1947 shall coordinate their activities with the WTO Committee on Market Access proposed to be established.
(c) The Working Parties established under the GATT 1947 to examine a regional agreement or arrangement shall coordinate their activities with Working Parties of the WTO that examine the same regional agreement or arrangement;
(d) The GATT 1947 Council of Representatives shall coordinate its trade policy reviews with those of the WTO Trade Policy Review Body.
3. The bodies established under the GATT 1947 or a Tokyo Round Agreement that are referred to in paragraph 2 above shall hold their meetings jointly or consecutively, as appropriate, with the corresponding WTO bodies. In meetings held jointly the rules of procedure to be applied by the WTO body shall be followed. The reports on joint meetings shall be submitted to the competent bodies established under the GATT 1947, the Tokyo Round Agreements and the WTO Agreement.
4. The coordination of activities in accordance with paragraph 3 above shall be conducted in a manner which ensures that the enjoyment of the rights and the performance of the obligations under the GATT 1947, the Tokyo Round Agreements and the WTO Agreement and the exercise of the competence of the CONTRACTING PARTIES to the GATT 1947, the Committees established under the Tokyo Round Agreements and the bodies of the WTO are unaffected.
5. The CONTRACTING PARTIES to the GATT 1947, the Committees established under the Tokyo Round Agreements and the General Council of the WTO may decide independently to terminate the application of the provisions set out in paragraphs 1 to 4 above.

PARTICIPATION IN MEETINGS OF WTO BODIES BY CERTAIN SIGNATORIES OF THE FINAL ACT ELIGIBLE TO BECOME ORIGINAL MEMBERS OF THE WTO

Decision of 8 December 1994
The PREPARATORY COMMITTEE FOR THE WORLD TRADE ORGANIZATION, invites the General Council of the World Trade Organization to take the following decision at its first meeting:
THE GENERAL COUNCIL OF THE WORLD TRADE ORGANIZATION, Noting that some of the Signatories of the Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations (hereinafter referred to as “Final Act”) that are eligible to become original Members of the WTO have not been able to complete their domestic procedures for the approval of the Marrakesh Agreement Establishing the World Trade Organization (hereinafter referred to as “WTO Agreement”) before the date of entry into force of that Agreement;
Noting further that some of the Ministerial Decisions included in the Final Act envisage the participation of non-Members of the WTO in the negotiations initiated under them;
Desiring to enable certain Signatories of the Final Act that are eligible to become original Members of the WTO to participate in the deliberations of the bodies of...
the WTO;

Decides as follows:
During a period of seven months following the date of entry into force of the WTO Agreement Signatories of the Final Act Embodying the Results of the Uruguay Round that are contracting parties to the GATT1947 as of the date of this Decision and are eligible to become original Members of the WTO
- may be present and speak at formal or informal meetings of the bodies established under the WTO Agreement other than the Textiles Monitoring Body, and
- shall have access to all documents made available to Members of the WTO for such meetings.
Such Signatories shall not have the right to participate in the decision-making of the bodies established under the WTO Agreement.

TRANSFER AGREEMENT BETWEEN GATT 1947, ICITO AND THE WTO

The PREPARATORY COMMITTEE FOR THE WORLD TRADE ORGANIZATION
Decides to authorize the Chairman of the Preparatory Committee of the World Trade Organization to accept the Agreement set out in the Annex to this decision and
Invites the CONTRACTING PARTIES to the GATT 1947 and the Executive Committee of the Interim Commission of the International Trade Organization to authorize, respectively, the Chairman of the CONTRACTING PARTIES to the GATT 1947 and the Executive Secretary of the Interim Commission of the International Trade Organization to accept the Agreement set out in the Annex to this decision.

