SUMMARY RECORD OF THE MEETING

Held in the Centre William Rappard
on Wednesday, 9 June 1993, at 3.15 p.m.

Chairman: Mr. B.K. Zutshi (India)

Subjects discussed:

- Appointment of a new Director-General
- Terms of appointment of the new Director-General
- Establishment of a third Deputy Director-General post
- General debate

Appointment of a new Director-General

The CHAIRMAN said that, as indicated in GATT/AIR/3442 of 19 May 1993, the Special Session had been convened to consider the question of the appointment of a future Director-General to the CONTRACTING PARTIES to the GATT upon the retirement of Mr. Dunkel, the present Director-General, whose term of office was due to expire on 30 June 1993. He recalled that at the Forty-Eighth Session of the CONTRACTING PARTIES in December 1992, the then Chairman of the CONTRACTING PARTIES, Mr. Lars Anell (Sweden), had announced that his successor would initiate consultations early in 1993 on the question of appointment of a successor to the present Director-General, in pursuance of the procedures for the future appointment of a Director-General agreed in 1986 (BISD 33S/55). He was pleased to be able to report that his consultations, the initiation of which he had announced at the Council meeting in February, had resulted in a consensus.

Before reporting on the consensus, he made the following observations: the recommendations he would be making to the CONTRACTING PARTIES on the appointment of a successor to the present Director-General would deviate in some respects from the 1986 procedures. First, those procedures envisaged the appointment of a Director-General at a regular session of the CONTRACTING PARTIES. Given the circumstances and the timing, this had not proved possible. Second, the 1986 procedures envisaged a first-term appointment of four years with the possibility of reappointment for another four years. His recommendation in regard to the term of office, however, would be somewhat different, the reason being the circumstances in which the decision on the appointment was being taken, namely the final stage of the Uruguay Round, and the possibility of changes in the institutional structure of the GATT following a successful conclusion of the Round. He noted, in this connection, that the 1986 procedures had been approved in the form of a statement by the Chairman of the CONTRACTING PARTIES and had...
envisaged flexibility in their future application. The suggested deviations were in the nature of such flexible application. The 1986 procedures would, however, remain unchanged for future use, until they were modified.

The exercise of looking for a successor to Mr. Dunkel had begun with the latter's expression of a clear wish about demitting office when, in December 1991 at the Forty-Seventh Session, he had informed the CONTRACTING PARTIES through the then Chairman about his intention not to seek a renewal of his mandate beyond December 1992. However, in view of the developments in the Uruguay Round negotiations, Mr. Dunkel had been persuaded to stay on until 30 June 1993. His services to the organization and to the CONTRACTING PARTIES had been singular, and it was clear that his contribution to the growth and development of the GATT and the multilateral trading system would certainly find a place in the history of trade relations between nations.

Turning to candidatures for the post, he had received three nominations -- those of Mr. Peter D. Sutherland (Ireland), Mr. Julio A. Lacarte-Muró (Uruguay), and Mr. Luis Fernando Jaramillo (Colombia), all on 30 April 1993 and in that order. Mr. Sutherland's candidature had been sponsored by Ireland and endorsed by Denmark, on behalf of the member States of the European Communities, in its capacity as the current President of the EC Council. Mr. Lacarte-Muró's and Mr. Jaramillo's candidatures had been sponsored by Colombia on behalf of the Latin American and Caribbean countries which were contracting parties. All three candidates had been judged as highly experienced and eminently suitable for appointment to the post of Director-General at this crucial juncture in the evolution of the organization. Several delegations had found it difficult to choose among them because of the individuals' equal eminence. However, after considerable thought and deliberation, consensus had emerged in favour of Mr. Sutherland. He therefore submitted to the CONTRACTING PARTIES that Mr. Sutherland be appointed as Director-General by acclamation.

The CONTRACTING PARTIES approved the appointment of Mr. Peter Sutherland as the new Director-General to the CONTRACTING PARTIES by acclamation.

Terms of appointment of the new Director-General

The CHAIRMAN said that consultations on the specific terms of appointment had been held among contracting parties and with Mr. Sutherland. The following terms were envisaged:

- Tenure of appointment: Initial appointment for a period of two years from 1 July 1993 to be tacitly renewed for a period of four years if not denounced by either side six months before the expiry of the initial period of two years.
- Salary: US$190,000 per annum
- Representation Allowance: US$65,000 per annum
- General Provisions: The appointment would be governed by the United Nations Staff Regulations and Staff Rules, as appropriate.

