

WORLD TRADE ORGANIZATION

RESTRICTED

WT/MIN(98)/WS/M/2

19 June 1998

(98-2497)

MINISTERIAL CONFERENCE

Geneva, 18 and 20 May 1998

MINUTES OF WORKING SESSION ON FUTURE ACTIVITIES

Held at the Centre William Rappard
on 20 May 1998

Chairman: Mr. Pascal Couchepin (Switzerland)

1. The Chairman, opening the second Working Session, recalled that its purpose was to enable a discussion among Ministers on the second part of Item 1 of the Agenda, namely Future Activities of the WTO.
2. The representative of the European Communities said that Members had rightly celebrated GATT's tremendous contribution to growth, employment and economic stability over the past 50 years. They had also recognized that, in today's global economy, further trade liberalization within the WTO rule-based system was the surest way to maintain and spread prosperity. He welcomed the fact that the draft Ministerial Declaration that would be adopted later that day encouraged and enabled all to work to achieve that objective. The process that would be set up did not pre-empt the following year's decisions, but would make it possible to take ambitious decisions at that time, if as he hoped, Members decided to do so. The process would respect existing timetables and would also allow work to be intensified where necessary so that all elements would be in place for decision-making in 1999. Whatever decisions that would be taken in 1999, the European Communities was committed to observe in any event, and in the time-scale agreed, the obligations it had undertaken at the conclusion of the Uruguay Round with regard to the resumption of negotiations on agriculture and services.
3. Members had to explain clearly to their respective electorates the importance of trade liberalization for promoting growth and creating jobs. They had to be prepared to demonstrate to all interested groups the economic and social benefits that resulted from an expansion of trade. He agreed with the US President and the Prime Minister of the United Kingdom that it was not obvious to everybody that Members had a major effort of persuasion on their hands and that they should embark on it enthusiastically and vigorously. They should demonstrate that trade and other legitimate public policy concerns, in particular those relating to the environment, were not mutually incompatible but could instead work to mutual advantage. They should tackle head on the criticism that trade was necessarily disruptive of the environment. A determined effort to resolve some of the difficult trade and environment issues would go a long way towards reassuring public opinion. He welcomed the support, notably from the US President, for the idea of a high-level meeting as the way to take this forward. This idea should now be brought forward to the General Council to determine the modalities for its implementation.
4. Political leaders should also continue to look forward and show political and economic vision. As the President of the Commission of the European Communities had stated on 19 May, the European Communities believed that the next stage, beyond 1999, should be the launch of a comprehensive new round of negotiations, the "Millennium Round". He welcomed the fact that the US President had talked positively about the idea of a round, and had focused discussion on the type of round that Members should be having. This was a substantial step forward. He knew that some countries were still not yet convinced of the case for any type of comprehensive round. However,

such a round was the right way forward for the global trading system and the growth and jobs it could create. First, it was only through a comprehensive approach that all sectors and interests could be confident that their particular areas of concern would inevitably be included in the negotiations. In the absence of a comprehensive round, certain sectors and legitimate areas for future work would inevitably be left to one side. With a round, the agenda-setting process was far more wide-ranging, and offered far more options for ultimate decisions than a sectoral or clustered approach. Second, a comprehensive approach to agenda-setting meant that the built-in agenda, the Singapore work programme, as well as new items could all be discussed. A round also involved the so-called "single undertaking" approach whereby all participants would have to accept the whole outcome of the negotiations rather than pick and choose. Issues that were difficult for some but important for others would not be blocked in isolation but would have to be weighed up as part of the overall assessment of the negotiations. Political calculations on the overall balance of advantages would enable trade-offs to occur between different issues. An early harvest was not excluded provided it was a balanced one. Finally, a comprehensive round implied a single end date, which would inevitably attract strong political attention at the highest level within Member governments, and would thus put pressure on negotiators operating at a more technical level to close individual negotiations in time for the overall conclusion of the round. This would not mean that all would be travelling at the speed of the slowest one in a convoy. Instead, once a critical mass of good-quality commitments was in sight, overall political pressure would increase to reach solutions on all issues in time to meet the agreed deadline. There was a growing consensus among Members that a round was the right way forward. This consensus had even acquired new adherence during the course of the Ministerial Conference. However, this idea had not yet commanded universal support. The European Communities hoped that the consensus-building process would continue in such a way as to allow positive conclusions in this sense at the next Ministerial Conference, and it would be working in the coming year to that end.

5. The representative of the United Kingdom said that the recognition of the vital role of trade in creating new jobs, prosperity and growth had led the United Kingdom to adopt an open trade policy and to support the creation of the GATT. Its commitment to and support for the rule-based multilateral trading system remained as strong as ever. The global trade landscape had changed dramatically since the 1940s. Successive trade rounds had progressively brought down barriers to trade in goods. Tariffs on industrial goods had fallen from an average of 40 per cent to 4 per cent. The volume of industrial trade had gone up 16-fold. Hand in hand with the growth in trade over the past 50 years, Members had witnessed an enormous growth in living standards and in working conditions. However, Members could not rest content since there were still vast disparities of wealth and of essential living conditions in the world. Trade liberalization should not be permitted to be a device for driving labour standards downwards into a competitive spiral; the contrary should be the case, with the opening up of new opportunities for growth and continuing improvement in the environment and the quality of life for all.

6. Spreading the benefits of globalization and providing technical help to achieve this goal had to be inclusive. To maintain continued prosperity, Members had to reduce further global barriers to trade until businesses could trade throughout the world's markets as easily as at home. Tariffs remained a priority, and although they had fallen in some areas they remained high in others. As traditional tariff barriers were eroded, one could not ignore the non-tariff barriers which still obstructed exporters. Simplification of import and export procedures had become an increasingly significant priority for businesses, in particular smaller enterprises. Members also had to (i) focus more attention on product standards and technical regulations of particular importance on trade, and on mutual recognition of testing, certification and standards; (ii) ensure the strengthening and protection of intellectual property rights; (iii) push for multilateral rules for public procurement to open markets and improve efficiency around the world; (iv) simplify complex rules of origin; (v) look at the scope for new multilateral rules on investment and on competition; and (vi) ensure that world trade rules did not jeopardize environmental regulation, and that dubious environmental regulation was not used to camouflage what were essentially obstacles to trade.

7. Members were already committed to negotiations on agriculture and services beginning from 2000. The potential gains from liberalization in these areas were huge. Current levels of agricultural support and protection were inefficient and expensive, costing every person in the Community up to US\$330 a year. On services, while a great deal had been accomplished in the Uruguay Round, and in the subsequent liberalization negotiations in telecommunications, a 25 per cent cut in the barriers protecting services, according to one study, could have tripled the gains from the Uruguay Round tariff cuts. The United Kingdom and the Community believed that the best prospects for success would be within broad-based negotiations or a new round. This would allow Members to balance trade gains and concessions across a wide front. At the present Conference, Members wished to set in train wide-ranging groundwork, covering all potential areas for future negotiation, so that they would be ready to take the decisions necessary to move ahead swiftly at the Ministerial Conference in 1999. They should do all they could to make progress quickly in three or five years, rather than the doubtful precedents of the seven to ten years of earlier rounds. But decisions on the scope and modalities of further liberalization were issues for 1999. Members should realize that while they had achieved much in the past, and more recently with telecoms, financial services and information technology liberalization, much more remained to be done. They should therefore commit themselves to keep markets open, and continue together the process of multilateral trade liberalization.

8. The representative of Sweden said that the WTO's major goal was to promote prosperity, and the means for achieving it were open markets and the rule of law. However, Members seemed to have a hard time explaining it to people. Therefore, a discussion on how to increase transparency in the WTO was very welcome. Members could not expect the public to understand trade negotiations if they did not make any effort to show people why open markets mattered. The WTO should, for example, develop a policy of openness as regards documentation, and contacts with non-governmental organizations should be improved. But it was clear that transparency began at home, and Members should ensure support for their policies among their voters. The democratic process of elected government could not be substituted on the inter-governmental international level. Members' aim for the future should be comprehensive negotiations in the WTO and, in pursuing that, the issue of transparency should be kept in mind.