ANNEX

Agreement on the Transfer of Assets, Liabilities, Records, Staff and Functions from the Interim Commission of the International Trade Organization and the GATT to the World Trade Organization

The CONTRACTING PARTIES to the General Agreement on Tariffs and Trade (hereinafter referred to as the “GATT 1947”), the Executive Committee of the Interim Commission of the International Trade Organization (hereinafter referred to as the “ICITO”) and the Preparatory Committee for the World Trade Organization (hereinafter referred to as the “Preparatory Committee”),

Noting that:
Articles VI:1 and XVI:2 of the Marrakesh Agreement Establishing the World Trade Organization (hereinafter referred to as the “WTO Agreement”) provide that there shall be a Secretariat of the WTO and that, to the extent practicable, the Secretariat of the GATT 1947 shall become the Secretariat of the WTO;
the duties of the Secretariat of the GATT 1947 are presently being performed by the staff of the ICITO;
the Director-General of the WTO, according to Article VI:3 of the WTO Agreement, will be able to appoint the members of the staff of the WTO Secretariat only after the Ministerial Conference or General Council of the WTO has adopted regulations governing the duties and conditions of service of the staff;
Recalling that paragraph 8(a) of the Ministerial Decision on the Establishment of the Preparatory Committee adopted on 14 April 1994 authorizes the Preparatory Committee to take, as appropriate, decisions in advance of the establishment of the WTO, inter alia, on financial regulations, the budget estimates for the first year of operation of the WTO, the transfer of the property of the ICITO and the GATT 1947 to the WTO, and the terms and conditions of the transfer of ICITO staff to the Secretariat of the WTO;
Agree as follows:
1. As from the date of entry into force of the WTO Agreement, all assets and liabilities of the GATT 1947 and the ICITO shall be assets and liabilities of the WTO. The assets and liabilities of the GATT 1947 and the ICITO shall include the assets held and the liabilities incurred in the name of ICITO/GATT. 2. The Director-General of the WTO, acting in accordance with the provisions of Articles VI:3 and XVI:2 of the WTO Agreement, shall appoint the members of the staff of the Secretariat of the WTO on or before 30 June 1995, provided that the General Council of the WTO has adopted prior to that date regulations governing the duties and conditions of service of the members of the staff of the WTO Secretariat, including regulations on contract of employment policy, salaries and pensions. 3. The staff of the ICITO shall perform the duties of the Secretariat of the WTO until the appointment of the staff of the Secretariat of the WTO. The staff of the ICITO shall continue to perform the duties of the GATT 1947 Secretariat and those of the Secretariat of the bodies established under the Tokyo Round Agreements until the appointment of the staff of the Secretariat of the WTO; thereafter these duties shall be performed by the Secretariat of the WTO. 4. The ICITO is herewith dissolved as of the date on which the members of the Secretariat of the WTO are appointed. On that date the records of the ICITO shall be transferred to the WTO. 5. The Director-General of the WTO shall perform the depository functions of the Director-General of the GATT 1947 after the date on which the legal instruments through which the contracting parties apply the GATT 1947 are terminated. On that date the records of the GATT 1947 shall be transferred to the WTO. 6. There shall be a common budget for the GATT 1947 and the WTO from the date of entry into force of the WTO Agreement until the date as of which the legal instruments through which the contracting parties apply the GATT 1947 are terminated. During that period the basis for assessment of the contracting parties to the GATT 1947, of the Members of the WTO and of contracting parties that are also Members of the WTO shall be the same, and a single payment to the WTO shall be due by all contracting parties to the GATT 1947 and Members of the WTO. 7. The Director-General of the GATT 1947 and, after the date of the entry into force of the WTO Agreement, the Director-General of the WTO are herewith authorized to take, in consultation with the Committees on Budget, Finance and Administration of the GATT 1947 and the WTO, the necessary actions to adjust the contractual arrangements of the ICITO and of the GATT 1947, including the arrangements on financial and personnel matters, to the changes provided for under paragraphs 1 to 6 above. 8. This Agreement shall initially apply until the date of the first meeting of the General Council of the WTO. It shall remain in force beyond that date provided that it is approved by the General Council of the WTO. 9. The text of this Agreement, done in a single copy, in the English, French and Spanish languages, each text being authentic, shall be deposited with the Director-General of the GATT 1947.
DONE at Geneva this 8th day of December one thousand nine hundred and ninety-four.
(Signed for the ICITO by the Executive Secretary, for the GATT 1947 by the Chairman of the CONTRACTING PARTIES, and for the Preparatory Committee by the Chairman.)
From import-substitution to export-led growth

The following are excerpts from the Chairman's concluding remarks after the Council's second review of Indonesia's trade regime, held on 29-30 November:

Council members welcomed the continuation of Indonesia's sound macroeconomic policies since its first review in 1990. Real annual economic growth had averaged over 6%. Inflation, following excess liquidity pressures in 1990-92, had been kept below 10%. This background had enabled trade and investment liberalization to continue - although more cautiously - and assisted Indonesia's ongoing diversification from the petroleum sector into manufacturing.

