

# WORLD TRADE ORGANIZATION

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Council for Trade in Goods

## MINUTES OF THE MEETING OF THE COUNCIL FOR TRADE IN GOODS 23 JANUARY AND 26 FEBRUARY 2003

Chairman: H.E. Ambassador Supperamaniam

The meeting of the Council for Trade in Goods was convened by airgram WTO/AIR/2004 and the proposed agenda for the meeting was contained in document G/C/W/446. Before proceeding to the adoption of the agenda, the Chairman clarified that at the CTG meeting of 22 November 2002, at the conclusion of the discussion of the review of the operation of the TRIMs Agreement, the Council agreed to revert to this item at "the next meeting". At that time in November, the next regular meeting of the CTG was expected to take place in March of this year and he confirmed the understanding reached at the November CTG, that the TRIMs review item would be on the agenda of the March meeting. The representative of Brazil placed on record the regret of his delegation that the decision of the Council last November on taking up the issue of the review of the operation of the TRIMs Agreement at its next meeting had been the object of an oversight and was not on the agenda of this meeting. Brazil was prepared to accept the indication that this item would be on the agenda of the next meeting of the CTG. The representative of India was disappointed not to see the item of the TRIMs review on the agenda because it was her understanding that it would be a standing item in the CTG and expected it would be from the next meeting onwards. The agenda was then adopted.

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I.	ITEM 1. KIMBERLEY PROCESS CERTIFICATION SCHEME FOR ROUGH DIAMONDS – WAIVER REQUEST FROM AUSTRALIA, BRAZIL, CANADA, ISRAEL, JAPAN, KOREA, PHILIPPINES, SIERRA LEONE, THAILAND, UNITED ARAB EMIRATES AND UNITED STATES .....	2
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**I. ITEM 1. KIMBERLEY PROCESS CERTIFICATION SCHEME FOR ROUGH DIAMONDS – WAIVER REQUEST FROM AUSTRALIA, BRAZIL, CANADA, ISRAEL, JAPAN, KOREA, PHILIPPINES, SIERRA LEONE, THAILAND, UNITED ARAB EMIRATES AND UNITED STATES**

1.1 The Chairman drew Members' attention to the communication in documents G/C/W/431 and Corrigenda 1 and 2 which contained a request for a WTO waiver concerning the Kimberley process certification scheme for rough diamonds and a corresponding draft decision for the waiver in documents G/C/W/432 and Corrigenda 1 and 2. He recalled that this waiver request was first discussed at the November meeting in 2002 and noted that since that meeting Israel, the United States and Korea had joined the list of requesting Members. At the end of the discussion, it was proposed that Canada carry out consultations and that the CTG revert to that item at the appropriate time.

1.2 Canada had informed him that consultations with some 30 delegations took place on January 16 2003, as agreed to at the November meeting of the CTG. Canada was of the view that progress was being made – the consultations had allowed an exchange of views and provided an opportunity to address questions raised by Members and concrete and constructive proposals to refine the language of the waiver were made. Canada was continuing to consult with interested delegations and was of the view that it would be useful to have more time to consult before the CTG could make a recommendation to the General Council.

1.3 Accordingly, the Chairman proposed that Canada continue consultations and that discussion under this agenda item be suspended in order to be able to revert to it at short notice and within the 90 days stipulated in Article IX. He added that he intended to hold an open-ended informal meeting for transparency purposes before reconvening the formal meeting. It was so agreed.

1.4 At the reconvened meeting held on 26 February, the Chairman said discussion of this item had been suspended in order to allow more time for consultations to be carried out by the delegation of Canada on behalf of the co-sponsors of the waiver request on concerns raised by Members. At an open-ended informal meeting on 18 February 2003, Canada reported on their consultations and a number of Members commented on the state of play. Canada had also circulated for that meeting a revised draft decision for the waiver originally circulated in document G/C/W/432. His overall impression from the informal meeting was that the CTG was quite close to an agreement on a revised draft decision for the waiver as proposed by Canada, and that a number of Members required more time to consult with their capitals. It now seemed that there was consensus in the Council for the wording contained in the revised draft decision as circulated to all Members in G/C/W/432/Rev.1.

