

WORLD TRADE ORGANIZATION

RESTRICTED

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**General Council
24 April 1997**

MINUTES OF MEETING

Held in the Centre William Rappard
on 24 April 1997

Chairman: Mr. Celso Lafer (Brazil)

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1.	<u>WTO logo</u> (WT/GC/W/55)	

The Chairman recalled that at the General Council meeting on 7 February, Singapore had offered to hand over to the WTO for its use the logo used at the 1996 Ministerial Conference, together with the copyright thereon. This offer -- the only one on the table -- had received widespread support. The Secretariat had circulated, in document WT/GC/W/55, a model of the logo proposed for WTO use, which did not include the earth map of the Singapore logo since this would create technical difficulties in its use on official WTO papers. It had also not been possible to include in this document the logo in colour as might be used in WTO publications, because of technical reasons. He understood that delegations were in favour of accepting Singapore's offer. Accordingly, he proposed that the General Council agree to accept Singapore's offer to transfer to the WTO for its use the logo used at the 1996 Ministerial Conference together with the copyright thereon, and authorize the Secretariat to work out the necessary arrangements with Singapore.

The General Council so agreed (WT/L/214).

2. Committee on Balance-of-Payments Restrictions

- (a) Consultation with India (WT/BOP/R/22)
 - (b) Consultation with Nigeria (WT/BOP/R/25)
 - (c) Notes on the meetings of 7 February and 3-4 March 1997 (WT/BOP/R/23, WT/BOP/R/24)
- (a) Consultation with India (WT/BOP/R/22)

Mr. Jenkins (United Kingdom), Chairman of the Committee, recalled that the Committee had held a consultation with India on 21-22 January, and that the previous Chairman had informed the General Council at its meeting on 7 February of the conclusions reached at this consultation.

The representative of the United States said that his Government looked forward to receiving from India, at least three weeks prior to the Committee's June meeting, a detailed plan to phase out all measures currently maintained for balance-of-payments (BOP) reasons. As India was aware, the United States believed that all such measures should be eliminated in a WTO-consistent manner by 2000, or earlier in the case of products covered by the Ministerial Declaration on Information Technology Products.¹

The representative of Australia said his Government considered it essential that India put forward, by mid-May at the latest, a package for Members to consider at the June consultation. The package should include a phase out programme for the elimination of import restrictions, and address the issue of disinvocation of Article XVIII:B.

The representative of the European Communities said that this report, as well as that under sub-item (b), raised important systemic concerns, since Members had agreed in the Uruguay Round to strengthen disciplines relating to BOP provisions through the Understanding on the BOP provisions of the GATT 1994. There were clearly also important trading interests at stake. The General Council should, for these reasons, actively endorse the conclusions of the BOP Committee in these two reports. The Community invited both India and Nigeria to provide the necessary documentation for their forthcoming consultations in time.

The representative of Japan said that his delegation was pleased to note the statement by the IMF in the report to the effect that India had no BOP problem, and that its measures under Article XVIII were therefore not justified. Japan looked forward to the submission by India of a specific plan for the elimination of its quantitative restrictions.

The representative of New Zealand said that New Zealand, like others, looked forward to the provision by India, in a timely manner, of a comprehensive and balanced phase-out plan for its quantitative restrictions.

The representative of India said that his delegation had taken careful note of the statements. As all were aware, the Committee's conclusions had been reached on the basis of consensus. While India was committed to abiding by these consensus conclusions in letter and spirit, it could not accept some interpretations being made thereof. For example, the IMF had not stated that India's BOP restrictions were unjustified. Nor had there been any discussion in the Committee on the linkage between Article XVIII:B of GATT 1994 and the 1994 Understanding. India stood by its commitments, and would present the phase-out plan as agreed to by it, as well as the required documents for the Committee's meeting, in the manner, format and time-frame normally followed in the Committee.

¹See WT/MIN(96)/16 and G/L/160.

His delegation assumed that the main purpose of the statements at the present meeting was to ensure that India would come up with a phase-out plan.

The General Council took note of the statements and adopted the report on the consultation with India (WT/BOP/R/22).

(b) Consultation with Nigeria (WT/BOP/R/25)

Mr. Jenkins (United Kingdom), Chairman of the Committee, said that on 3-4 March, the Committee had resumed the consultations with Nigeria suspended in September 1996. The Committee had recalled that at its previous meeting, Members had considered that Nigeria's import restrictions could no longer be justified under Article XVIII:B and the Understanding on the BOP provisions of GATT 1994. At that time, Nigeria had stated its commitment to proceed with the early elimination of these measures, and to disinvoke Article XVIII:B. Members had welcomed the removal of two items from Nigeria's import prohibition list, but had expressed disappointment that six items remained thereon. While some Members had urged immediate elimination, others had felt that a phase out could be justified. The Committee did not find acceptable Nigeria's proposal of a phase out by 2005.

The Committee had agreed with the IMF's analysis that a continued bold and credible programme of economic and trade reforms was essential to achieving lasting improvements in Nigeria's BOP position. The Committee had taken note of Nigeria's reaffirmation of its continuing commitment to phase out the remaining import restrictions. The Committee had called on Nigeria to consult with those Members that had expressed an interest and to draw up a time-schedule for the elimination of its WTO-inconsistent measures. The Committee had invited Nigeria to resume consultations in the week beginning 7 July and, to that end, had requested Nigeria to circulate, three weeks in advance, proposals for a time-schedule. Meanwhile, Members had reserved their rights under GATT 1994.

The representative of the United States said that his authorities remained disappointed at Nigeria's failure to abide by the commitment it had made in the February 1996 consultation, and confirmed in September 1996, that it would convert all quantitative restrictions to price-based measures and cease to invoke Article XVIII. The United States expected Nigeria to return to the Committee in July with an acceptable plan for the removal of quantitative restrictions.

The representative of Nigeria said that his Government fully agreed with the Committee's conclusions, and was working towards meeting the deadline set by the Committee. Nigeria was taking concrete action to ensure that it met the Committee's requirements by July, and was committed to fulfilling them.

The General Council took note of the statements² and adopted the report on the consultation with Nigeria (WT/BOP/R/25).

(c) Notes on the meetings of 7 February and 3-4 March 1997 (WT/BOP/R/23, WT/BOP/R/24)

Mr. Jenkins (United Kingdom), Chairman of the Committee, drew the General Council's attention to the other matters discussed by the Committee at its meetings on 7 February and 3-4 March.

The General Council took note of the statement and of the information contained in WT/BOP/R/23 and WT/BOP/R/24.

²Including the statement by the European Communities under sub-item (a).

3. Committee on Budget, Finance and Administration
- Report of the Committee (WT/BFA/30)

Mr. Morjane (Tunisia), Chairman of the Committee, introducing the Committee's report on its meeting of 21 February (WT/BFA/30), said that the Committee had paid tribute to its previous Chairman for his efforts in 1996. It had also adopted a calendar of meetings for the current year, although additional meetings might be scheduled, if necessary, to permit the Committee to adopt the 1998 budget in time. In considering the matter of arrears in contributions, the Committee had invited its Chairman to consult with the Chairpersons of the General Council, the Committee on Trade and Development, and the Sub-Committee on Least-Developed Countries, as well as with the Director-General, to discuss ways to resolve the issue of least-developed countries in arrears. In his consultations with the chairpersons concerned, it had been considered useful to await a discussion on this matter in the Sub-Committee on Least-Developed Countries before a meeting with the Director-General. He hoped that the Sub-Committee would come up with definite proposals which could be considered by the Budget Committee, and which would permit this matter to be resolved.