9. Sweden wanted increased market access, for developing and developed countries alike in industrial goods, agriculture, textiles and services. If Members were serious about the WTO's goal of promoting prosperity, increased market access was key, i.e. market access for all. Industrial tariffs had reached such low levels in many countries that Members could just as well get rid of them altogether. Tariffs were an instrument of the century that Members were leaving behind, and their economic importance had often been reduced to red tape for businesses, not least small and medium size enterprises. Increased market access also meant opening up markets of interest to developing countries. Putting an end to the marginalization in the world economy of developing countries meant eliminating trade barriers in agriculture and textiles. Developed country Members should prove themselves serious partners if they were to count on the help of developing countries in tackling new trade issues such as electronic commerce and transparency in public procurement, as well as to environmental, health and safety concerns and promotion of workers' rights. Progress in these areas was in the interest of all, developed and developing countries alike. Easy access to markets, and lack of trade distortion, would promote prosperity for all. He supported the US President's call on all countries to sign the OECD anti-bribery declaration.

10. As to labour standards, multilaterally agreed labour standards would not only work to support sustainable development in the longer run, but would also discourage countries from unilateral sanctions and protectionist measures. Labour standards should be discussed in the WTO context. Members should live up to their commitment in the Singapore Ministerial Declaration. Sweden reaffirmed its strong support for the conclusion in the ILO of a declaration and an effective follow-up mechanism on core labour standards in June, and called on all WTO Members to ratify the relevant ILO conventions. More attention should be paid to the cooperation between the WTO and ILO Secretariats. He would welcome a seminar on possible practical forms for this cooperation.

11. The representative of the United States said that on 18 May, her country's President had clearly outlined the United States' priorities for the WTO over the next eighteen months. With respect to the scope, structure and timeframes for negotiations, all needed to be practical and responsive to the needs of the economy of the 21st century. The United States had an open mind on the best way to proceed in developing the agenda and the various ways to move forward. The President had neither endorsed a trade round nor a cluster or sectoral approach, preferring first to determine what the substance of talks would encompass, recognizing that the negotiations in the built-in agenda were already agreed, and then to determine how that agenda was to be achieved. When Members had agreed to establish the WTO, they had agreed that it should be a forum for continuous liberalization. That was a theme to be kept uppermost in mind as Members charted the course for negotiations already mandated, and subjects for further work or possible negotiation. This was an exciting challenge that Members should take advantage of as they prepared for 1999.

12. On transparency and dialogue with civil society, the President had devoted a considerable portion of his remarks to the urgent need for the WTO to listen to the ordinary citizens of the world and of the need for transparency and for dialogue with representatives of civil society. The WTO lagged behind other intergovernmental organizations in this regard. Insufficient attention to this issue had led to the kind of anti-WTO demonstrations Geneva had witnessed over the course of the Ministerial Conference, and political discord on trade issues in many Member countries. Immediate and decisive action to change the WTO's practices should be taken, from consultations to dispute settlement. No effort should be spared to address the range of issues related to public appreciation and trust in the multilateral trading system. She had been struck that countries at all levels of development had made reference to the importance of increasing public understanding and promoting transparency as the best means to proceed.

13. Regarding the preparation for the negotiations in the built-in agenda, in the proposed Ministerial Declaration Members would set in motion a series of special meetings of the General Council designed to ensure that the negotiations mandated by the built-in agenda and other negotiations which might attract a consensus were fully prepared so that the negotiating timetables agreed at Marrakesh were respected. Agriculture would be a particular focus of US efforts. Between now and the first special meeting of the General Council in September, the United States intended to submit a work plan and proposals with respect to the negotiations on agriculture. With the start of the negotiations only slightly more than one year away, the September meeting of the General Council and its subsequent sessions would need to show real progress toward developing the recommendations mandated in the draft Declaration. The United States had a similar view with respect to the upcoming services negotiations. There were several built-in agenda items relating to the implementation of the TRIPS Agreement, in particular the review under Article 27.3 of the exclusion from patentability of plants and animals.

14. With respect to global electronic commerce, she had been particularly gratified by the success in reaching a political commitment to maintain the current trade environment for transborder electronic transmissions that were at the heart of internet commerce. In addition, the work programme that would be launched would address a range of complex trade-related issues which arose from electronic commerce. The United States looked forward to working constructively with other Members in this exercise.

15. As regards market access, the preparation for 1999 would be critical for the negotiations already mandated in agriculture and services. But it would be important to ensure that the right work was undertaken to determine whether negotiations on industrial market access should also be part of the future work programme. Members had two important deadlines looming, one on ITA II which was to be completed by 30 June, and another on pharmaceuticals to be completed later in the year. A number of Members participating in APEC had agreed to liberalize sectors ranging from chemicals to the environment. Members should agree that the Committee on Market Access invite APEC to explain and explore how other WTO Members could participate in these initiatives. Implementation

was also an important issue for the future work of the WTO. Technical cooperation in this regard should not only be intensified, but ways had to be found to ensure that the assistance provided led to effective implementation.

16. In the area of trade and environment, Members had a new opportunity to inject some fresh thinking into this work, including for the Committee on Trade and Environment. They should find new ways to move the debate forward and that was why the United States had supported the holding of a high level trade and environment meeting with an agenda sufficiently broad to respond to the needs and interests of all, which would help forge a consensus on how the WTO could make a contribution to sustainable development. On the issue of trade and labour, when Members had met at Singapore, the United States had reaffirmed its support for the implementation of core labour standards, and had noted the importance of cooperation between the ILO and WTO Secretariats. It fully respected the Singapore Ministerial Declaration. However, there were numerous ways in which it envisioned greater cooperation between the ILO and the WTO, particularly in the area of analysis and research. There would be a critical meeting in the ILO in June, on a declaration on core labour standards. Given the discussions at this meeting and in Singapore, the United States believed that all Members would work to support a successful outcome. The agenda as Members looked ahead was a broad one, and they had to ensure that it was balanced, and one that went back to the basics, raising all standards of living and enriching the lives of all people. The United States looked forward to working constructively to ensure the success of the 1999 Ministerial Conference.

17. The representative of Uruguay said that Uruguay had come to this Ministerial Conference and to the commemoration of the 50th Anniversary with a view to continuing to contribute through its presence and its actions to strengthening the multilateral trading system, to which it attached great importance. Uruguay, as a member of MERCOSUR, together with Argentina, Brazil and Paraguay and their associate members Bolivia and Chile, was convinced that the WTO Agreements had already identified, with clarity and precision, the most important themes that should be considered. The Marrakesh Agreements had achieved a successful balance inasmuch as they had included among their main features the continuation of negotiations in fundamental areas such as agriculture and services. In general terms, this Ministerial Conference had met and even gone beyond Uruguay's aspirations. The draft Ministerial Declaration had given additional impetus by reaffirming the commitment to initiate agricultural negotiations in 1999, assigning to the General Council the task of supervising the process and deciding that the preparatory work should begin in September this year. The results of this preparatory process should include the necessary recommendations on the scope, coverage, arrangements, time-frames etc., so that the Third Ministerial Conference to be held in 1999 would be able to launch the negotiations effectively.

18. Since agriculture was the main source of its economic activity and its export trade was mainly agricultural, Uruguay would work unceasingly to incorporate the following elements into the negotiations: with regard to market access, there should be a significant reduction in tariffs, in particular the tariff peaks. These should be comparable to the levels for other goods. Agricultural tariffs for example were now as high as 600 per cent. The bound maximum should be comparable to that in other sectors. The remaining non-tariff or para-tariff measures should be eliminated. Minimum and current access commitments should be expanded. Reinsurance mechanisms such as the special safeguard and other such arrangements should not be renewed. As to internal assistance, all support measures having a distorting effect on production and trade should be eliminated. Accordingly, definitions of so-called "green box" measures should be adjusted and all other such measures prohibited. Concerning export subsidies, they should be totally prohibited in the same way as those for manufactured goods. Export credits should remain subject to strict and effective disciplines. Clear and precise rules should be established so as to prevent circumvention of the commitments entered into. As to agricultural subsidies granted by the OECD countries, they currently totalled US\$280 billion, a figure that exceeded the total amount of the exports of the whole of Latin America. Trade liberalization would enable a large part of these resources to be allocated to other areas. The distortions that such a situation was producing in the market contradicted the

constant statements by various countries in favour of free, fair and balanced trade based on the rules of the market and competitive advantages. Trade liberalization of agricultural goods would bring considerable benefits for all, both in terms of economic growth and prosperity and also in food security and sustainable development. It would promote an increase in trade that would in turn bring greater economic growth and would benefit producers and consumers. The supply of food to world markets and, in particular, to those countries that were net food importers should be guaranteed.