- Installation Grant: SwF42,946 in accordance with Rule 107.30(b) and Rule 107.30(c)(ii) of the United Nations Staff Regulations and Staff Rules.

- Other conditions: Use of a car and a chauffeur.

The CHAIRMAN proposed that the CONTRACTING PARTIES agree to the terms of appointment of the new Director-General as set out above.

The CONTRACTING PARTIES so agreed.

The CHAIRMAN added that his consultations had also revealed a consensus on the need for a review of the above remuneration package for the post of Director-General following a successful conclusion of the Uruguay Round and in the context of a new institutional structure of GATT for the implementation of the Uruguay Round results. This review would be an independent exercise and would be separate from the ongoing exercise concerning the Secretariat pursuant to the decision by the CONTRACTING PARTIES at their Forty-Sixth Session in December 1990.

Establishment of a third Deputy Director-General post

The CHAIRMAN said that, in the course of his consultations, the question of restructuring of the senior management of the Secretariat had also been considered, particularly in the context of the expanding GATT membership and the increasing role of international trade in the prosperity and well-being of contracting parties. While a general review of the management structure would have to await the outcome of the Uruguay Round, it appeared that immediate attention needed to be paid to at least one aspect of the management. This aspect was the GATT's research and analysis capabilities, which appeared to be in need of being widened and deepened in areas of concern and relevance to GATT, which would expand considerably as a result of a successful conclusion of the Round and of the implementation of its results. This would best be achieved by establishing a position at the senior management level for directing and supervising this area of work. The quality and output of this work should be such as to commend itself to, and compel the attention of, the general public, as well as that of all policy makers. This would call for the selection of a suitable person with appropriate credentials in this area of work. While actual distribution of work in the Secretariat was the responsibility of the Director-General, these considerations would provide him with necessary guidelines. On this basis, his consultations had revealed a consensus for the creation of an additional post of Deputy Director-General, and he accordingly recommended that the CONTRACTING PARTIES agree to create such a post.

The CONTRACTING PARTIES agreed to establish a third post of Deputy Director-General.
Mr. Esper Larsen (Denmark), speaking on behalf of the European Communities and its member States, expressed satisfaction that the CONTRACTING PARTIES had elected the new Director-General by consensus, and had thus shown full respect for one of the pillars of work in GATT. In achieving this result, the CONTRACTING PARTIES were in a sense pointing to the future, beyond the mere election of a Director-General. The Community interpreted this consensus as a commitment to liberalizing trade and opening markets. He also expressed satisfaction that Mr. Sutherland would enjoy a consensus support when he took up his important functions, and noted that the latter had stressed the importance of being able to start in his new post on the basis of full support from all contracting parties. The Community was confident that a very competent Director-General had been elected. Mr. Sutherland was fully dedicated to the GATT and to the Uruguay Round, and would take into account the interests of all contracting parties, and in particular those of the developing countries. Mr. Sutherland also attached great importance to transparency, and was committed to making his full contribution to a conclusion of the Round by 15 December. The Community expressed its gratitude for the gracious manner in which the Latin American and Caribbean countries, faced with a difficult situation, had made a consensus possible.

The process which had now resulted in a consensus -- a highly sensitive task for which the Chairman, to whom the Community was especially grateful, had played a crucial rôle -- had consumed much effort and time. Attention could, therefore, now be devoted to the agenda ahead, which was of fundamental importance to the prosperity of all nations and on which the future of the multilateral trading system depended. The Community was ready to put its full weight behind these common efforts.

Mrs. de Sola Saurel (El Salvador), speaking on behalf of the Latin American and Caribbean contracting parties, said that they had participated in the process of the selection of a new Director-General in a constructive spirit. They had put forward suggestions and initiatives which, in their view, could ensure that the consensus eventually reached would faithfully reflect the contracting parties' commitment to liberalize trade and open markets. Their countries' preoccupations went beyond putting forward names of candidates; they concerned the fate of the GATT, the Uruguay Round, and their own vision of free trade.