A number of questions were asked about Indonesia's transition from an import substitution development strategy to one based on export-led growth. Several participants drew attention to Indonesia's support for strategic manufacturing and agricultural industries and sought details of the coverage and pace of privatization efforts. Members stressed the need for Indonesia to improve the transparency of its trade and investment regimes which, despite impressive achievements to date, remained complex and discretionary.

In response, the representative of Indonesia noted that a solid macroeconomic foundation was needed to ensure that trade liberalization had a lasting effect. The shift to outward orientation required major deregulation measures, but these had to be handled in such a way as to minimize social disruption. He outlined the contents of Indonesia's trade and investment packages, as well as other deregulation measures. Institutional changes were being put in place to deal with Uruguay Round implementation. The role of strategic industries, support to which had been declining, was to provide an adequate base for technological capacities in the future.

Import regime: Members recognized that Indonesia had made great strides in moving from a regime relying heavily on non-tariff measures to one based very largely on bound tariffs. Its participation in the Uruguay Round had made an important contribution to this process. However, the overall average remained at 20%; tariff escalation and dispersion had tended to increase, exacerbated by import surcharges which had often been used as anti-dumping measures, and substantial tariff peaks persisted. Concern was also expressed that tariffs on some high-rate items would remain unbound.

The complexity of remaining import licences was seen by some delegations as an obstacle to imports. Licensing was often backed up by State-trading or monopolies, including control by BULOG of trade in agricultural goods such as rice. Attention was called to standards applied to imports of meat and mixing requirements for dairy products; the commitment to phase the latter out over ten years was welcomed.

Conclusions: Members welcomed the significant progress achieved by Indonesia in attaining a stable macroeconomic environment and ongoing trade and investment reforms. They welcomed Indonesia's active participation in the Uruguay Round and its recent ratification of the WTO Agreement. Indonesia was urged to maintain its success and to undertake work aimed at deepening and broadening the outcome of the Round.

GATT FOCUS

Ambassador Soemadi D.M. Brotodiningrat of Indonesia hands over his country's instrument of WTO ratification to Mr. Sutherland. Looking on are Assistant Director-General Ake Linden and Min.-Counsellor M. Mansjur.

Uruguay Round had made an important contribution to this process. However, the overall average remained at 20%; tariff escalation and dispersion had tended to increase, exacerbated by import surcharges which had often been used as anti-dumping measures, and substantial tariff peaks persisted. Concern was also expressed that tariffs on some high-rate items would remain unbound.

The complexity of remaining import licences was seen by some delegations as an obstacle to imports. Licensing was often backed up by State-trading or monopolies, including control by BULOG of trade in agricultural goods such as rice. Attention was called to standards applied to imports of meat and mixing requirements for dairy products; the commitment to phase the latter out over ten years was welcomed.

The representative of Indonesia noted that the APEC Bogor Declaration contained a decision to accelerate the implementation of the Uruguay Round commitments and to undertake work aimed at deepening and broadening the outcome of the Round.

Conclusions: Members welcomed the significant progress achieved by Indonesia in attaining a stable macroeconomic environment and ongoing trade and investment reforms. They welcomed Indonesia's active participation in the Uruguay Round and its recent ratification of the WTO Agreement. Indonesia was urged to maintain its success and to undertake work aimed at deepening and broadening the outcome of the Round.

GATT FOCUS

Ambassador Soemadi D.M. Brotodiningrat of Indonesia hands over his country's instrument of WTO ratification to Mr. Sutherland. Looking on are Assistant Director-General Ake Linden and Min.-Counsellor M. Mansjur.
the contracting parties (the required two-thirds majority was reached at the end of the Session). These measures consisted of duty-free treatment of certain imports under trade arrangements by the former German Democratic Republic with its trading partners. The EC said that this was the last time it would be asking for an extension of the waiver.