19. Members had agreed that the existence of a global system involved the existence of many different interests, as had been recognized in the draft Ministerial Declaration, and Uruguay was therefore ready to consider, and contribute to the discussion of, subjects of trade interest to all Members. However, the examination of these subjects and possible negotiations thereon should in no way delay the initiation of the negotiations that had already been scheduled and agreed. As the President of Uruguay had already remarked, Uruguay and its producers were ready to compete in a free and undistorted world market, but would never be able to compete against the government subsidies of the industrialized countries. The new round of agricultural negotiations that would be launched at the end of 1999 should confront, with vision and firmness of purpose, all these distortions and, above all, ensure that agriculture would finally be treated within the WTO on an equal footing with other sectors of international trade.

20. The representative of Hong Kong, China said that Members needed to sustain the momentum of trade liberalization started by the Uruguay Round and to ensure that WTO's future work would meet the needs and challenges of an increasingly globalized and technology-driven world economy. While the current work programme was a sizeable one, it did not provide an optimum basis for future work because it was slightly dated and in particular lacked linkages that provided the opportunities for trade-offs. In view of these limitations, the WTO should complement the built-in-agenda through developing a balanced, broad-based and comprehensive package of multilateral trade negotiations. In this connection Hong Kong, China supported the European Community's call for a new round. Hong Kong, China believed that the genuine concerns of developing countries in the area of implementation had to be given sufficient priority, so that a balanced agenda for the future could be developed. Without such a balance, Members would not be able to make good progress overall. In terms of the mandated negotiations, Hong Kong, China would naturally accord the highest priority over the next one and a half years to preparing for the next round of services negotiations. Members should prepare themselves for negotiations on rules, market access and national treatment, which were interconnected issues. Competition principles were closely tied up with the general question of market access. Hong Kong, China looked forward to the General Council, at the end of this year, setting in train further work which would lead to some substantive recommendations to the Third Ministerial Conference. It was essential that these recommendations focused on governmental trade measures and the need to make them consistent with competition principles. Members also needed to move ahead to develop more comprehensive rules on investment and to develop the work started on trade facilitation and transparency in government procurement.

21. Modern telecommunications and computing technology were revolutionizing the way business all over the world was done. Electronic commerce was going to have a huge impact on all Members. Hong Kong, China therefore strongly supported the US proposal on this issue. On tariff barriers, Hong Kong, China believed that the barriers that remained were still significant, particularly for developing Members. At a time when regional trade agreements were proliferating, the WTO simply could not afford to ignore reduction of MFN tariffs. To do so would be to entrench discrimination and would lead, not to convergence, but to divergence between regionalism and multilateralism. The WTO had to remain true to the fundamental principles of most favoured nation and national treatment. But some of the rules which related to exceptions to these principles were looking outmoded or inadequate and should be updated to make them more relevant to the modern world.

22. One priority area which required attention was the multilateral framework governing regional trade arrangements. There was no question about the primacy of the multilateral trading system, a message which had already been reaffirmed by Ministers. In order to give real effect to Members' words, and to uphold the credibility of the multilateral trading system, they should now inject a new impetus into the work of the Committee on Regional Trade Agreements and develop more vigorous disciplines. The ever-increasing proliferation of regional trade agreements was a matter of genuine and serious concern. It threatened to undermine the primacy of the multilateral trading system and to retard the pace of further multilateral trade liberalization, and was therefore a matter which should be seriously and vigorously addressed, as and when preparations commenced for the Third Ministerial Conference. Finally, the WTO future work programme could not neglect the institution itself. Top of the list was the establishment of the Secretariat with its own terms and conditions by 1 January 1999 at the latest. Another high priority was the completion of the current review of the dispute settlement mechanism. Hong Kong, China was a staunch supporter of the multilateral trading system. The WTO's future activities should focus on further trade liberalization and strengthening of rules to ensure that the rule-based multilateral trading system was relevant and responsive to the needs of the modern business world. Hong Kong, China would therefore pursue the idea of launching broad-based, balanced and comprehensive multilateral trade negotiations before the start of the new century. In doing so, it wished to underscore the long-established and well-proven practice of decision-making by consensus in the WTO.

23. The representative of Brazil said that on 19 May his President had the opportunity of stressing Brazil's commitment to the multilateral trading system and in particular to the WTO, and had expressed optimism about its future. Ministers' responsibility concerning the built-in agenda and agriculture at this point in time was to prepare for the challenges that the WTO would face in the near future, and this required courage and political will. There would always be differences of view regarding issues to be put forward and therefore the starting point of discussion should be a clear distinction between issues of the built-in agenda, which had already been agreed, and other issues which had not yet been the subject of consensus among Members. This did not mean that Brazil disagreed up-front with the discussion of new issues or that it opposed the enlargement of the future agenda. It only meant that the agenda already agreed should take priority and could not be held hostage to other issues not yet discussed. The President had also referred to the need to engage in early negotiations on agriculture, particularly in view of the progress achieved in terms of trade liberalization in developing countries, and which were now more than ever open to imports of industrial goods. Preparatory work for the negotiations on agriculture should start soon and Members should show their resolve to achieve rapid progress in such negotiations. The negotiations should commence in earnest in 1999 with or without a decision on a new round because this had been the undertaking in Marrakesh in compensation for a result which had fallen far short of what had been expected in the agreement on agriculture.

24. On the issue of transparency, he said that the number of people that had a distorted and false view of the WTO was much larger than of those that had actually read the text of any WTO Agreement. This was a particularly sensitive issue. Increasing transparency should actually start within each country. Whether the Organization itself should work towards greater direct contact with the public was something which had to be examined with care. In order to take any decision on this issue, an organized debate would be useful, with the participation of different actors involved in trade, so as to have a clear picture of what was needed and what would be feasible in terms of increasing transparency in the WTO.

25. With respect to a new round of trade negotiations, Brazil would be ready to consider the enlargement of the trade agenda, so as to build a balanced set of items for the future agenda. Nonetheless, there were a few preconditions: (i) the enlargement of the future agenda could not interfere with the negotiating process already agreed for agriculture and the built-in agenda in general; (ii) negotiations on new issues could not take place before the conclusion of all stages of implementation of Uruguay Round commitments, in particular with regard to market access; and (iii)

the enlargement of the negotiating agenda could not be centred on sectoral negotiations. Brazil held a strong position on sectoral agreements. The sectoral approach to negotiations, even if the results were on an m.f.n. basis, was fundamentally disruptive to the system. It withdrew bargaining power from developing countries and was not conducive to liberalization on a horizontal basis. The exaggerated focus on hi-technology sector diverted attention from other sectors that were economically more important to developing countries, such as agriculture and textiles. With regard to electronic commerce, Brazil had contributed to the process that had led to the drafting of the proposed declaration on global electronic commerce. The establishment of a work programme to examine this issue would help Members in taking any other decisions in the future. Brazil would examine and follow the issue closely.

26. The representative of Egypt said that the WTO Agreements comprised agreed obligations and future plans. Full and faithful implementation of these Agreements was necessary and the basis on which future work could be built, taking into account the past achievements and experience gained in the implementation process. The agenda of the third Ministerial Conference should include mechanisms to ensure the effective implementation of existing agreements and support for developing countries to meet their obligations. Future work under the WTO Agreements included in the built-in agenda called for negotiations, reviews and other work in accordance with established time-frames. Egypt was committed to this work as part of its contractual obligations. Future activities or negotiations could also arise from another area, namely, the work programme agreed in Singapore with regard to trade and investment, trade and competition, transparency in government procurement and trade facilitation. The educational process which was on-going should, as its main objective, address the development dimension of these issues effectively and comprehensively.

27. The Singapore Declaration had emphasized that core labour standards should not be used to discriminate against the trade of developing countries. However, the International Labour Organization had to consider policies and recommendations which could improve working conditions in developing and developed countries. Egypt believed that any decision concerning other future work should be taken only by consensus based on a balance of interests of all Members, and should take into account the limitations on developing countries' human and financial resources, the development dimension, the need for technical assistance, and special and differential provisions in favour of developing countries. Trade liberalization should be carried forward without creating social and political instability which would hamper progress of the multilateral trading system.

28. Egypt believed that the important issue of trade and environment required further and in-depth examination and analysis, with a view to achieving the objective of sustainable development called for in Agenda 21 of the Rio Declaration. He noted the work done in the Committee on Trade and Environment and the need for balance in addressing all issues under its work programme, in particular the issue of market access which should be the core and focal point of its deliberations. Egypt attached great importance to the environmental dimension as a pre-condition for sustainable development. In April 1998, it had begun the enforcement of its Environment Law No. 4 for 1996. Implementation of this law required international cooperation, which was the best way to deal with environmental problems. Trade sanctions would not help to solve environmental problems, but would create tensions and conflicts. Crucial positive measures such as technical and financial assistance and transfer of sound environment-friendly technology could help Egypt meet environmental requirements and achieve the objectives of sound environmental policy.