On the question of accession of new Members, the Secretariat had undertaken to draw the attention of the working parties concerned to the Decision by Members that observer governments in the process of accession should fully discharge their financial obligations as observers before the completion of their accession process³. The Committee had also discussed the idea of drawing up a correlation between the budget and a general policy statement identifying the objectives and including a work programme for the WTO for the coming year. The Committee had also been informed that the Headquarters Agreement provided for an evaluation of its implementation 18 months after its signature; a meeting had been organized with the Swiss authorities, and a questionnaire on this matter distributed to all Members. He urged delegations to submit any comments they might have on this subject to the Secretariat by the end of the month, to enable Members as well as the Swiss authorities to prepare for the meetings scheduled for June. In concluding, he drew attention to the Committee's recommendations in paragraphs 8 and 10 of its report regarding inactive Members and Niger's contribution to the budget and advance to the Working Capital Fund.

The General Council took note of the statement, approved the Budget Committee's specific recommendations in paragraphs 8 and 10 of its report in WT/BFA/30, and adopted the report.

4. Conditions of service of WTO staff
- Progress report by the Chairman of the Working Group

The Chairman recalled that the Working Group on conditions of service of WTO staff established by the General Council at its meeting on 7 February, was to report at each meeting of the General Council.

Mr. Morjane (Tunisia), Chairman of the Working Group, recalled that the Working Group was to complete its work and submit its final report to the General Council by end -May. The Group had been meeting weekly and had thus far held seven meetings. It had alternated between consideration of staff regulations and pension plan regulations to ensure uniform progress on both fronts. The Secretariat had prepared 19 documents covering the draft staff regulations and rules, draft pension plan regulations and related topics. The French and Spanish versions of all but one of these documents would be distributed by the end of that week. Progress in the Group had been slow. Two-thirds of the draft staff regulations, the entire draft staff rules and approximately half of the draft pension plan

³Financial Obligations of States or Separate Customs Territories who are Observers to the WTO (PC/8).

regulations remained to be reviewed. It would therefore be necessary to increase the frequency of meetings if the Group was to complete its work by the deadline of end May. To this end, the Working Group would hold seven more meetings.

However, simply increasing the number of meetings would not guarantee completion of the Group's tasks by the deadline. Certain delegations were still not in a position to state whether or not they supported establishment of the WTO Secretariat outside the UN common system. Others maintained their preference for a common system solution. A common thread throughout the discussions of late had been the request for detailed cost estimates of the proposals contained in the draft decision of 18 September 1996. The question of cost neutrality was central to the entire debate. A demonstrably cost-neutral solution would not only assuage the concerns of those who feared that non-application of the common system would lead to increased costs, but also ease the fears of those who predicted a domino effect if the WTO adopted a *sui generis* approach. The Secretariat had undertaken to make detailed cost estimates available to the Group at its next meeting. Without these, it would be difficult to maintain the progress needed to reach the target on time.

Finally, concerning the issue of transparency vis-à-vis the staff, since assuming the Chairmanship of the Working Group, he had sought to maintain close contact with the Staff Council. They had received regular written or oral progress reports and had met once with the Chairman of the General Council and himself, and once with him on another occasion. The Group had extended an ad hoc invitation to the Staff Council to make a statement at its sixth meeting, following which a lengthy exchange of views had taken place with members of the Group. Further such invitations might be extended in future, if necessary. Members had a formidable task before them. However, it was not a question of technical details, of discussions on texts, or of the number of meetings; rather, it was a question of policy -- essentially of financial policy -- that each had to face, as well as of political considerations. He was certain that he could continue to count on the goodwill and cooperation of all delegations to bring the Group's work to a conclusion by 31 May.

The Director-General said that he had taken careful note of the report by the Group's Chairman. He recalled that in February, he had welcomed the establishment of the Working Group and had hoped that it would conclude its work and arrive at a positive outcome as soon as possible -- even before the deadline of end May -- and that the Staff Council's position would be taken into account in a transparent way. He understood that the work in the Group had thus far not proceeded as well nor as expeditiously as expected, and was very concerned. There were two main issues at stake in the discussion: first, there was the budgetary aspect of a solution which would assure to the staff of the Secretariat an independent status from the UN common system with cost neutrality; second, the political and institutional decision to give to the staff of the Secretariat an independent status in conformity with the situation of the Organization as an agency independent from the UN system. As all were aware, this situation had been formalized by Member governments when they had given him the mandate to negotiate an agreement with the UN Secretary-General, and when they had approved that agreement. Until the present, the real issue which had been discussed had been the first and not the second. He suggested that one change the order of the decisions to be taken, so as to facilitate consensus.

The first decision should be the political and institutional one, i.e. that the WTO was an organization which had a *sui generis* status, including the administrative aspects of its Secretariat. The reasons for this were clear: the Members' decision that this was a *sui generis* Organization; the nature of this Organization was contractual and binding -- very different from that of the UN; the WTO's procedures were based on consensus, but once a decision was taken, there was a binding dispute settlement procedure; the nature of the WTO's decisions was completely different from that of the UN, and as a matter of fact the WTO did not report to the General Assembly or any other UN organ; the nature and the number of the WTO Secretariat's responsibilities were totally different from those of the UN, and so were their management problems; and, last but not least, this Organization had

only one office, in Geneva, which made the administrative problems of the Secretariat completely different from those of the UN system, which was based in New York and around the world.

Once this political and institutional point had been clarified, one could address the second issue in a positive spirit. Instead of arguing about the validity of a great number of studies and proposals concerning cost neutrality, all could together establish a system which would indeed be cost neutral. In fact, one could subject the first decision to the condition that this independent status had to be cost neutral. The difference was that by taking this approach, one would transform a situation where a few delegations maintained their opposition on grounds that the majority proposal was not cost neutral, into a partnership of all Members to ensure that it would be so.

The representative of Norway said he supported the assessment of the Chairman of the Working Group on the progress of work therein. Norway attached great importance to reaching a conclusion to the question of conditions of service by the 30 June deadline. Few tasks were more important in the weeks to come. Members should seek to avoid yet another delay; they owed this to the Secretariat as well as to themselves. Norway was concerned by what seemed to be too much emphasis on detail in the Group and too little on a solution. The basis of the Group's deliberations was the draft decision of 18 September 1996, and it was important that the Group be able to deliberate on this proposal in good faith. This required that Members clarify now, or in the next few days, what the precise goal of the deliberations should be. This would allow the Group to work in a more focused and coherent manner.

The focus of the Working Group was on cost considerations. Norway and other Members had been willing to increase budget contributions to reach a successful result, but most Members could not go that far. A clear majority of Members were ready to support the budget-neutral proposal of 18 September. Today, however, it seemed clear that not even that well-founded proposal was able to gather sufficient support without further cost cutting. One had to conclude from this assessment that only a clear agreement to work towards a cost-neutral solution for salaries and pensions had any real possibility of gathering a consensus. This was what Norway would ask Members to support, keeping in mind that the concept of cost neutrality only had meaning in the short term. Striving towards cost neutrality would seem to offer the only realistic hope of providing the Director-General with the required basis for the establishment of an independent Secretariat as from 1 January 1998. Norway was fully aware that not even a cost-neutral solution might be a sufficient condition for reaching a successful conclusion at the end of June. Many factors came into play. Some Members had considerations that linked the UN common system with the WTO, which was a *sui generis* Organization established outside the UN system. Any final decision on a modified 18 September proposal would therefore obviously have to wait until June. He urged Members to take a step in the right direction and focus their energies on working towards a cost-neutral solution in terms of salaries and pensions. All were surely ready to shoulder their responsibilities in trying to find the technical answers to a political challenge that they had themselves identified already in Marrakesh. This responsibility existed in relation to the Secretariat, to the WTO as an organization, and to themselves as Members.