TRADE DISPUTES One longstanding question regarding an adopted panel report - that on US m.f.n. treatment of non-rubber footwear from Brazil - was finally resolved. The United States announced that one provision in the implementing legislation on the Uruguay Round signed by President Clinton had settled its dispute with Brazil on this matter.

Canada announced that it would not be renewing its safeguard action on imports of boneless beef in 1995, and hoped that questions about this measure would finally disappear from the agendas of future Council meetings. Australia said that it had never accepted that the action was justified, and reserved its GATT rights in the event the measure was maintained.

Canada expressed concern over a recent US announcement that the 1994-95 US Export Enhancement Programme would be subsidizing exports of some 2.6 million tons of barley into some 13 countries and regions. In particular, it complained that the United States would be subsidizing exports of some 50,000 tons of feed barley to the Republic of Korea. Canada said that the US action had effectively halved Korea’s annual barley market of 100,000 tons for other exporters.

The Contracting Parties decided to send back to the GATT Council two panel reports. On the report concerning US restrictions on imports of tuna, the United States said that because of efforts to ratify the WTO, it had not been able to complete its study of the report. On the report on US taxes on automobiles, the EC continued to be concerned with the panel’s interpretation of GATT provisions as compared with the rulings of the panel on Japan’s taxes on certain alcoholic beverages.

TRADING ARRANGEMENTS The Contracting Parties adopted the report of the Working Party on the Free-Trade Agreements between the EFTA States and the Czech Republic and the Slovak Republic. The Chairman of the Working Party, Ambassador K. Kesavapany (Singapore), said that members had recognized that the Agreements would contribute to further development of economic cooperation and trade relations between the parties, and that they would bring about an expansion of overall trade. The parties, supported by a number of members, believed that the Agreements were consistent with the GATT while some other members felt there were questions about their full consistency with the relevant GATT provisions, including Article XXIV.

The PrepCom, during its final meeting, agreed to establish working parties to examine the requests for accession to the WTO of Cambodia, the former Yugoslav Republic of Macedonia and Uzbekistan. This brings to five the total of WTO accession working parties, including Croatia and Sudan. It also agreed to recommend to the WTO General Council that existing GATT working parties continue their work as WTO Accession Working Parties, as and when requests are made by the applying governments. In this regard, the PrepCom agreed that the GATT Working Parties on the Russian Federation and Ukraine examine their requests for accession to the WTO.

Work will continue in early January 1995 on resolving the few outstanding issues remaining, including the conclusion of the WTO Headquarters Agreement with the Swiss authorities, the composition and chairmanship of the WTO Textiles Monitoring Body, and the scope of the General Agreement on Trade in Services, in particular with respect to social security matters.

WTO General Council

(Continued from page 1)

members of the WTO from the very beginning.

Before the PrepCom meeting, Ambassador Andras Szepesi, Chairman of the GATT Contracting Parties, announced that, following his consultations with delegations, Mr. Sutherland had been requested, and had accepted, to stay in office until 15 March 1995. He will thus become the first Director-General of the World Trade Organization.

Ambassador Szepesi said “We are pleased that Mr. Sutherland gave a favourable reply to this request. It will assure continuity in the early months of the transition from the GATT to the WTO. His decision will also facilitate the members of the WTO by giving adequate time to complete consultations in the New Year on the choice of his successor and thereby contribute to a smooth transition at the level of senior management.”

Mr. Sutherland, last April, indicated his intention to return to private life upon the creation of the WTO.

The PrepCom, during its final meeting, agreed to establish working parties to examine the requests for accession to the WTO of Cambodia, the former Yugoslav Republic of Macedonia and Uzbekistan. This brings to five the total of WTO accession working parties, including Croatia and Sudan. It also agreed to recommend to the WTO General Council that existing GATT working parties continue their work as WTO Accession Working Parties, as and when requests are made by the applying governments. In this regard, the PrepCom agreed that the GATT Working Parties on the Russian Federation and Ukraine examine their requests for accession to the WTO.

Work will continue in early January 1995 on resolving the few outstanding issues remaining, including the conclusion of the WTO Headquarters Agreement with the Swiss authorities, the composition and chairmanship of the WTO Textiles Monitoring Body, and the scope of the General Agreement on Trade in Services, in particular with respect to social security matters.