29. His country was ready to address new issues formulated in a balanced manner which took into account the interests of all Members. It recognized the potential of electronic commerce and for this reason had presented a paper on its development dimension. In order to maximize the benefits of electronic commerce in the multilateral trading system, developed countries should provide technical and financial assistance to developing countries. With regard to future transparency of WTO activities, Egypt supported the need to enhance the awareness of the private sector and the public of on-going WTO activities and future negotiations. With regard to future negotiations, he noted that some speakers at the

present meeting had favoured a sectoral approach while others had emphasized the need for a round of negotiations. His country was in favour of sectoral negotiations due to its human and financial limitations. Egypt appreciated the United States' offer to host the third Ministerial Conference but preferred that the Conference be held in the year 2000 in order to allow sufficient time for preparation.

30. The representative of Israel said that over the past 50 years, the GATT and later the WTO had played a crucial role in directing and regulating international trade and trade practices. He believed that this constituted an extraordinary record of success in determining the direction of international trade. The multilateral trading system, by emphasizing the common interest, had levelled out differences while preserving the essential individualities of Members. Israel was a relatively young state and had been a member of GATT only since 1962. However, it was committed to an open economic system and attached great importance to the role of the WTO. The success of the WTO derived from the fact that it had transcended geographic and political borders and had focused on the shared goal of the expansion of international trade in order to enhance economic development to the benefit of all Members. In Israel's view, free-trade agreements were a means to greater integration into the global economy and were consistent with and complementary to the multilateral trading system and its rules. Israel's experience had demonstrated that these agreements could contribute to global trade liberalization. At present, Israel was laying the foundations for regional economic relations with its neighbours in the Middle East.

31. With regard to the future work programme, Israel supported a comprehensive round of negotiations covering all sectors, in particular industrial goods. It welcomed the progress made by the Council for Trade in Services in developing a programme for the exchange of information in the preparation of negotiations scheduled to start by the year 2000. This programme was an important step toward the opening of the negotiations and would contribute to further transparency and help Members move towards further liberalization. Israel's specific commitments reflected an open, liberal regime in trade in services. In particular, its recent commitments in financial services and telecommunications reflected its policy of economic liberalization. Israel welcomed the successful conclusion of the Agreements on Basic Telecommunications and Financial Services and considered these to be instrumental to the enhancement of overall trade in services.

32. As a major player in development of electronic commerce, Israel attached great importance to a global agreement within the framework of the WTO. After an initial examination of the issue, Israel supported the proposal for a standstill on the existing situation of not imposing customs duties on electronic commerce pending a work programme to be carried out in the WTO to examine the subject and its implications. Israel affirmed its support for all efforts to simplify customs procedures to facilitate the expansion of global trade. It also supported the designation of a working group to study this issue since bureaucratic customs procedures could seriously hinder trade. In this regard, Israel had developed an integrated electronic foreign trade system to facilitate and simplify all stages of customs clearance procedures from shipment to payment.

33. Israel recognized the growing importance of the link between investment and trade in the international economy. Israel's inward and outward investment regime was open, stable and liberal and, in recent years, had served as an engine for economic growth. Israel supported the work of the WTO in this area. In public procurement, Israel supported increased transparency in all procedures. All Members would gain from greater access to public tenders. He underlined that Israel was a party to the plurilateral Government Procurement Agreement, and had already undertaken substantial obligations to open its public tenders. His delegation urged other Members to consider joining this Agreement. Israel also wished to commend the ongoing work of the Working Group on transparency in government procurement practices. It also supported the inclusion of the issue of trade and competition in the future agenda of the WTO and believed that it was important for all Members to implement domestic competition rules and regulations in parallel with trade liberalization. Israel commended the work being undertaken in the Working Group on Trade and Competition and looked forward to receiving its report.

34. Israel welcomed the accession of new countries to the WTO and recalled that acceding countries should accept the fundamental WTO rules of non-discrimination and market access upon their accession. On the threshold of the twenty-first century, mankind faced many challenges as a result of unprecedented technological progress, as well as major ethical dilemmas since the old challenges of local enmity, religious and racial discrimination had not been overcome. While the latter were not part of its mission, the WTO did not operate in a vacuum. Israel reiterated the hope that in the interests of efficiency and credibility, the WTO would continue to focus on the operation of a rule-based world trading system without politicization in its mandate. Over the past fifty years, the WTO had functioned successfully as a rule-based multilateral trading system through consensus. It had already been faced with new challenges such as trade in cyberspace. The WTO was now ready to take on the challenges of the next fifty years and succeed.

35. The representative of France said that his country considered that the developments in the WTO had been positive. For the WTO to function properly, there had to be a balance among its different Members: American, European and developing country groups. It was important that these groups were placed on an equal footing. There was a need to set three priorities for the WTO. First, to preserve an open multilateral trading system, this Conference should send a clear message on the primacy of multilateralism over bilateralism for the resumption of the negotiations in the year 2000. Second, to ensure progress of the WTO's work programme to favour continued liberalization of trade and investment, there was a need to look forward to the future. International trade was no longer limited to customs duties. Regulatory, sanitary and phytosanitary issues, anti-competitive practices, public health and consumer protection issues, and social and environmental concerns required due consideration. Further progress was needed with respect to transparency in government procurement. Following the OECD, the WTO had a role to play in combatting corruption in international trade. Investment had increasingly become central to the dynamics of global trade, as employment and growth depended on it. It was necessary for the WTO to better integrate these important issues. It was also necessary to define a common legal framework to ensure transparency, stability and security for investors. Otherwise, a multilateral trading system operating at different levels would be established in which some Members might gradually be marginalized. France welcomed the decision on electronic commerce and supported the work in this area in which it would participate actively with the European Communities. It also hoped that the work aimed at expanding the Agreement on Information Technology would be carried out.

36. Third, it was imperative that the WTO and its Members took into account the expectations and concerns of the public. The reasons for concern with regard to globalization were well-known. It should be constantly borne in mind that the development of trade and investment was vital to stimulate growth, employment and technological progress in all countries. Trade liberalization should not be considered as an end in itself but should serve the objectives outlined above and integrate those aspects to which public opinion had become sensitive. Under such conditions, the opening of markets, liberalization and other required reforms would be supported by all countries. The ILO's role in the question of basic labour standards had been recognized. He hoped that the next Ministerial Conference would be able to note significant progress in this regard. However, the WTO should not ignore the debate on forced or child labour. All these issues should be considered within a multilateral framework which would provide the opportunity for different views to be expressed. Otherwise, there was a risk that the public would pressure governments to take unilateral or extraterritorial actions. Therefore, France supported the initiatives taken in both the ILO and the WTO to promote further reflection and work in this area. It also supported the proposal to hold a joint meeting of the WTO and the ILO.

37. Work in the area of trade and environment was important and should be intensified in order to go beyond the stage of analysis. France hoped that the WTO, within its mandate, would make a significant contribution in this area. His country remained responsive with regard to the position of developing countries in the global trading system. Just as the question of pace and type of liberalization could not be avoided, the question of how to share the benefits and costs of globalization should not be avoided. For that reason, the European Communities had firmly supported the Plan of Action in favour of least-developed countries. He noted that the present Ministerial Conference would open the way for the

launching of work in the WTO with a view to resumption of negotiations in the year 2000. The guiding principles should be ambition, realism and observance of the commitments made and the WTO objectives. Transparency should be ensured. It was essential for preparations for future meetings that a public dialogue be held on the terms under which openness and the WTO rules should be negotiated.

38. The representative of Senegal said that in the next few years the WTO would be confronted with issues already included on its agenda as well as new issues. With regard to the built-in agenda, notwithstanding the important initiatives by the Secretariat in the area of technical assistance in favour of developing countries, the need to respect the established time-frames required constant efforts by developing countries to work towards better approval of the international trading system by their administrations, entrepreneurs and consumers. In this regard, additional assistance would be welcomed. He recalled that Senegal was one of the countries which had indicated its support for discussion of the questions of trade and investment and trade facilitation. Senegal considered that it was in its interest to examine the question of electronic commerce and its implications, in particular for the most fragile economies. The mastery of information and technology was at the centre of economic performance. Therefore, the technologies of the Internet in enterprises, in particular small and medium size industries, would be an important tool of competitiveness and trade facilitation.