The representative of Hong Kong said that progress had regrettably been slow, and it seemed that some Members might have doubts about the fundamental principle of having a pension and remuneration scheme separate from the UN common system. Hong Kong strongly believed that it was only appropriate that the WTO implement a separate scheme to match the decision to establish the WTO as an independent organization. Like Norway, Hong Kong believed it was time to face squarely the question of whether, and on what terms, Members were prepared to support a separate pension and remuneration package. While examining details was certainly important, unless all were clear that there really was a consensus for change, much of this work was pointless. The only justifiable concern of Members in this exercise was the issue of cost. If the WTO implemented a package that had significant financial implications, this clearly could have implications for other international

organizations that Members contributed to. But if a budget-neutral or cost-neutral package would be worked out, there was no justifiable reason to procrastinate further. Hong Kong considered that the Working Group should change tack and address the basic questions of overall costs. The Secretariat would shortly be circulating a paper setting out the overall financial implications of the 18 September proposal and that should be the basis for further discussion. As regards the political dimension of this issue, Hong Kong believed that the Director-General had yet again made a convincing and logical case for establishing the independent status of the Secretariat's remuneration system, and fully supported his statement.

The representative of Iceland said that his delegation strongly supported Norway's statement.

The representative of Nigeria said his delegation regretted the slow progress of work on this matter. Nigeria supported the logical and convincing proposal made by the Director-General as a means of resolving this issue. Nigeria could accept that cost neutrality should be an important basis for this work, because cost was of no less concern to Nigeria than to others. Indeed, Nigeria's assessed budgetary contributions were comparable to those of several European countries and economies in transition. However, Nigeria believed that cost should not always be used as an argument to slow progress on important things that should be done in the WTO. Nigeria supported Norway's statement. The question of conditions of service of WTO staff was not only a cost issue, but also a systemic issue. The Secretariat needed to be independent and active, and to be given incentives for the initiatives that it undertook. The Secretariat had continued to perform on the basis of merit, and the Director-General had taken several steps to ensure that this continued to be so. Members had, in several areas, wanted and spoken about a WTO that should be independent. It was only logical that the Secretariat of the WTO should also itself be independent. Nigeria believed that this matter needed to be resolved early, and that the Director-General's proposal presented the best way forward.

The representative of Brazil reiterated his delegation's view of the WTO as an organization independent of the UN system. Accordingly, Brazil believed that one should work towards having the Secretariat ruled by a code that embodied this understanding. An internal reform process was currently under way in the UN that would affect future employment conditions within the common system. Members had not yet been able to reach a final decision on the status of the WTO Secretariat, and its staff was currently being deprived of the possibility to take part in a general debate that might have serious and complex repercussions on their careers and personal lives. Brazil therefore attached great importance to the present discussion, and urged Members to abide by the deadline they had established. Brazil believed that Members' decision should be built around the notion that the WTO was independent from the UN system, as just stressed by the Director-General. Brazil stressed its support for the draft decision of 18 September, and for all efforts in the Working Group to achieve a cost-neutral solution. Brazil invited all to work towards concluding, within the time-frame they had established, the arrangements that would grant the WTO the fully independent status envisioned by its founders.

The representative of the Czech Republic said that his delegation shared Norway's views. A cost-neutral solution would be the best result of the Working Group's work, and such a solution should be found within the agreed time-frame. His delegation strongly supported establishment of an independent WTO Secretariat as from 1 January 1998.

The representative of Japan said that his delegation shared the concerns expressed by Norway, Hong Kong and others about the slow pace of work in the Working Group. Japan agreed that a simple increase in the number of the Group's meetings was not sufficient. The kind of work being done in the Group, however detailed, was indeed necessary if one wished to establish WTO-specific working conditions for the Secretariat staff. The sense of frustration that many participants were feeling was therefore not due to the pace of work itself, but rather due to the fact that this work was being done

without any reasonable expectation that the basic parameters upon which they were working, i.e. those contained in the 18 September draft decision, were acceptable to all.

Japan had supported this proposal. However, it realized now that some Members had begun to speak of "cost" neutrality as against "budget" neutrality, which had been the basis of that proposal. While Japan was prepared to go further than a simple budget-neutral solution, and accept a reasonable increase in contributions to continue to have a pool of highly-qualified staff, it would go along with a cost-neutral solution if that were the consensus. However, if even in such an event some governments maintained their inability to accept the cessation of the WTO's de facto application of the UN common system, then Members might as well stop their work right away. Japan therefore requested the few Members that advocated the continued application of the common system to state whether they would be prepared to move forward if a cost-neutral solution could be found.

The representative of Turkey said he agreed that no matter how many more meetings were held, they would be insufficient if there were no agreement in principle on the main issues. He joined his delegation with Norway's statement, and expressed support for the Director-General's statement which he said proposed a good way forward.

The representative of Australia expressed support for Norway's statement. Australia's approach to this matter was guided by the broad consideration of the management and operational efficiency of the WTO, recognizing the individual character of the organization. In line with that broad consideration, Australia joined Norway in encouraging the Working Group in its work, and in supporting a consensus that any outcome on salaries and pensions be cost neutral.

The representative of Singapore, speaking on behalf of the ASEAN Members, reiterated their support for an improvement in the conditions of service of WTO staff. The ASEAN Members believed there should be an independent system for WTO staff and that the Working Group's work should be completed by the June deadline. Their delegations were flexible on the question of cost, although they believed in the principle of cost efficiency. The WTO was different from the UN, and its performance was based on the trading system, and Members' budgetary contributions were based on trade volumes. Their delegations supported Norway's concept of cost neutrality as a means of developing a consensus. However, it would perhaps be more pertinent to refer to budget neutrality instead of cost neutrality. Cost neutrality might imply a freeze, but budget neutrality was a much more flexible and pragmatic way to finding a consensus. The ASEAN delegations also supported the Director-General's proposal.

The representative of Korea recalled that on several earlier occasions his delegation had strongly supported the establishment of an independent salaries and pension system for the Secretariat. Given the WTO's *sui generis* status, its Secretariat fully deserved an independent system. Korea continued to support this strongly, and hoped that the Working Group would come up with a positive result in time.

The representative of France said that Norway's proposal had undeniable merit in shedding light for the continuation of the Working Group's work. In his understanding, cost neutrality implied that any reform that might be considered should not imply any additional expenditure for the Organization, including in the long term. Cost neutrality applied both to the implementation as well as the functioning of any system. This was indispensable given the current budgetary situation in international organizations as well as in their Member countries. France wished to recall its attachment to consistency vis-à-vis the common system, and believed that a solution to any identified dysfunction should be found within that system.

The representative of Switzerland said that the problem was not one of technicalities, but rather of policy and politics. Governments had already agreed several years earlier to review staff conditions

of service in connection with the establishment of the WTO⁴. While there might be differences of view on the scope of this mandate there could be no disagreement on the fact that this matter did require consideration. However, there did not appear today to be any real review process. Rather, there had been a hardening of positions of refusal, owing to considerations extraneous to the WTO. As a result, even formal assurances of putting a cap on contributions were not even taken into consideration, and did not have any impact on positions that were basically political. Switzerland hoped that the WTO would reach a reasonable solution to this matter within the deadline established. An Organization which aimed to govern world trade into the 21st century could certainly establish and manage an independent salaries and pension system for its Secretariat in a way that budget contributions did not increase. This was well within the WTO's scope and competence. As regards concerns of a domino effect on other organizations, his delegation believed that governments had policy means to control such a situation, and political and economic arguments to justify the adoption of such policies. In view of the approaching deadline for resolving this issue, Switzerland believed that the essential task was to restore a true dialogue and not have just a restatement of positions. All should take steps forward, and look for solutions rather than focus on problems. Japan had asked a pertinent question of certain delegations, and this required a speedy response for progress to be made.

The representative of Belgium said his Government was among those that feared the effects on the UN system of an independent salaries and pension system for the WTO, and would prefer a solution to be found within the common system. The question of cost neutrality of a WTO system was an important issue. However, Belgium also contributed to the UN system, and reiterated its wish that those responsible for the UN common system and the UN Pension Fund come to the WTO to provide an assessment of the impact of any decision taken by the WTO.