The present Director-General, Mr. Dunkel, had led the organization successfully. His wisdom and his listening skills had made it possible for all voices to be incorporated in the various GATT negotiations. He had worked with special sensitivity to ensure that the legitimate rights of all contracting parties were not prejudiced by those that sometimes forgot that they were not the only actors. Mr. Dunkel had been more than a faithful custodian of the spirit of the General Agreement. The Uruguay Round Draft Final Act was a positive result of the negotiations in which all contracting parties had participated, and its scope was testimony of the rôle that the Director-General had played in achieving that result. It was now of great importance that the fundamental aspects of the package be preserved. Their countries would have liked for Mr. Dunkel to continue in
his post, but understood that after thirteen years he wished to take on other challenges.

The CONTRACTING PARTIES had therefore to elect his successor. In this regard, the Latin American and Caribbean contracting parties had felt it important to analyze the political currents which defined the global economy, because they considered that only then could they contribute to the process of adjusting the Secretariat, so as to prepare it to face and be sensitive to today's historic moments. In keeping with their commitment to the GATT and to the ideas that it stood for, they had taken care to propose for the post individuals who had the qualifications suggested by the CONTRACTING PARTIES' Chairman.

Luis Fernando Jaramillo, formerly Foreign Minister and Vice-President of Colombia and today his country Ambassador in New York, had won international recognition for his effective advocacy of a fair and balanced world economic order. His curriculum vitae displayed the outstanding political, academic and executive/administrative level for which he was so much esteemed by all the governments of the region.

Ambassador Julio Lacarte-Muró, with his negotiating skill and acumen and his brilliant career in his country's diplomatic service, was well-known to all contracting parties for his eminent, and often decisive, rôle in shaping the international trading system. The GRULAC countries, like many other GATT members, or States acceding to it, had on countless occasions found inspiration in his wealth of experience.

The two candidates they had proposed -- Ambassador Luis Fernando Jaramillo (Colombia) and Ambassador Julio Lacarte-Muró (Uruguay) -- not only had the political sensitivity to understand opposing views of the multilateral trading system but also the experience in mediating disputes with success and the ability to listen and to articulate governmental views at a global level. They represented a balanced, coherent and comprehensive point of view with regard to problems facing all contracting parties in the Uruguay Round. Furthermore, their antecedents were testimony to their rigorous impartiality.

The multilateral trading system was today besieged by cross currents and dispersed voices. On the one hand, some countries advocated more and more the use of managed trade and of state intervention in productive sectors. Subjects which previously were taken for taboo, now appeared to be part of the political lexicon of the leaders of more than one major economy. On the other hand, countries of medium-size economies remained committed to the system of free trade and worked at deepening market access and reducing state interference in the productive processes. Their countries were concerned that the future of the multilateral trade negotiations, which had required the efforts of so many nations for almost seven years, would be decided away from Geneva and that on matters which were vital to their future, they would be presented with a "fait accompli". Until countries participating in the Uruguay Round ratified the Final Act, and assuming that a solution could be found to the controversial subject of the Multilateral Trade Organization, the GATT would continue to be what it had been up to the present, namely, a provisional agreement administered by
the CONTRACTING PARTIES and upon which the Secretariat depended. Their
countries were concerned that while being the region that had set an
example in its political will to create conditions to open their economies
and give impetus to free trade, their voice and participation in the
Secretariat was minimal. If the GATT was to have any meaningful rôle, it
had to evolve in a way which reflected the ongoing changes in the patterns
of international trade.

The founding fathers of the GATT had wished that consensus be the rule
for its decisions, and this had to be preserved. It would be wrong to
create exceptions to that norm, and to change the rules solely to avoid the
impasse of the moment, as the consequences of doing so were unforeseen.
Good judgement had compelled their countries to work towards a consensus.
Diverse positions, far from prejudicing their countries to work towards a consensus,
opened it to dialogue and to new perspectives by calling on the imagination
and capacity of their delegations. Their countries would participate
actively in the forthcoming process which would tend to give configuration
to the new Secretariat, and hoped that the process would be open and
transparent, and would contribute to consolidate what the GATT stood for.
The decision just taken to create an additional post of Deputy
Director-General could only be justified if that post entailed substantive
and operational functions and was not limited to the sole task of economic
research and analysis, and that it did not become an ornamental post
created in order to reach the consensus that had been needed at the present
meeting. On behalf of the Latin American and Caribbean countries, she had
been authorized to state that, on that understanding, they had joined the
consensus to elect Mr. Sutherland to the post of Director-General. They
believed that Mr. Sutherland would be a successful leader, that his
administration would be balanced, open and transparent and that his energy
would contribute to facilitate the conclusion of the Uruguay Round. They
asked that the representative of Ireland convey to Mr. Sutherland their
offer of full cooperation.