39. Senegal was one of the signatories of the Agreement on Basic Telecommunications and had studied with great interest the opportunities for strengthening the process of technological acquisition and diffusion of knowledge which the Agreement on Information Technology provided to developing countries. There should be no further marginalization which divided the world into net producers and net consumers of goods and services transmitted electronically. Therefore, the availability of an efficient infrastructure to support the development of future commerce was necessary to satisfy the aspirations of developing countries for more equity and solidarity in international trade relations. Competition in the global market would take place in the context of the new paradigm resulting from the new communication technology. This competition could become an unequal combat between unequal partners. In this regard, the OECD countries had the duty, capacity and means to foster a new flow of investment to developing countries. Senegal had undertaken considerable measures of liberalization and privatization as well as structural reforms, which had recently been noted by the international community in Paris. It was urgent that a final solution be found with regard to the debt burden of developing countries

40. The representative of Japan said that there was a need to continue efforts to strengthen the multilateral trading system in response to new requirements. To this end, comprehensive liberalization negotiations and the new agenda should be addressed. Japan supported comprehensive negotiations for trade liberalization in the new millennium which should cover industrial tariffs in addition to the built-in agenda, given the importance of industrial products in world trade. Comprehensive negotiations would facilitate the balancing of the different interests of Members and be most effective in strengthening the multilateral trading system. In view of the increasing role of investment in the world economy, in particular in developing countries, there was a need to establish investment rules. If barriers to investment were reduced and stability of legal institutions improved by the establishment of investment rules, the industrial environment would improve and investment be promoted. Significant benefits in the areas of employment and technology transfer would accrue to various countries from direct foreign investment. Investment rules would also be beneficial to developing countries that wished to receive increased investment.

41. Japan believed that regional integration should be compatible with the WTO Agreement and should not, in any way, weaken the multilateral trading system. It was therefore important to intensify the work of the Committee on Regional Trade Agreements. Japan attached importance to the strengthening of rules with regard to regional trade agreements. Strengthening of the multilateral trading system through comprehensive liberalization negotiations and the establishment of investment rules would also enable the Asian economies to make their recovery. Japan would do its utmost to support these countries in overcoming their difficulties. His delegation welcomed the statement by Thailand that its commitment

to an open multilateral trading system would remain unchanged in spite of the current economic difficulties. It was important that the third Ministerial Conference in 1999 take an appropriate decision to launch negotiations. Japan hoped that in the preparations for the Conference, Members would coordinate on a specific mode for negotiations, and Japan would participate actively in this process. With regard to agriculture, Japan was complying with its obligations under the Agreement on Agriculture in spite of its difficult domestic situation. His country would participate in the continued negotiations pursuant to the Agreement on Agriculture. It believed that these negotiations should be carried out within the agreed time-frames set out in the Agreement. Account should be taken of the balance between exporters and importers, non-trade related concerns, and the treatment of developing countries. In order to make the multilateral trading system more universal, Japan supported the early accession of China, Russia and other applicants, through the establishment of institutions compatible with the WTO rules and the promotion of market access improvements. While encouraging their liberalization efforts, Members should adopt a realistic approach.

42. The representative of New Zealand said that his country supported the primacy of the multilateral trading system. In its future work, this system should make real and fast progress. Mandated negotiations on agriculture should begin in time in accordance with Article 20 of the Agreement on Agriculture by the end of 1999, and not 2000 as indicated by some Members. The credibility of the WTO depended on this. There was a need to explain to all the world's peoples how much protectionism negatively affected those countries implementing protectionist policies. New Zealand had protected its industries and had subsidized its agriculture like many other countries. Its standard of living, which used to be one of the highest among the OECD countries, had increasingly declined. It had subsequently unilaterally eliminated its export subsidies and had dismantled protectionism, resulting in the rise of its standard of living. In accordance with an OECD analysis, agriculture had suffered the most from protectionism around the world, with the highest levels noted in Japan and Europe. During a recent visit to Europe, he had discussed the issue of agricultural reforms and had talked to a number of European Ministers on the issue of the Asian financial crisis. It had been estimated that due to this crisis the GDP could be reduced by half a percent in the EU in 1998, which was significant. By comparison, the Common Agricultural Policy (CAP) could be reducing economic growth in Europe by twice as much as the effect of the Asian financial crisis. In fact, the full economic cost of the CAP for Europe was probably a loss in potential economic growth of one percent of the GDP per year, which was twice the impact that the Asian financial crisis was expected to produce. Research had also demonstrated that agricultural protectionism cost two to four million jobs across Europe. This policy also affected economic growth globally. If countries did not care about the impact of protectionism for themselves, they should be concerned about its impact for developing and least-developed countries. These countries needed to trade in areas of their comparative advantage such as agriculture. This was often not possible because of export subsidies and protectionism in developed countries. Therefore, their share of agricultural trade was declining in spite of their comparative advantage. He proposed a genuine liberalization of trade in agriculture as a means to help African countries.

43. The representative of South Africa said that real progress had been made in the past three days in defining more carefully how to move forward. Important points had been made with regard to the fact that the WTO had not created globalization, and that globalization was a product of economic forces at work. The WTO was required to develop a rule-based system in order to manage the processes involved in these economic forces and the interaction of countries with these processes. He stressed that the system should work for all. Not only should public opinion be better informed about WTO activities, but all the world's peoples, including developing countries, should benefit from the work of the WTO and other multilateral institutions. A better understanding of the tension between the issues at hand had developed. On the one hand, globalization continued and new matters appeared on the agenda such as those discussed in Singapore, or currently a new issue such as electronic commerce. This required keeping abreast of the processes in order to be able to manage them. However, it should be borne in mind that work on the existing agreements had to be completed. Without this there would be no confidence in the system. This issue involved more than just a balance of the interests of Members, and his country believed that progress had been made in understanding that this was also a balance of

processes. If the problems and needs of developing countries could not be addressed rapidly and effectively, these countries would be left behind and the system would fall apart. Therefore, no matter what might be proposed for the new agenda, a balance could only be achieved if at the same time other fundamental issues were addressed, in particular those of interest to developing countries. This required developing countries to take the lead in the process concerning their interests and to develop greater precision on matters which affected them. South Africa strongly supported the view that the agricultural negotiations did not concern merely trading the interests of the European Communities against other countries. The agricultural negotiations should begin in 1999 as part of dealing with the needs of developing countries. The real competitive advantage of developing countries should be taken into consideration by the WTO and not overridden. There would be no development if the WTO, in its management of the multilateral trading system, were to prevent the process of industrialization and the development of agroindustry in developing countries. South Africa believed that great progress had been made during this Ministerial Conference in achieving a greater understanding of the balancing of processes and interests. South Africa was committed to working with other developing and developed countries in formulating a realistic approach that would improve the management of the multilateral trading system and that adhered to the time-frames of the built-in agenda and acknowledged the reality of new issues.

44. The representative of India stressed that the Uruguay Round commitments, in particular those undertaken by developing countries, had been unprecedented in trade history. The GATT had basically dealt with tariffs and certain non-tariff barriers. As a result of the Uruguay Round and the establishment of the WTO, multilateral disciplines in entirely new areas such as services and intellectual property rights had been put in place. Many developing countries, including India, still grappled with their commitments. In his statement at the first Working Session on 18 May, he had mentioned several concerns of developing countries such as the absence of effective implementation of special and differential provisions for developing countries, unilateral actions or threat of unilateral actions in contravention with the spirit of multilateralism, attempts to use the provisions of various WTO agreements to erect new non-tariff barriers, the imbalances and asymmetries inherent in the TRIPS Agreement, the Agreement on Agriculture and on Textiles and Clothing, the proliferation of regional trade blocs that were not consistent with or complementary to the multilateral trading system, and the denial of adequate market access for products of developing countries. In order to enhance the credibility of the multilateral trading system, it was necessary to focus attention on problems and concerns relating to implementation and to find appropriate solutions. In India's view, this should be the core of future activities. The built-in agenda provided for further negotiations in agriculture and services in the year 2000. A number of Uruguay Round agreements contained built-in provisions for review. The provisions relating to the built-in agenda were part of the single undertaking and therefore, at the appropriate time, would have to be implemented. It was necessary that this be pursued in the work programme of the WTO.

45. At Singapore, Members had initiated an educational process in respect of trade and investment, trade and competition, transparency in government procurement and trade facilitation. India was actively participating in the work of various WTO bodies on these matters. At the appropriate time, India would decide, in the light of its development needs and the impact of the Uruguay Round commitments, whether there was a real need for multilateral disciplines in these areas. If there were, India would decide on the timing and modalities of the switch from the educational to the negotiating mode.