The representative of the United Kingdom said his delegation had heard with interest the Director-General's proposal that cost neutrality be deemed an essential precondition of establishing a WTO Secretariat independent of the common system. He would report to his authorities on this proposal, and was confident of their careful consideration thereof.

The representative of Germany said that his Government still had serious concerns about the systemic issue, and the impact on the UN system and other Geneva-based organizations of a WTO decision to leave the common system. Germany was also concerned about cost and cost neutrality. However, it had not asked for cost neutrality because the draft decision of 18 September, the basis of the current work, was not cost neutral. If there were now a consensus for a cost-neutral WTO solution, Germany could not see how one could, on this basis, find a better solution than in the common system. Furthermore, if a cost-neutral solution were now to be discussed, the terms-of-reference would need to be changed. Germany would carefully examine the Director-General's proposal that Members start first with the political and institutional decision. In this connection, he wished to note that some other organizations that were *sui generis* and not part of the UN system, also applied the UN common system.

The representative of India said that his delegation had always supported efforts to find a meaningful, consensus-based solution to this problem. India shared others' concerns that the deadline that had been set should not be missed, and believed that the Director-General's statement could be a useful guideline for examining this matter further and reaching a solution. He hoped that all would now show flexibility and try to find a solution within the set deadline. He recalled, that without reference to the matter at hand, India had always maintained that the WTO was a *sui generis* organization, and was not part of either the UN or the Bretton Woods systems. India believed that it would be good

⁴Organizational and Financial Consequences flowing from the Implementation of the Agreement Establishing the WTO - Decision of 14 April 1994 (MTN/TNC/45(MIN), Annex III).

for Members as well as the Organization if all could work on the basis of cost neutrality, as suggested by the Director-General, and find an early solution.

The representative of Italy said that Members should recall the commitments they had made at Marrakesh. These commitments still stood and, above all difficulties, should remain the basis for finding a positive outcome to this matter. Members should identify the points on which they needed to work concretely and speedily. Cost neutrality was undoubtedly an element of interest that would provide guarantees to Member governments. His delegation urged an approach of common-sense and consistency. The WTO was not set up as part of the UN system, and Members should have the courage to act upon the consequences resulting from this. Little time remained before the deadline for completion of the Working Group's work, and delegations had to review the situation with their authorities and try to reach a point where consensus could be found on this long-standing issue.

The representative of Morocco said it was clear that if Members wanted an efficient Secretariat they had to provide the means for it. It was also clear that several governments had legitimate concerns on this matter. While his delegation supported Norway's statement, it believed that one should also consider asking the UN to look, together with Members, into the consequences of the WTO's withdrawal from the common system, and thereby try to meet the concerns of some countries. At the same time, Members could continue to work on the elements before them in the Working Group. He believed that technical considerations were no longer the major issues, and that political impetus should be given to the process.

The Chairman of the Working Group said that the Group was embarked on a collective effort, and its task, although long, was indispensable. Even if Members managed to answer the political questions, they would need to look into the details of the texts to be proposed. Therefore, despite the slow progress, this work was necessary and inevitable. He hoped that while the Group continued its work on technical matters, a parallel effort would be made at the political level to help achieve a compromise solution in keeping with the tradition of the Organization. He emphasized the importance of meeting the set deadlines if the WTO wished to have any action taken by the relevant UN organs this year.

The General Council took note of the statements.

5. Follow-up to the Singapore Ministerial Conference - Working Groups on the relationship between trade and investment, the interaction between trade and competition policy, and transparency in government procurement practices (WT/MIN(96)/DEC, paragraphs 20 and 21)
 - Appointment of chairpersons

The Chairman recalled that at its meeting on 7 February, the General Council had authorized its Chairman to hold consultations and to propose to the General Council names of chairpersons for the three Working Groups established by Ministers in Singapore. In the light of his extensive consultations, there appeared to be a consensus on the following names:

- Mr. Krirk-Krai Jirapaet (Thailand) for the Working Group on the Relationship between Trade and Investment;
- Mr. Frédéric Jenny (France) for the Working Group on the Interaction between Trade and Competition Policy; and
- Mr. Werner Corrales Leal (Venezuela) for the Working Group on Transparency in Government Procurement.

The term of office of these Chairpersons would be the calendar year of 1997, with the possibility of reappointment for another year as appropriate. The question of possible reappointment, or the appointment of new chairpersons, would be taken up on the context of consultations on the appointment of chairpersons of WTO bodies for 1998.

The General Council took note of the statement and agreed to the appointments (WT/L/215).

6. Dates of the 1998 Ministerial Conference

The Chairman recalled that Ministers in Singapore had agreed that the next Ministerial Conference would be held in Geneva, and had invited the General Council to determine its date and duration (WT/MIN(96)/SR/9). He recalled also that Ministers had instructed the General Council to consider how the 50th anniversary of the multilateral trading system could best be commemorated, and that at the 7 February General Council meeting, Canada had proposed that the commemoration meeting be held back-to-back with the next Ministerial Conference. Following informal contacts with delegations, he had raised the question of dates of the next Ministerial Conference at an informal meeting on 11 April. On that occasion, information concerning the availability of meeting rooms and on dates of major meetings of other international organizations in Geneva scheduled thus far had also been provided.

From the informal consultations, it appeared that there was a widespread view that the next Ministerial Conference should be held in the first semester of 1998. As regards meeting rooms for the Conference, two options were currently available: the Arena Hall and the Palais des Nations. The Arena Hall was a multipurpose hall and required additional work and expense to install the necessary infrastructure for holding the Conference, as compared to the Palais des Nations where all the facilities were already in place. It was necessary to decide as soon as possible on precise dates for reasons of logistics. He therefore intended to intensify his consultations in the near future, and invited delegations to reflect on the matter in the meantime to help expedite the consultations.

Mr. Chabert, Director, Finance and General Services Division, said that size was an important criterion in considering the possible conference sites in Geneva. At previous GATT/WTO Ministerial meetings, the following seating capacities had been provided for: 2,000 in Brussels in 1990; 1,800 in Marrakesh in 1994; and 2,500 in Singapore in 1996. In this context, the Arena, a multipurpose hall, could seat 3,600 persons. However, as the Chairman had stated, various costly adjustments would be required if this venue were to be used. On the other hand, the Assembly Hall at the Palais des Nations, which could seat 1,900 persons, had been renovated recently and had full technical facilities for the holding of conferences. The only adjustment that might be needed would be the provision of an appropriate backdrop for the podium. Security measures would also be easier at the Palais des Nations. Furthermore, an additional 700 persons could follow proceedings at the Palais through a video link to the WTO's new conference centre, which would be ready by the year-end. A further video link to the present Council Room would provide an additional capacity of about 200 seats. A third possible venue, the International Conference Centre of Geneva, with a seating capacity of 1,800, was fully booked for the year, except for August. A chart showing the current availability of the other two venues had been circulated to delegations. Both these sites were in great demand and, to avoid unfortunate surprises, the dates of the Ministerial Conference should be established soon.

The representative of Canada recalled that his delegation had made some proposals on this matter at the 7 February meeting (WT/GC/8), and had urged an early decision on the date for logistical reasons. Having spoken with many delegations, and with a view to having all start thinking about more precise possibilities, his delegation suggested the dates of 2-4 February and 18-20 May, which the Chairman could take up in his further consultations.

The representative of Switzerland thanked Canada for its proposals and said that it was very urgent, for many reasons, to reach a rapid decision on the date.

The representative of Norway agreed on the urgency of deciding on the date, and said that a body the size of the General Council was not the most useful forum for subsequent discussion thereon. He suggested that the task be assigned to a small group in which the Chairman, the Secretariat and the Swiss delegation would have a special voice.

The representative of Morocco said he did not believe it necessary to establish a small group. One had to work on a practical basis, to select a date and see if it was acceptable to the Ministers and other officials that would attend the Conference. The dates suggested by Canada could be taken as a working basis, and all delegations asked to give their responses to those dates as soon as possible. If delegations could not give an affirmative reply to either of those dates, they should suggest alternatives.