1.5 The representative of Chinese Taipei reaffirmed support for the goals of the Kimberley Process Certification Scheme in view of its humanitarian and peaceful nature. While his government had been engaged in efforts to become a participant to the KP Scheme, he drew the attention of Members to the fact that consultations on the definition of "Participant to the KP Scheme" had not yet reached any final conclusion. His delegation expressed gratitude to those Members who had supported it in efforts to become a Participant to the KP Scheme in previous consultations and called for the continued support of WTO Members in future consultations in this regard. Paragraph 7 of the draft decision stipulated "This waiver shall not preclude the right of affected Members to have recourse to Article XXII and XXIII of the GATT 1994". His government was attaching great importance to legitimate trade right in rough diamonds and hoped that its trade in rough diamonds would be continued after the KP Scheme was fully implemented. However, should trade in rough diamonds be interrupted, his government, as an affected Member, would consider action as stipulated in Article XXII and XXIII.

1.6 The representative of the United States said one of the features of this waiver was that it remained open for Members to join, even after the waiver decision of the General Council and encouraged Members that so desired to consider adding themselves to the list of Members subject to this waiver.

1.7 The representative of China said that regarding participation of the Kimberley Process Certification Scheme, the WTO had no mandate to discuss the issue of participation.

1.8 The Chairman asked if the CTG could recommend the waiver request as contained in document G/C/W/431, and the draft decision as revised along the lines agreed and issued as G/C/W/432/Rev.1. be forwarded to the General Council for adoption. It was so agreed.

## **II. ITEM 2. REGIONAL TRADE AGREEMENTS**

2.1 The Chairman drew Members' attention to the Regional Trade Agreements listed in the airgram which had been notified under GATT Article XXIV. The texts of the Agreements and their notifications had been circulated in the documents listed:

- Agreement between Japan and Singapore for a new-age economic partnership - notification from the parties to the Agreement (WT/REG140/N/1, WT/REG140/1);
- European Communities – Jordan Euro-Mediterranean Association Agreement - notification from the parties to the Agreement (WT/REG141/N/1, WT/REG141/1);
- and European Communities – Croatia Interim Agreement - notification from the parties to the Agreement (WT/REG142/N/1, WT/REG142/1)

2.2 In the absence of any comments, he proposed that the Committee on Regional Trade Agreements carry out the examination of the Agreements in accordance with the following terms of reference:

"To examine, in light of the relevant provisions of the GATT 1994, the Agreement between Japan and Singapore for a New-Age Economic Partnership; the European Communities-Jordan Euro-Mediterranean Association Agreement; and the European Communities-Croatia Interim Agreement and to submit a report to the Council for Trade in Goods. It is understood that the understanding read out by the Chairman of the Council for Trade in Goods under Item VII of the Agenda of the Meeting of the Council for Trade in Goods of 20 February 1995 as contained in document WT/REG/3/1, will apply *mutatis mutandis* to the examination of the Agreements. It is also understood that, during the examination, due account will be taken of the intrinsic differences between customs unions and free trade areas."

2.3 It was so agreed.

## **III. ITEM 3. OTHER BUSINESS**

3.1 The representative of the United States said that on December 23, 2002 the United States had submitted questions to Canada in document G/STR/Q1/CAN/6, "Questions from the Government of the United States to the Government of Canada Related to the Article XVII Notification of Canada (G/STR/N/1/CAN" to the CTG. These questions were submitted pursuant to Article XVII:4(c) of GATT 1994. He looked forward to Canada's responses to the questions and asked Canada to indicate when it would provide the responses.

3.2 The representative of Canada confirmed that his delegation had received a copy of the document G/STR/21/C/6 which were the questions by the US government to the government of Canada on the notification under Article XVII by Canada G/STR/N/1/CAN. Canada was examining these very detailed questions and would reply to the pertinent questions in due time in the framework of the Working Party on State-Trading Enterprises.

3.3 The Chairman raised the issue of the TRIMs Agreement and reporting requirements regarding the requests for extension of the transition period. He recalled that on 5 November 2001, the CTG agreed to a package of decisions providing additional extension of the TRIMs transitional period for a number of Members. The extension of the transition period entailed an obligation to report to the CTG on progress made in phasing out the remaining TRIMs, and he reminded Members that in some cases the deadline for reporting had not been met and urged them to report as soon as possible.

3.4 Secondly, on the matter of the date of the next meeting, the Chairman said that the next regular meeting of the CTG was scheduled to take place in March on Wednesday, 12 and Thursday 13. The meeting would be mainly devoted to the subject of trade facilitation, as agreed in December 2002.

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