46. The Ministerial Declaration to be adopted at the present Session proposed to set up a process for the preparation of the next Ministerial Conference. Rightly, this Declaration clearly separated the Singapore subjects, on which there was no commitment to negotiate multilateral disciplines, from the built-in agenda. The Declaration referred only to "other possible work on the basis of the work programme initiated at Singapore", and could not lead to negotiations without consensus. He noted with satisfaction that the future activities of the WTO would also take into account the recommendations on the follow-up to the High-level meeting on Least-Developed Countries. In the Declaration, it had also been proposed that the General Council might, following a process of studies, make "recommendations arising from consideration of other matters proposed and agreed to by Members concerning their

multilateral trade relations". There should be no attempt to bring non-trade related issues into the WTO, since any such attempts would fail due to the lack of consensus. The issue of electronic commerce had been the subject of intensive discussions in the past few days. This was an important issue. The General Council's work programme should clearly define its scope, analyze its implications and assess its impact. The General Council should pay close attention to the issue of transfer of technology relevant to electronic commerce to ensure that the benefits of growth in this new area were equally distributed and strengthened trade flows of all Members. A standstill on import duties should be the precursor to a more dynamic regime of technology flows and free movement of professionals and technicians in this area. In India's view, WTO disciplines impinged on many areas of domestic policy-making; therefore, all WTO related issues had become highly sensitive. It was in the long-term interest of the WTO not to be overburdened with such issues, and this view was shared by many Members. The Preamble to the Marrakesh Agreement recognized the need for positive efforts to ensure that developing countries secured a share in the growth of international trade in line with the needs of their economic development. The future activities of the WTO should focus and concentrate on such positive efforts.

47. The representative of Finland said that trade and economic policies could not be conducted in isolation. Linkages between trade and social, environmental and human rights issues, including labour standards, were more and more evident. The WTO could not overlook that development. The WTO needed to continue providing answers to the challenges it faced. The multilateral rule-based framework would need to be further strengthened. That would especially help the developing countries and countries in transition to increase trade and investment flows and to acquire know-how. The multilateral trading system could not be seen as an end in itself. It was a means to create peace, stability and prosperity in an increasingly inter-dependent world. Globalization was causing increasing concern among citizens. It was the responsibility of the politicians to ensure the involvement of citizens in the process. National responsibilities could not be delegated to international organizations. The primary objective of this Ministerial Conference was to mandate the different WTO bodies to launch the ground work needed so as to prepare for the coming decisions on the scope and modalities of future negotiations. The preparation needed to cover all relevant issues to ensure broad-based multilateral negotiations conducted in a manner respecting the principle of balance between rights and obligations.

48. International co-operation was required to ensure that the information society became truly global. A sound infrastructure was necessary for the development of the information society. Information technology and well-functioning telecommunication systems were essential. Important results had been achieved to that end. The information technology agreement had been concluded and a large number of WTO Members had undertaken telecommunications liberalization. There was still plenty of room for future work including that in the field of computer-related services. Electronic commerce was growing in importance both between companies and between companies and consumers. New opportunities were arising but so were new challenges which would need to be addressed in the multilateral fora. The rapid development of electronic commerce affected many different fields of activity. It was important that the WTO took an active role in looking at the trade-related aspect of this wide issue, particularly owing to its global nature. Developing the information society needed to be seen as an asset that united different parts of the world instead of separating them. It could offer unprecedented opportunities to improve growth, job creation and development.

49. The representative of Costa Rica expressed confidence that the WTO would successfully conclude the work that was still pending as contained in the built-in agenda. Within that agenda it was extremely important to carry out the work that had been foreseen in the sector of agriculture as well as that which related to the launching of the preparatory work for negotiations in the area of services. Improving the disciplines relating to trade in services had a long way to go and it was desirable that the preparatory work begin without any further delay. The commitment in the area of dispute settlement, whereby the Understanding needed to be subject to review and improvement, was an aspect which required the full attention and focus of Members. Over the past fifty years, the multilateral trading system had brought about major progress in the integration of the world economy.

The successes achieved, however, could lead one to the erroneous conclusion that there was very little left to be done. Just as, some years ago, the issues of subsidies and anti-dumping and, a bit later, the questions relating to textiles, trade in services, intellectual property, had come to the threshold in the multilateral trading system, there were issues, directly related to trade, which needed to be brought within the purview of the WTO. The absence in the WTO of these issues meant that the scope of the negotiations was currently incomplete. Although the progress already undertaken as a result of the Uruguay Round was valuable, the process of trade liberalization was an unfinished task, which therefore needed to be continued without any hesitation. It was for this reason that Costa Rica had supported the commitments made at the Ministerial meeting in Singapore relating to work on competition, investment and transparency in government procurement, and was participating in the work of the Working Groups created. The important work carried out by the Working Group on the Relationship between Trade and Investment needed to be highlighted. Costa Rica was confident that the conclusions of that work would lead to the development of multilateral disciplines for foreign direct investment and that these disciplines would be evolved in the WTO.

50. One of the issues that had become particularly important over the past years was electronic commerce. The increasing importance of this activity and the absence of border restrictions in this area of trade should prompt an examination of the possibility of preserving the situation. The efforts undertaken in order to do away with existing restrictive measures in certain sectors needed to go hand-in-hand with the adoption of commitments which would prevent the setting up of new barriers in areas where they did not currently exist. It was for this reason that Costa Rica had supported the proposed Ministerial Declaration on electronic commerce. Costa Rica would participate with great interest in the work carried out. The Costa Rican government was confident that renewed efforts would be made in the WTO which would lead to greater trade liberalization. As a result of the work which had been provided for in paragraphs 9 and 10 of the proposed Ministerial Declaration, it would be possible to launch a vast process of negotiation which would encompass the major part of traded sectors. A broad-based negotiation which granted reciprocal benefits would facilitate compliance with the commitments undertaken, and would bring about a larger degree of trade-openness. Costa Rica reiterated its deep-rooted conviction regarding the primacy of the multilateral trading system, which it believed was of fundamental importance in order to achieve higher levels of economic growth at a global level. Regional economic trade liberalization agreements could also contribute to achieving that goal while respecting the rules and disciplines of the multilateral trading system. Costa Rica, a small nation with a limited number of primary commodities, envisaged trade with all other countries that was free of restrictions, believing it to be the best way to achieve its economic development and progress for its people. Costa Rica, therefore, understood the importance of trade being developed in an orderly fashion, in conformity with the rules and disciplines established by common agreement with its trading partners.

51. The representative of Tunisia said that in tackling the issue of future work, while re-stating the importance and interest that the Tunisian government attached to the whole issue of implementation and the work which would be undertaken by the General Council on that aspect, there was a need to be forward looking toward the prospects which were opened on the eve of the 21st century. It was necessary also to look at the stakes and the challenges that had come about as a result of the current economic changes. In establishing the future programme of work for the WTO, it was imperative to take into consideration not only the diverse approaches but also the multiplicity of priorities. Underlying the whole concept of future activities, there were many considerations, often contradictory in nature. The Ministerial Conference would therefore need to set the tone and also establish goals. Tunisia was deeply convinced that the WTO held a major advantage, in that it had a margin for progress and manoeuvre along with an ability to be forward looking. It hoped, therefore, that the Conference would lead to a vision which looked at the future taking into account the balance of interests and specificity of priorities and establish a set of guidelines where each country could find its interest. The draft Ministerial Declaration, which had been discussed in the General Council, reflected the balance that had been sought. Over and beyond those stakes and strategies, Members had in common the future before them and, therefore, a collective and orderly mobilization was

inevitable. A common view was essential in order to enable the WTO to make progress and to organize its future activities on a clear-cut basis acceptable to all. The WTO would need to carry out the work established in the time frame of the built-in agenda. The addition of other issues could indeed be envisaged, in principle, but nonetheless required the agreement of all before hand. A sense of compromise always needed to prevail.

52. In this regard, two elements needed emphasis: the balance of interests and the rule of consensus which constituted the fundamental elements that enabled the future to be tackled with the best chance of success. Those two elements were fully interlinked. Without those, the forthcoming negotiations, regardless of the framework in which they were carried out, or of the goals and timeframe chosen, would never be conclusive. And that would, without fail, undermine the multilateral trading system. Tunisia believed that consensus needed to take precedence throughout the work within the WTO, and supported full respect for the multilateral approach. A multiplicity of plurilateral agreements could not speak of the WTO's cause nor enhance its image. Tunisia was determined to work together with other Members to ensure that the organization reflected the interests of all countries, developed and developing. Although it was in favour of a global approach to negotiations, Tunisia believed that given the diverging concerns and the multiple network of the discussion, the true objectives needed to be followed and the negotiations organized correctly. A distinction needed to be made between the essential and the accessory. Since the WTO needed to be forward looking, its successful passage into the 21st century would need to be collectively ensured. That was not only a choice for Members but also their responsibility.