Mr. Benhima (Morocco), speaking on behalf of developing contracting
parties, said that they had taken part in the selection process in a spirit
of cooperation, seriousness and responsibility. The specific aim from the
outset had been that the new Director-General should take on his new
functions without any confrontation so as to enhance the credibility of the
GATT, which was absolutely necessary to strengthen the multilateral trading
system. The developing countries were grateful that consensus had been
reached thanks to the efforts of all, including the crucial rôle of the
Chairman, and, in particular, the efforts of the Latin American and
Caribbean countries which had shown their understanding and their sense of
responsibility. The elegant way in which they had joined the consensus
could only strengthen the decision-making process of GATT. The developing
countries wished to congratulate Mr. Sutherland, and believed that his
moral and intellectual qualities and his reputation as a manager would
enable him to tackle the challenges facing this Institution. They were
convinced that he would ensure that the interests and views of the
developing countries would be taken into account through transparent
consultation, and assured him of their full cooperation. They also paid
tribute to Mr. Dunkel, whose faith in the multilateral trading system,
devotion, availability and understanding -- in particular of the problems
of developing countries -- made them recognize that they had an eternal
debt to him.

Mr. Jamal (Tanzania) said that Mr. Dunkel had left an indelible mark
on the GATT, not least for his service to the Uruguay Round negotiations,
and hoped that the latter's sustained efforts to achieve an outcome to the
Round acceptable to all, would, in the end, bear positive results.
Mr. Dunkel deserved no less. As to the appointment of a successor to
Mr. Dunkel, Tanzania had welcomed Mr. Lacarte-Muró's candidacy because it
remained convinced that the future Director-General would, more than ever,
need to feel in his bones the aspirations, yearnings and apprehensions of
many developing countries. His delegation had naturally been disappointed
that the major trading countries had not been able to take the historical
step of agreeing on a candidate such as Mr. Lacarte-Muró.

This being said, an overwhelming consensus had now emerged in favour
of Mr. Sutherland, and for the latter to enjoy the confidence of all
contracting parties indeed augured well. Mr. Sutherland would bring with
him a wealth of experience, knowledge, insight and diplomatic skill.
Tanzania hoped that Mr. Sutherland would spare no effort to ensure
transparency in the Uruguay Round process, and in ensuring special and
differential treatment for developing contracting parties in the final
outcome. He added that the number of least-developed countries had nearly
doubled in the previous 15 years, even as some of the more advanced
developing countries had reached a stage which allowed them to launch forth
and take a larger share of world trade. The least-developed countries
expressed the hope that their special, critical needs would not be lost on
those with greater leverage, when the outcome of the Uruguay Round was
finally assessed, under the leadership of the new Director-General.
Tanzania welcomed Mr. Sutherland's appointment, and assured him of the
least-developed countries' support in a collective endeavour to bring hope
to all mankind.

Mr. Haron (Malaysia), speaking on behalf of the ASEAN contracting
parties, welcomed the consensus on the appointment of the new
Director-General, and paid tribute to the Latin American and Caribbean
Group of countries for their very constructive decision which had
contributed to the consensus. Throughout this exercise, the future of the
GATT as a multilateral institution had been uppermost in their minds. The
most immediate and relevant issue was the future of the Uruguay Round.
Morocco and El Salvador had both referred to the importance of safeguarding
the interests of developing countries in the Round, and the need for
transparency. The ASEAN contracting parties shared those sentiments.
There should indeed be greater transparency in the selection process in
future and, in the larger context of the Uruguay Round itself, it was their
hope that this kind of greater transparency would characterize the next
phase of the Round process. Negotiations should become more
multilateralized and be brought to Geneva, thus allowing larger and more
meaningful participation.