The representative of Pakistan said that the Ministerial Conference should be held earlier rather than later in 1998. For this reason, of the two dates suggested by Canada, his delegation preferred 2-4 February, and hoped a consensus would be reached soon. A working group was not required, but rather active efforts by the Chairman to consult with delegations and to come forward with concrete proposals at the next meeting.

The Chairman said that he would hold extensive, open-ended consultations, and take into consideration Canada's suggestions as well as all the statements made at the present meeting.

The representative Japan indicated his delegation's preference for a date in the latter part of the first semester of 1998.

The representative of Korea said that, among the dates suggested by Canada, his delegation preferred 18-20 May.

The representative Cuba recalled his country's plan, announced at the General Council meeting on 7 February⁵, to hold an international seminar towards the end of 1997 in commemoration of the fiftieth anniversary of the multilateral trading system.

The General Council took note of the statements and agreed that the Chairman should hold consultations on this matter.

7. Institutional reform and restructuring of the Secretariat

- Draft decision on WTO Secretariat and senior management structure (WT/GC/W/57)

The Chairman said that a number of delegations had been of the view that, in light of the first two years of operation of the WTO Secretariat, consideration should be given to how its functioning and operational efficiency might be enhanced to meet the challenges facing the Organization. The view had also been expressed that the number of Deputy Directors-General should be reduced significantly at an appropriate time. The draft decision in document WT/GC/W/57 had resulted from broad-based informal consultations, and he proposed that it be adopted.

The representative of Pakistan said that his delegation could go along with the proposed decision. However, while great emphasis had been placed during the consultations on the number of Deputy

⁵See WT/GC/M/18 and Corr.1, item 8.

Directors-General, the focus should instead be on the composition and operation of the Secretariat itself, which had been inherited from the GATT. The WTO was now an organization with responsibilities extending, *inter alia*, to goods, services and intellectual property. It was engaged in the implementation of a number of agreements, in negotiating -- within the built-in agenda -- on many issues, and in the examination of certain new issues agreed at the Singapore Ministerial Conference. The WTO had also assumed a new and genuinely adjudicatory role in dispute settlement. Furthermore, its membership had changed, and it was now composed very largely of developing countries with special needs and requirements. Given this, the exercise to be commenced should be sufficiently comprehensive to address the Secretariat's nature and operational capabilities.

Specifically, Pakistan wished to see the following issues addressed: (i) the present capacity of the Secretariat to discharge the WTO's functions and responsibilities; (ii) the role the Secretariat should play in assisting developing countries; (iii) the measures required for the rationalization of responsibilities within the Secretariat, including the creation of vertical and horizontal balance and improvement in professionalism; and (iv) improvements in recruitment policy, including measures to ensure greater geographical balance in the Secretariat's composition. The General Council was undoubtedly the appropriate forum for considering the question of the restructuring and improvements in the Secretariat that were clearly required. Pakistan believed that when it took up this matter, the General Council might wish to consider the precise modality for the examination of the Director-General's report and the views of Members on this issue.

On the role of the General Council generally, he recalled that Article IV of the WTO Agreement established the General Council as the supreme body in the intervals between meetings of the Ministerial Conference. The General Council should hold more frequent meetings, both formal and informal, to conduct general policy discussions, hear reports from chairpersons of different committees and councils, and take appropriate measures to ensure that the WTO remained an organization where transparency was the rule rather than the exception.

The representative of Singapore, speaking on behalf of the ASEAN Members, said they shared the view that the future number of Deputy Directors-General should be reduced significantly, and could go along with the language of the first preambular paragraph in the draft decision. The ASEAN Members believed that the decision on the actual number of Deputy Directors-General should be based on management needs and organizational efficiency. In this connection, they welcomed the proposal to request the Director-General to submit a report by October 1997, which should also outline the comparative merits of the options of having one or two Deputy Directors-General. Given the probability that the next Ministerial Conference would be held in the first half of 1998, and in order not to have the question of Deputy Directors-General distract the preparations therefor, their delegations hoped that a decision could be taken by the General Council in early 1998. It would be useful to stipulate a time-frame within which an agreement should be reached, and their delegations supported the suggestion that this issue be discussed by the General Council before the end of 1997. They were also of the view that the implementation of the decision on the number of Deputy Directors-General should be carried out in consultation with the Director-General.

The representative of Mexico expressed support for the draft decision, and noted with satisfaction that Members would be looking not only at the number of Deputy Directors-General, but also at the rationalization of the senior management structure. Mexico was not among those that had already decided on the number of Deputy Directors-General they considered optimal, and believed it was important first to examine the report requested of the Director-General. Mexico interpreted "reduce significantly" to mean less than four. It looked forward to receiving the Director-General's report, which would enable Members to consider the advantages and disadvantages, from the economic, functional and political viewpoints, of each of the possible future options.

The representative of Hong Kong expressed support for the draft decision. Members had perhaps not been as consistent as they might have been in their attitudes towards the Secretariat's senior management structure in the past, and now had an opportunity to adopt a more rational approach. Hong Kong was not convinced that the present structure was ideal, and believed that a significant reduction was in order. However, before giving detailed consideration to change, Members should draw on the Director-General's very valuable experience. Hong Kong therefore welcomed the request to the Director-General for a report with recommendations on the best way to rationalize the structure. The matter at hand was complex, given that there were no fewer than twenty Secretariat divisions to oversee, new issues were being added to the agenda, and that the Deputy Directors-General brought a type of experience valuable to the Secretariat. Hong Kong was therefore not prejudging the outcome of any review. It believed, however, that this exercise should be approached primarily from the viewpoint of functional necessity and operational efficiency. Without such a solid basis, the Secretariat was prone to too frequent fluctuations in its senior management structure, which might not best serve the long-term interests of the Organization.

The representative of India said that all delegations, including his own, had shown the necessary flexibility in the consultations on this subject to enable the General Council to arrive at a consensus decision. His delegation could therefore go along with the draft decision. India viewed the draft decision as facilitating a report from the Director-General on enhancing the Secretariat's functioning and operational efficiency to meet challenges facing the Organization including through a rationalization of the senior management structure, and enabling the General Council to give in-depth consideration to the subject at the appropriate time, taking into account the Director-General's report. His delegation understood that the decision was not limited to the senior management structure, and that the Director-General's report would address all areas critical for the efficient functioning of the Secretariat. It further understood that the decision did not prejudge anything, and that the Director-General as well as the General Council would approach the subject with an open mind.

The question of the senior management structure was of great importance from the Organization's viewpoint, and it would be unfortunate for it to be linked, consciously or unconsciously, to individuals. Guiding, supervising and motivating directors and other professional staff was only one of the functions of the Deputy Directors-General. Their primary role was to bring into the Organization the perspective undoubtedly gained from working in senior policy positions in national governments. It was important to have this perspective available to the Secretariat to enhance its functioning. Moreover, the Deputy Directors-General had to act as the link between the senior professional staff and the Director-General, facilitating a continuous feedback. The Deputy Directors-General should also be able to advise the Director-General keeping in view the larger interests of the organization without any inhibition, based on their own experience of working in national governments, continuous interaction with delegations and regular exchange of views with the professional staff. All these factors should be considered when taking a final view on the optimum number of Deputy Directors-General. Furthermore, when the General Council discussed this subject, it would be necessary for it to know the thinking behind the Director-General's recommendations so as to facilitate and enrich its discussion. He was certain that the Director-General's report would provide cogent reasoning for any recommendations. His delegation believed also that it would be useful if the Director-General could have individual meetings with interested delegations to hear their views before finalizing his report. It was his expectation that such an interaction would help the Director-General in arriving at the right recommendations.