53. The representative of Bangladesh said that a major objective of WTO should be to distribute evenly the benefits of the multilateral trading system. That meant that the countries which were marginalized, particularly the least-developed countries (LDCs), needed to be integrated into the global system. The least-developed countries which had applied for accession also needed to be supported in every possible way. The condition of the least-developed countries was seriously deteriorating and had been made worse by declining overseas developmental assistance and reduced investment flows. Bangladesh wished to urge a speedy and full implementation of the conclusion of the High-Level Meeting on the least-developed countries held in October 1997. It wished the WTO to take an initiative to quickly ensure the binding of zero tariff rates for all goods of interest to least-developed countries, including textiles. Bangladesh also proposed the elimination of the safeguard measures against so-called sensitive products, and called for changes in the rules of origin, simplifying and making allowances for regional LDC cumulation. The crushing debt burden of some least-developed countries remained a social impediment and an issue of great concern. The recent decision of the G-8 countries in Birmingham with regard to efforts to mitigate that problem were welcome but insufficient. The supply constraints of least-developed countries required to be adequately addressed. The integrated framework undertaken by the six agencies required LDC ownership and the least-developed countries themselves needed to be in the driving seat. There was a need for a mechanism for appropriate monitoring and evaluation of programmes. Additionally, it was essential to implement the integrated framework for the least-developed countries. A common plan for that purpose would, therefore, need serious and urgent consideration. It was important to focus on capacity-building of least-developed countries. Provisions of the TRIPs Agreement also needed to be adapted for least-developed countries so that they could derive equitable benefits in future round of negotiations.

54. The importance of market access was absolutely crucial if least-developed countries were to be integrated into world trade. It was a necessary condition in order to increase supply and to ensure that increased supply could be supported. Bangladesh was pleased that the Committee on Trade and Development was looking at special and differential treatment for developing countries, particularly for least-developed countries. That required the system-wide involvement of the WTO. In concluding, he drew attention to the statements that had been circulated by the trade Ministers of least-developed countries, of SAARC countries and of members of the International Textiles and

Clothing Bureau, and said it was imperative that all the commitments made by WTO Members were kept.

55. The representative of Canada said that the WTO agreements had been a great success for Canada and for the world economy but there was still a lot left to be done. When Members next met they should be in a position to take a political decision to endorse a work programme for broad-based liberalization that responded to the interests and concerns of all. In the meantime, without prejudging their future decisions, they should adopt an open-ended approach. No areas or sectors should be excluded. Steps also needed to be taken to let the sun shine on the work of the WTO. Improvements such as opening up meetings and derestricting documents and panel reports more quickly would build support by replacing fear of the secret or the unknown with the comfort and knowledge of information. A further element of future political decisions would relate to the methods or modalities of future negotiations. Criticisms of previous rounds had focused on the complexity of negotiations and the length of time dictated by the pace of the most difficult issues, and there might be ways to group or cluster issues. One possibility was to deal with rules-based negotiations separately from market access ones. Ways to schedule results could be thought about so there was a sense of momentum and movement in the system. All the issues that were of interest to Members needed to be openly addressed. It might then become possible to agree on clusters of self-balanced results during the course of future negotiations, rather than having to wait for resolution at a final end-date for everything at once. An open-ended approach needed to be adopted in examining options for future work programmes. In Canada's view, that included determining the modalities for taking account of the results of the proposed high-level meeting on the environment as well as the seminar that Norway would host on the social dimensions associated with the work of the ILO and similar events on views of civil society more generally. Canada welcomed the proposed work programme on electronic commerce and was pleased with the emerging consensus for a standstill on tariffs as proposed by Canada.

56. The representative of Australia expressed the need to maintain the robust momentum of the Conference. Australia acknowledged the important statement of the United States that it was going to bring forward its agriculture offer to the September General Council special session as being very important. It acknowledged the Japanese delegation's commitment with regard to trade liberalization with a direct reference to agriculture as being careful but forward-looking. Australia had also noted New Zealand's comments, particularly with reference to the Common Agricultural Policy and related aspects, and noted that the OECD had found that the policy was costing each family in Europe about US\$ 1500 extra for their food bills. Australia supported the idea of the September General Council spring-boarding forward the process towards a Ministerial Conference in 1999. While Australia would have wished the agricultural negotiations to begin in January 1999, it was prepared that this would not happen in the first, second or third quarter of 1999, although it did want this to happen in the fourth quarter of 1999. Australia supported the selling of the benefits of the WTO system. Win-win outcomes in this whole process could emerge, which was why the WTO Members were all there. That was why they were all committed to an onward, robust momentum. However, they required a system that was actually moving forward. The agricultural grouping of nations, including the Cairns Group, remained very much committed to doing the hard work, remaining responsible and constructive, so that they could pave the way for the mandated negotiations on agriculture, services and further issues which would open up under the Millennium round. Australia supported the Millennium round but hoped that it would not take a millennium for these meetings to bring about a fair outcome.

57. The representative of Hungary said that in the past few years, due to the liberalization of its trade regime, exports and imports had trebled. The Hungarian economy had opened up to foreign investment which had contributed significantly to economic growth in the last few years. Therefore, Hungary had a clear interest in a strong, dynamic, credible WTO system. There seemed to be a growing feeling among participants that a new round would be necessary and the only question concerned what type of round that should be. There were various views which needed to be taken

into account. The outstanding success of the Uruguay Round had much to do with the comprehensive nature of that exercise: broad-based negotiations had covered the interest of a wide range of participants. A second consideration was the demands of the present period, especially those arising from the increase in globalization. The work of the WTO had to reflect the emergence of new issues, particularly, investment, competition policy and electronic commerce which had come up recently. Third, based on the considerations mentioned above, it was necessary to ensure that the interests of all participants were taken into account in the next round of negotiations. It had to be ensured that the certain sectors were not omitted and the new issues were all covered. Therefore, Hungary was siding with those and especially with the European Communities, which spoke up for a broad-based new round looking for comprehensive results covering various aspects of the global economy. There was a need to cover the issues of the built-in agenda including agriculture and services. It was also necessary to see further reductions in industrial tariffs, but not just limited to a few selected sectors. It was particularly important to start negotiations on investment and competition. Hungary hoped that the present Ministerial meeting would give such a mandate to Members so that work could be started to prepare for the Third Ministerial meeting which would hopefully launch the next round in the year 2000.

58. The representative of Argentina said that the negotiations which would be launched in 1999 to fulfil the mandate which emerged from the Uruguay Round agreements in the areas of agriculture and services, should not become the prisoners of other similar processes that were under way, which had a different degree of obligation and where no timeframe had been established. In spite of this concern, Argentina supported the holding of comprehensive negotiations which would make it possible to have a balanced approach to the commercial interests of all Members. However, it was important to point out that although Argentina had always shown great sympathy for initiatives trade liberalization, it was still concerned at the proliferation of sectoral negotiation proposals which detracted from the agenda for a more comprehensive process. In general, sectoral initiatives were usually compatible with the trade priorities of a limited number of Members.

59. Argentina wished to refer briefly to three subjects. With regard to agriculture, it wished to support firmly the views expressed by New Zealand. The future negotiations provided for in the Agreement on Agriculture, and the programme for agriculture review, would need to start at the time planned under the Agreement. Negotiations would have to be constructive and intended to continue the process of reforms started in Marrakesh without including proposals which meant holding up or reversing the process of liberalization of the sector. The process of information exchange which was carried out in the Committee was useful for those who proposed it and those who accepted it with reservations. It would help them shorten the preparatory proposals. Argentina maintained that the objectives of the future negotiations should include the agricultural element. That objective required reducing export subsidies to a minimum, eliminating price support and decreasing border duties to acceptable levels. It was also important to monitor and have new disciplines regarding state trade which was an obsolete institution in the present climate of economic liberalization.