The ASEAN contracting parties were convinced of the need for a third
Deputy Director-General post, with the expectation of enhancing GATT's
capability in research and analysis. In this connection, they also felt
that GATT had a more active rôle to assume, not only as an institution for
the enforcement of agreed rules governing international trade -- which was
essentially a systems maintenance function -- but also for enhancing and
promoting world trade by being more active in ensuring the climate and the
atmosphere conducive to trade. They fully agreed with El Salvador that the
new post should be substantive and operational.

As for the future of the GATT, they looked forward to it as a body
that would be able to deliver the results of the Uruguay Round, if the
negotiations were to be concluded hopefully by the year end. They believed
that the participation of developing countries should not only be in the
negotiations but that they should also be given an opportunity of increased
participation in the Secretariat, in which there should be a global
balance. While there should not be strict guidelines akin to regional
quotas, a fair reflection of global balance in the overall management of
GATT would be supported by the ASEAN contracting parties. Nevertheless, in
all these considerations, they strongly believed merit and capability, and
appropriate background and profile would still be of paramount importance.

Finally, the ASEAN contracting parties wished to pay tribute to
Mr. Dunkel, who had shown devotion and dedication to the multilateral cause
for the past thirteen years. As for the Director-General designate, they
congratulated him and warmly welcomed him to his new post. They looked
forward to working with him and assured him of their cooperation.

Mr. Sene (Senegal) said that the designation by acclamation of the new
Director-General had resulted from the political will on the part of all
contracting parties, which had remained faithful to the tradition of
consensus in GATT decision-making. He expressed his gratitude to the Latin
American and Caribbean Group of countries for their efforts in this
respect. Mr. Sutherland had been given consensus support at the present
meeting in full recognition of his professional qualifications. In
personal contacts, Mr. Sutherland had revealed that he was firmly
determined to carry the Uruguay Round process to its full conclusion, an
endeavour which should bring greater balance and equity in international
trade. From there, the GATT had to evolve to take into consideration the
deep-rooted changes which had come about in the world. In other words, one
needed new vision and new outlook in international relations to avoid the
adverse effects of a GATT that would be solely oriented toward complete
free trade. What the contracting parties wanted to achieve now was a GATT
which was truly an instrument capable of managing the global liberalization
of world trade and of ensuring the establishment of a new economic order,
for the benefit and prosperity of all. According to the available
information, Mr. Sutherland appeared to meet all the prerequisites to take
into his hands the future of an ever-evolving GATT. His delegation, like
others, welcomed the choice that had been made, and was certain that
Mr. Sutherland would clearly understand the difficult situation of
developing countries in the current economic and trade recession. His
delegation also supported the creation of a third Deputy Director-General
post, which would contribute to the strengthening of the research,
analysis, monitoring and forecasting functions of GATT.
In conclusion, he expressed gratitude to Mr. Dunkel for having led the GATT over the past years, for the numerous services he had rendered to contracting parties in the Uruguay Round through the Draft Final Act. Unfortunately, despite the latter's efforts, until the present day, various difficulties had not made it possible to conclude the Uruguay Round. His delegation hoped, therefore, that Mr. Dunkel's successor would be able to induce a climate of understanding and cooperation so as to enable the Round to be successfully concluded.

Mr. Trân (European Communities) said that the Chairman had shown great skill, wisdom and determination in the consultation process, which had resulted in a success beyond what could have been hoped for. As a result of the Chairman's efforts, the CONTRACTING PARTIES had brought an exercise in democracy to a conclusion with complete success. This augured well for the system -- their common heritage -- and for its future. He paid tribute to the two Latin American candidates, and also to Mr. Dunkel, who he said was leaving an impressive legacy -- the Draft Final Act. With time and the perspective brought by it, the priceless and intrinsic value of this legacy would be duly appreciated. It was now up to the participants in the Round to bring it to fruition. In recognition of Mr. Dunkel's contributions to the GATT, and as a sign of gratitude, he proposed that the CONTRACTING PARTIES rename the "Green Room" as the "Arthur Dunkel Room". This Room had been created by Mr. Dunkel himself, and in it, for a decade, the latter had officiated and had given the best of himself for the good of the multilateral trading system.

The CONTRACTING PARTIES took note of the statements and agreed that the "Green Room" in the Centre William Rappard would henceforth be known as the "Arthur Dunkel Room."

The Special Session closed at 5 p.m.