The representative of Korea said that his delegation joined in the consensus on the draft decision. It was his understanding that the General Council's future consideration of this matter would be based, *inter alia*, on the Director-General's report, and would not be confined only to the number of Deputy Directors-General, but also cover other institutional aspects of the Secretariat. Korea interpreted "reduce significantly" to mean any number from one to three, and believed that the actual number of Deputy Directors-General should eventually be determined by consensus.

The representative of Colombia said it was important to highlight that the scope of the draft decision was not limited to the question of the Deputy Directors-General, but was much broader, and that the request for a report from the Director-General should be understood in this context. The Director-General, with the knowledge and experience he had acquired in his tenure of office, had an excellent opportunity to analyze and make recommendations on the Secretariat's composition and operation. Colombia did not wish to indicate its preference for the number of Deputy Directors-General at this stage, and believed that one should not prejudice recommendations that the Director-General might make in this regard. The draft decision clearly established a separation between the appointments of the future Deputy Directors-General and the future Director-General, by providing that the decisions taken by Members following the Director-General's recommendations should be reflected in the 1999 budget. Colombia believed that no opportunity should be provided for a political package deal on the question of the next Director-General and Deputy-Directors General, and that there should be a clear separation between the two appointments.

The representative of New Zealand expressed support for the draft decision and shared others' views on the need for a comprehensive look at the structure of the Secretariat and its senior management. The trend in international organizations was towards lean, cost-effective management. The WTO had often led the way in many respects, and it was pleasing to see a determination to continue on this path, which New Zealand hoped would be an independent one. New Zealand believed that there should be only one Deputy Director-General post, with a developed/developing country balance between the posts of Director-General and Deputy Director-General. This structure could give the appropriate emphasis to the merits and the capacity of the individual candidates for these posts. However, New Zealand looked forward to the Director-General's report and to hearing his views on the Deputy Directors-General issue. New Zealand believed that Members should take a decision as early as possible after the Director-General presented his report so that this issue did not get caught up in the future selection processes for the Deputy Director-General and Director-General positions.

The representative of Trinidad and Tobago expressed support for the draft decision, which he believed placed a heavy responsibility on the Director-General and, by its brevity, gave him great flexibility. His delegation also supported Pakistan's statement, which it believed gave the Director-General broader parameters than those outlined in the draft decision. For this reason, his delegation considered that the Director-General should take Pakistan's statement into account. Trinidad and Tobago, like Pakistan, believed that the General Council was being under-utilized. However, it could not agree with Pakistan's recommendation that there be more frequent meetings. Unless Members changed their working methods and made the General Council a more effective instrument for decision making, he doubted that greater frequency would result in greater efficiency.

The Chairman said it was clear that all the statements by delegations were important, and that they would be taken into consideration by the Director-General in the preparation of his report.

The representative of Peru expressed support for the draft decision and said that his delegation awaited with interest the Director-General's report. The report should not restrict itself to recommending simply a reduction or non-reduction in the number of Deputy Directors-General, but rather a senior management structure that was reflective of the entire administrative structure of the Organization, keeping in mind the needs of functionality and efficiency and the new issues that had recently been added to the WTO's mandate. The Secretariat's support role for developing countries should also be taken into account. Furthermore, the work of the new committees and working groups that had been established since Marrakesh should be borne in mind. In other words, Members should be presented with an administrative structure more streamlined and able to handle the additional issues brought into the new Organization as compared with the structure under the GATT.

The representative of Argentina expressed support for the draft decision as well as for many of the comments by Pakistan and Singapore. His delegation believed that there was room for improvement in the Secretariat's recruitment and staff promotion policies, and that the Director-General's report should include these issues.

The representative of Morocco expressed support for the draft decision, and endorsed Pakistan's statement. His delegation agreed with India that the question of senior management structure was important from an institutional viewpoint and should not be linked to individuals. While Members might have their own views on the matter at hand, the Director-General's report would enable the General Council to make an informed decision.

The representative of Switzerland expressed support for the draft decision. Switzerland had examined the question of the senior management structure and had concluded that the number of posts of Deputy Directors-General should be reduced to one. Switzerland awaited with interest the Director-General's report, which would touch upon all the issues raised in the draft decision, and which would be decisive in the final position taken by Switzerland.

The representative of Norway expressed support for the draft decision. Norway wished to see one post of Deputy Director-General. To go up from one to two or three posts would have political, administrative and geographical implications that his delegation wished to warn against.

The representative of Venezuela expressed support for the draft decision, and said that the Director-General's report should propose machinery and structures such that the Organization at the senior management level was effective, reflected the Organizations objectives, and was efficient in terms of achievements and resources. Venezuela wanted to see proposals about structures capable of managing the fundamental issues facing the Organization, of making a contribution in preparing the opinions of the Secretariat and of delegations, in developing possible consensus on issues, and of contributing to transparency. Transparency had been an issue of concern to many delegations, and this should be assured through the internal Secretariat structures. His delegation therefore supported the general thrust of Pakistan's statement. Like others, it believed that Members should refrain from expressing preconceived opinions concerning the number of Deputy Directors-General, and should await the Director-General's report.

The representative of Tunisia expressed support for the draft decision. The interest of the Organization should be the focus of concern in this exercise, both in the preparation of the Director-General's report and in its examination. Furthermore, this exercise should be undertaken in partnership with the Director-General.

The General Council took note of the statements and adopted the draft decision in WT/GC/W/57.⁶

The Director-General said that he had found the discussion very useful, and welcomed the Decision just taken. Although the deadline for presenting his report was rather near, and he would have preferred to report in the second half of 1998, he accepted the wish of Members to have it sooner, and would comply with their request. He would attempt to address and provide his recommendations on all the matters on which the Decision asked him to report. He believed that the scope of the Decision was very wide, and that it covered all the points raised by Pakistan. He would, in any case, cover all the points raised at the present meeting, and would also consult extensively with delegations.

The General Council took note of the statement.

⁶The Decision was subsequently circulated as WT/L/207.

8. Offices of the Deputy-Directors-General
- Announcement by the Director-General

The Director-General said that, on the basis of the existing situation, which was the result of successive decisions taken by the GATT CONTRACTING PARTIES and WTO Members, and on the basis of extensive consultations he had held with delegations, as well as in accordance with the GATT Council Decision of 15 April 1987 concerning procedures for the future appointments of Deputy Directors-General (BISD 34S/173), he had decided to extend the present contracts of the four Deputy Directors-General until 30 April 1999, i.e. the date on which he would leave office. He had decided also on the fourth Deputy Director-General now, even though the latter's contract did not expire until a year later, because of the general view of almost all delegations that the four contracts should be dealt with together. He had noted all the views that had been conveyed during the consultations and had decided on the best and least disruptive course of action in the circumstances. Members had taken decisions in the past that had led to the present situation of four Deputy Directors-General. They had just taken another decision to scale down their number in the future.⁷ But more time would be needed for a consensus to be reached on the precise number. In October, he would present the report requested by Members in the Decision taken under item 7, based on his renewed consultations with them. Members did not have to decide today on the transition arrangements. He was acting on the basis, therefore, of a status quo, and if the status quo remained, he wished to extend the contracts of the four Deputy Directors-General.

On his decision to extend the contracts, he said that, first, the team was a good one, and there was no reason to change the individuals concerned, taking into account the Decision adopted under item 7. Second, his decision left governments full flexibility in reviewing the management structure, in terms of the number of Deputy Directors-General and the timetable for implementing it. Third, his decision did not pre-empt any possibilities Members had in the context of the budget, or any other context, to decide on the number of Deputy Directors-General; this also gave to the future Director-General the possibility of choosing his senior management team. He said this because some Members appeared concerned that his decision might pre-empt the possibility for the General Council to review the number of Deputy Directors-General and implement changes prior to his departure on 30 April 1999. He wished to act only within his responsibilities, as laid down in the relevant GATT Council procedures to which he had referred at the outset. He believed that in taking his decision he was not touching on Members' freedom of action to change the present structure and the timetable for implementing that change. He believed also that he was acting in a way that should make it easier for Members to reach a consensus on all the relevant aspects of the question.

The representative of the European Communities said he wished to note that the Director-General's statement did not pre-empt, and was without prejudice to, decisions that Members would, he hoped, take in early 1998. The Community expected that those decisions would be carried into and reflected in the 1999 budget. It reserved its rights to take the appropriate and consequential decisions in that context. The Community believed that any decisions by Members to reduce the number of Deputy Directors-General should be implemented rapidly and even before the selection of a new Director-General in 1999. In that case, the decision announced at the present meeting by the Director-General would have to be reviewed.

The representative of Colombia said it was his delegation's understanding that the decision to be taken by Members on the number of Deputy Directors-General would be reflected in the 1999 budget, as provided for in the Decision adopted under item 7. Under that Decision, the extension of contracts of the present Deputy Directors-General was possible only until the end of December 1998,

⁷See Item 7.

the purpose being to distinguish between the future appointments of the Deputy Directors-General and the Director-General. To allow the possibility of a package deal on the appointments of the future Director General and Deputy Directors-General would be counterproductive for a rational approach to the appointment of the new Director-General.

The Chairman said that the Director-General had taken his decision on the basis of the status quo. If there was a change in the status quo, the Director-General would draw the conclusions that a different decision would require him to do.

The representative of Mexico asked for confirmation that in the General Council's taking note of the Director-General's announcement, it was clear that it was the Director-General who was taking the decision on the appointments of the Deputy Directors-General and not Members.

The Chairman said that the General Council would only take note of the Director-General's announcement because it concerned a decision that was within his competence and jurisdiction. The Director-General, for his part, had noted the General Council's Decision on the senior management structure and the views that had been expressed, which were important in the drafting of the report he would make under that Decision.

The General Council took note of the statements and of the Director-General's announcement.

9. Marrakesh Agreement establishing the World Trade Organization
 - Extension of time-limit for acceptance of the Agreement by the Republic of the Congo
(WT/GC/W/54)

The Chairman said that on 25 February, the Republic of the Congo had notified the WTO that it had ratified the Marrakesh Agreement. However, the time-limit for acceptance of the Marrakesh Agreement by contracting parties to GATT 1947 eligible to become original Members expired on 1 January 1997, as provided in Article XIV:1 of the Agreement. Given that the Republic of the Congo was the only remaining contracting party to GATT 1947 eligible to become an original Member before 1 January 1997 which was not yet a Member, it was proposed that the General Council adopt the draft decision in WT/GC/W/54. This draft decision extended retroactively the time-limit for acceptance by the Congo of the Marrakesh Agreement to 25 February 1997. The Congo would thus be deemed to be a WTO Member as of 27 March 1997, i.e. 30 days after receipt of the notification of ratification, as provided for in Article XIV:1.

The General Council adopted the draft decision in WT/GC/W/54.⁸

10. Waivers under Article IX of the WTO Agreement

- (a) Harmonized System - Requests for extensions of waivers
 - (i) Bangladesh (G/L/163, G/C/W/74)
 - (ii) Bolivia (G/L/161, G/C/W/72)
 - (iii) Nicaragua (G/L/166, G/C/W/77)

The Chairman drew attention to the communications from Bangladesh (G/L/163), Bolivia (G/L/161) and Nicaragua (G/L/166) in which each had requested an extension of a waiver already

⁸The Decision was subsequently circulated as WT/L/208.

granted in connection with its implementation of the Harmonized System, and to the related draft decisions.

Mr. Johannessen (Norway), Chairman of the Council for Trade in Goods, reporting on the Council's consideration of these requests, said that the waivers were to expire on 30 April 1997, and that the governments concerned had requested their extension by six months until 31 October 1997 to enable them to conclude their negotiations under Article XXVIII of GATT 1994. The Council had approved the requests and recommended that the related draft decisions be forwarded to the General Council for adoption.

The General Council took note of the report by the Chairman of the Council for Trade in Goods and, in accordance with the Decision-Making Procedures under Articles IX and XII of the WTO Agreement agreed in November 1995 (WT/L/93), adopted the draft decisions in G/C/W/74 - Bangladesh, G/C/W/72 - Bolivia and G/C/W/77 - Nicaragua.⁹

- (b) Senegal - Renegotiation of Schedule XLIX
- Request for extension of waiver (G/L/165, G/C/W/76)

The Chairman drew attention to the communication from Senegal requesting an extension of its waiver (G/L/165), and to the related draft decision (G/C/W/76).

Mr. Johannessen (Norway), Chairman of the Council for Trade in Goods, said that since the Council meeting at which this request had been considered, he had been informed that Senegal had concluded its pending negotiations under Article XXVIII of GATT 1994. In the light of this situation, Senegal was not pursuing its request on the waiver, and the General Council therefore did not need to take further action on this item.

The General Council took note of the statement.

- (c) Zambia - Renegotiation of Schedule LXXVIII
- Request for extension of waiver (G/L/162, G/C/W/75)

The Chairman drew attention to the communication from Zambia requesting an extension of its waiver (G/L/162), and to the related draft decision (G/C/W/75).

Mr. Johannessen (Norway), Chairman of the Council for Trade in Goods, reporting on the Council's consideration of this request, said that the Council had approved the request and recommended that the draft decision in G/C/W/75 be forwarded to the General Council for adoption.

The General Council took note of the report by the Chairman of the Council for Trade in Goods and, in accordance with the Decision-Making Procedures under Articles IX and XII of the WTO Agreement agreed in November 1995 (WT/L/93), adopted the draft decision in G/C/W/75.¹⁰

⁹The Decisions were subsequently circulated as WT/L/209-Bangladesh; WT/L/212-Bolivia; and WT/L/211-Nicaragua.

¹⁰The Decision was subsequently circulated as WT/L/213.

- (d) Decision on the introduction of Harmonized System changes into WTO schedules of tariff concessions on 1 January 1996
- Extension of time-limit (G/MA/W/12 and Corr.1)

The Chairman drew attention to the draft decision regarding the introduction of Harmonized System changes into WTO schedules on 1 January 1996 in G/MA/W/12 and Corr.1.

Mr. Johannessen (Norway), Chairman of the Council for Trade in Goods, reporting on the Council's consideration of this matter, recalled that the General Council had granted a waiver until 30 June 1996, further extended to 30 April 1997, to certain Members finding it necessary to consult or negotiate under Article XXVIII of GATT 1994 as a result of HS96 changes introduced in their schedules. Since these Members were not in a position to conclude this process by the time the waiver expired, it had been proposed to extend the time-limit of the waiver until 31 October 1997. The Council had approved the draft decision in G/MA/W/12 and Corr.1 granting an extension of the waiver until 31 October 1997 to the Members listed in the Annex thereto, and had recommended that it be forwarded to the General Council for adoption.

In this connection, he recalled that Switzerland had raised concerns at the practice of some Members of making general reservations regarding the documentation relating to the transposition of some WTO schedules into the HS96 nomenclature without further specifying the reservations and subsequently entering into negotiations (WT/GC/W/56, G/C/W/79). Switzerland had proposed elements for a decision that would facilitate the process of introduction of HS changes into WTO schedules. In the light of informal consultations he had held recently on this matter, he wished to summarize the situation as follows: (1) an overwhelming majority of Members saw an urgent need to resolve this problem, and there was a strong desire to eliminate the feeling of legal unpredictability of rights and obligations to which the Swiss proposal had made reference; (2) at this stage there was no consensus on the Swiss proposal; (3) it was realistic to assume that it would be easier to establish consensus on procedures than on substance; and (4) he perceived a clear need to continue as a matter of urgency the informal consultations launched on the basis of the communication from Switzerland, with a view to trying to find a solution in time for the Council meeting on 2 June. He wished to underline the element of urgency regarding this issue, and intended to hold further consultations in the very near future. In concluding, he stressed that Members had agreed that the solutions to be found on this issue, and the process necessary to achieve a solution, should not delay action on the draft decision before the General Council in G/MA/W/12 and Corr.1.

The representative of Switzerland said that his delegation was encouraged by the outcome of the consultations held by the Goods Council Chairman. It was essential that the Goods Council find a solution to this issue. Switzerland hoped that further consultations under that Council would enable the General Council to subsequently take appropriate measures, hopefully before future requests for waivers or extensions of time-limits relating to the introduction of HS96 changes into WTO schedules.

The representative of Trinidad and Tobago said that, under normal circumstances, Trinidad and Tobago would have appeared under sub-item 10(a). This, however, was not the case. He requested the Director-General to provide to his delegation the legal basis for the non-certification of Trinidad and Tobago's schedules after submission of documentation some 600 days earlier. This would assist his delegation in the consultations that would follow on the Swiss proposal regarding general reservations.

The Chairman said that the Director-General would contact Trinidad and Tobago after examining the matter that had been referred to him.

The representative of Argentina said he found it somewhat irregular that consultations on this matter were being held under the Council for Trade in Goods rather than under the Committee on Market

Access, which would be the natural forum. It was a poor precedent that verticality was not being respected, particularly since no-one had been able to give an explicit reason for this decision.

The General Council took note of the statements. It further took note of the report by the Chairman of the Council for Trade in Goods, including on the consultations held on the proposal by Switzerland (WT/GC/W/56 - G/C/W/79), and of his intention to hold further consultations with a view to finding a solution in time for the meeting of the Council for Trade in Goods on 2 June. The General Council then adopted the draft decision in G/MA/W/12 and Corr.1 in accordance with the Decision-Making Procedures under Articles IX and XII of the WTO Agreement agreed in November 1995 (WT/L/93).¹¹

11. Follow-up to paragraph 22 of the Singapore Ministerial Declaration (WT/MIN(96)/DEC)

The representative of Egypt, speaking under "Other Business", said his delegation hoped that informal consultations held recently by Mr. Hoda, Deputy Director-General, on ways to minimize the burdens on delegations, especially those with more limited resources, in the organization of the WTO's work referred to in paragraphs 20 and 21 of the Singapore Ministerial Declaration (WT/MIN(96)/DEC), would be continued. Egypt believed that the objective of minimizing burdens on delegations had not yet been achieved.

The Chairman said that he had himself been trying to deal with the matter referred to by Egypt in his coordination meetings with chairpersons of other WTO bodies.

The General Council took note of the statements.

12. Peru - Recent customs tariff changes

The representative of Peru, speaking under "Other Business", informed the General Council that tariff duties on goods imported into Peru had been modified as of 13 April. In general, *ad valorem* rates previously set at 15 and 25 per cent had been reduced to 12 per cent, with the exception of a few goods for which the tariff would be 20 per cent. As a result of these changes, Peru's average tariff level had been reduced from 18 to 13 per cent. These unilateral changes did not affect Peru's rights and obligations under the WTO Agreement.

The General Council took note of the statement.

13. Frugality measures in Korea

The representative of the European Communities, speaking under "Other Business", recalled that his delegation had raised this issue at the 11 March meeting of the Council for Trade in Goods to express concern at the impact on Community exports of the so-called frugality campaign in Korea, and to invite Korea to correct the misleading impression allowed to gain acceptance that imports were harmful to the economy. This issue concerned not only trade in goods but also trade in services. Since there had been no adequate response from Korea, the Community was raising this issue once again to request the Korean Government's assistance in repudiating the dangerous and discriminatory approach to the conduct of economic policy which the anti-import campaign entailed. Silence by political

¹¹The Decision was subsequently circulated as WT/L/216.

leaders implied consent. The Community reiterated its request that Korea address these concerns by a firm, clear and sustained opposition to discriminatory anti-import campaigns. The Community believed that the government in a country that benefited so greatly from the multilateral trading system had a duty to defend that system actively, and to speak out against groundless and misleading attacks on imported products.

The representative of the United States reiterated concerns previously expressed by his delegation in the Council for Trade in Goods regarding aspects of the frugality campaign in Korea which had adversely affected a wide range of US exports. The United States noted a distinction between the Korean Government's understandable efforts to promote savings, reduction of excessive consumerism, and other forms of frugality, and the suppression of imports. Although the Korean Government had denied involvement in an anti-import campaign, or had dismissed certain incidents as occasions when low-level bureaucrats had allegedly acted without instructions, the United States had substantial and compelling evidence that various government agencies had undertaken an active campaign. Any government actions that discriminated against imports were inconsistent with Korea's obligations to the WTO and the multilateral trading system. The United States, like the Community, strongly encouraged Korea to make an affirmative public policy statement clarifying that its Government neither supported nor condoned anti-import activity.

The representative of Korea said that on his visit to Korea in the past week, the Director-General had been greatly welcomed, and had held discussions with Korean Government leaders, including the President, on the frugality campaign. The content of these discussions had been widely publicized in the media. His delegation had believed, therefore, that the suspicions of the Community and the United States would have been alleviated by this time. However, this was not the case. He had noted the US and Community statements, and would report to his capital the concerns expressed. As Korea had made clear on previous occasions, its Government was not involved in the frugality campaign, and particularly in targeting the importation of foreign goods. Korea, as an important WTO Member, had abided by its WTO obligations and would continue to do so.

The General Council took note of the statements.

14. Accession of Panama

The Chairman, speaking under "Other Business", recalled that in October 1996, the General Council had adopted a Decision authorizing Panama to accede to the WTO Agreement (WT/ACC/PAN/20) on the terms set out in its Protocol of Accession (WT/ACC/PAN/21). The Protocol was open for acceptance by Panama until 30 June 1997. Panama had recently indicated that it might not be able to meet this time-limit for its acceptance of the Protocol. If this proved to be the case, a draft decision proposing an extension of this time-limit would be placed before the General Council for consideration at its next meeting.

The General Council took note of this information.

15. Observer status in the General Council for the Holy See

The Chairman, speaking under "Other Business", said that as he already informed delegations in informal consultations, in its contacts with the Director-General the Vatican Mission had enquired informally about the possibility of being allowed to observe the General Council's meetings. As all were aware, the Vatican had observer status in many organizations including the United Nations and its specialized agencies. Given its particular characteristics, the Vatican would not, however, envisage

acceding to the WTO as a Member as required in Annex 2 of the Rules of Procedure of the General Council (WT/L/161). Therefore, if the General Council were to invite the Vatican to attend its meetings as an observer it would have to waive this requirement in Annex 2, taking into account the uniqueness of the Holy See's situation.

The criteria in Annex 2 of the Rules of Procedure had been established by the General Council, and were not subject to any other WTO rules. The General Council could therefore choose not to apply those criteria in this specific case. Such a decision would not have a legally binding effect on the General Council's ability in future to take any decisions it wished concerning observer status. A decision to grant observer status to the Holy See could be made conditional on the understanding that it would not constitute a precedent for future decisions on requests for observer status. He had invited delegations to reflect on this matter and to inform him, by the time of the present meeting, whether they would have any difficulties in considering, at a future meeting, a formal request from the Vatican in which the Vatican would also, *inter alia*, provide the reasons for such a request. He had also provided delegations with the Secretariat's legal opinion on this matter. He wished to inform the General Council that until the present time no Member had indicated any difficulty in considering such a request. He would be conferring on this matter with the Vatican in early May, and expected that it would eventually submit a formal request for observer status.

The General Council took note of this information.

16. Accession of Georgia
- Chairmanship of the Working Party

The Chairman, speaking under "Other Business", informed the General Council that, following his consultations, Ms. E. Herfkens (Netherlands) had agreed to serve as Chairperson of the Working Party on the Accession of Georgia.

The General Council took note of this information.