60. In the area of non-tariff barriers, particularly those related to consumer or animal welfare, Argentina expressed the desire to be guided by the opinion of the scientific community within the framework of multilateral organizations. Disciplines in this area could not be based on the approaches supported by groups of lobbyists who could not be represented through democratic institutions that existed in their respective countries. The WTO needed to deal with those conflicts which could not be solved within the framework of national or regional institutions. Argentina expressed reservations about the so-called systemic debate on the disciplines applicable to regional agreements. The subject had been treated and always been cut short in earlier negotiating rounds because those who asked for new rules relied more on their presumptions and sentiment regarding what should not be done or what was lacking. Argentina maintained that it did not need to be convinced regarding the virtues of consolidation of the WTO. As the Marrakesh Agreement stated, the WTO was the only institutionalized, global forum for conducting trade negotiations. What was lacking was a conviction regarding the need to create more disciplines which meant an additional and

unnecessary burden for their administrations. No one had proved until then that there was any threat or danger emerging from regional agreements among developing countries. Rather, it had been proved, and Argentina re-affirmed this, that those regional agreements contributed to the development of the participating countries and to an improvement in the trade system.

61. The representative of Ecuador considered the globalization of the economy a challenge for developing countries, not only in economic and political terms, but mainly in the social area. However, it was a phenomenon which did not represent equal opportunities for countries and could create differences and disparities unless there were concerted efforts. Ecuador had shown that its external trade regime for both goods and services was compatible with the agreements of the WTO. Its policy of openness in the past few years had moved towards furthering greater linkages with external markets in the future, in spite of adverse forces which had tried to bolster protectionist measures. The special and differential treatment for developing countries in the WTO needed to be evaluated before the Third Ministerial Conference. The review needed to provide results and conclusions which would establish, on the one hand, what the countries concerned needed to achieve through this mechanism and also to identify the risks of further negotiations. In Ecuador's view, WTO Members, and the organization itself, had been called on to cover the needs of developing countries so that the latter could effectively participate in the multilateral trading system with greater institutional support. The future round of liberalization of trade of agricultural products would necessarily need to include the subject of a drastic, accelerated reduction in levels of subsidies for agricultural credits for exports, given to farmers in industrialized countries. Ecuador, together with other Members, had participated in the monitoring of the implementation of the main Agreements. Work had been done in the WTO concerning the implementation of Agreements, through a periodical review of many of the specific and general commitments contracted by the Members under the different Agreements. In the case of Ecuador, there had been a review of its compliance with commitments under WTO. Ecuador had tried to live up to those commitments and had framed a future work programme to continue carrying out required specific actions. Ecuador, on behalf of the Presidency of the Andean Community, wished to highlight the success of the process of Andean integration which had started almost 30 years ago. That process had led to the creation of a true community of nations which included Ecuador, Bolivia, Colombia, Peru and Venezuela. The Andean system fit into the multilateral system. Recent developments had shown that it would continue to further the economic development and internationalization of its members. Trade liberalization within the Andean Community had been accompanied by an institutionalization that strengthened and created transparency of exchange through a stable, legal framework. That framework had been facilitated through the consolidation of the dispute settlement system. In future, the Andean Community would continue its actions to deepen the extended market through liberalization of trade in services and the adoption of common norms for state procurement. Additionally, the Community was interested in achieving greater interlinking of inward trade. There, it would work together with other blocs of countries in the region, within the framework of Mercosur, to have a free trade area and participate actively in the process which would create a free-trade zone for the Americas. It would become increasingly interlinked with Europe, through, for instance, the entrepreneurs forum which was going to be held in London the following week. The Andean community reiterated its commitment to the multilateral trading system and its firm wish to continue to participate actively in the forum of international negotiations. It was certain that over the next few years, there would be a reduction in the gap between the developed and other countries Members of the WTO.

62. The representative of the Korea supported the launching of multilateral trade negotiations with a much broader scope than the built-in agenda. Such an overt forum would provide participants with the opportunity to benefit from issue linkages and from exchanges of their interests in different areas. The past half-century had more than once demonstrated how such dynamics had significantly contributed to reaching final agreements. Taking advantage of the political momentum that such exchanges and linkages generated, broad-based multilateral trade negotiations would create the optimal atmosphere that would ensure the success of the overall negotiation. New negotiations would provide the opportunity to multilateralize liberalization measures which were implemented on a

regional basis. That effort could therefore contribute to enhancing the complementarity between regionalism and multilateralism. Korea hoped that it would be possible to build a consensus from the scope and modalities of new negotiations during the preparation of the Third Ministerial Conference. To make these negotiations successful, it was essential to secure domestic support in each Member. This required that a balance of interests between Members be reflected in the discussions leading to the initiation of new multilateral trade negotiations. Korea also considered it essential to ensure that developing countries, particularly least-developed countries, were not marginalized. With respect to the issue of reinforcement of the existing multilateral trading system, the rising formation and fortification of regional trade arrangements had been especially noted by Korea. Although there was a general consensus on the basic proposition that regionalism should complement and help to develop the multilateral system, it was difficult actually to confirm whether regionalism was proceeding to the achievement of this end. The issue of regionalism would need to be included on the future agenda of WTO negotiations.

63. The representative of Portugal said that the Ministerial Conference was taking place at a significant moment for the multilateral trading system since its fiftieth anniversary was being commemorated. The world was being increasingly dominated by strong inter-dependencies and trade was obviously affected by this reality. Recent developments in certain regions had highlighted these interactions as well as the growing interdependence of countries in the world economy. The WTO's credibility depended on the active participation of all its Members and their capacity to work together on common goals involving all interested agents and sectors. Two main tasks needed special attention: integration of the new applicants to the WTO while preserving the integrity of the Organization's rules and disciplines, and the pursuit of liberalization taking into account the need to integrate economic, social and environmental objectives in promoting sustainable development. The success of future work would depend on the capacity to ensure the regular and timely implementation of the Uruguay Round agreements as well as the built-in agenda agreed in Marrakesh. It was not possible to identify future interests and launch new initiatives without having a clear assessment of the level of fulfilment of past commitments. In this context, the decision to integrate the textiles sector into the normal WTO rules had been the subject of commitments made by all Members to open their markets. Portugal continued to strictly respect both the letter and the spirit of what was agreed in Marrakesh, expecting that the same would be done by all its WTO partners. That was a basic condition of the WTO to fulfil its fundamental task of contributing to a smooth functioning of the global economy.

64. If, at the 1999 Ministerial Conference, it were agreed to launch a new round of negotiations, the main objectives needed to be the following. First, to consolidate the role of the WTO and to promote broader trade liberalization, particularly of non-tariff barriers which were proving to have a major impact on economic development. Second, to promote a deeper integration of developing countries, and especially the least-developed countries. Third, to assure horizontal negotiations on services according to the agreed calendars. At present, trade in goods was irreversibly associated with trade in services. It was largely recognized that services liberalization was important for all WTO Members regardless of their level of development. Indeed, from the wide range of activities covered by that sector there would be new market access opportunities both for industrialized and developing countries based on their respective competitive advantages. The need for the WTO not to limit itself to traditional and static notions of commerce needed emphasis, as had been proved by the importance attached to electronic commerce. Furthermore, the inter-linkages between trade and investment, trade and environment, and trade and labour standards needed to be part of WTO's debate regarding its future activities. The WTO would not meet its future challenges if it failed to address the main concerns of citizens. Portugal believed that rules and disciplines created in the framework of the WTO would need to match in a balanced way the developments in other organizations regarding core-labour standards and environmental concerns. Regarding the environment, some progress had been achieved. However, it had been recognized that social issues had not yet been properly addressed. It was Portugal's firm conviction that the deficit in social approach would damage the WTO's credibility and the specific interests of all its Members. In the light of the Singapore conclusions, the WTO

needed to strengthen the process of cooperation with the International Labour Organization. In 1947, the GATT Preamble had clearly set the aim of trade liberalization, which included raising standards of living, ensuring full employment and a large and steadily growing volume of real income. Those still needed to be regarded as the chief goals as they remained the major concerns of citizens.

65. The representative of Pakistan said that the distinction made in the agenda between implementation and future activities was rather artificial. It was obvious that, in large part, the future activities of the WTO would flow from efforts to ensure the full and faithful implementation of the existing Uruguay Round agreements and to address the problems encountered in the course of promoting such implementation. The proposed work programme clearly identified the four broad areas of the WTO's future activity: first, implementation issues; second, the so-called built-in agenda; third, the studies and work agreed at Singapore; and fourth, any other new issue proposed for the WTO's consideration. The implementation issues would cover the main area of interest for the majority of Members. Unless the achievements of the multilateral trading system could be consolidated through full and fair implementation with equitable benefit for all, it would prove difficult to achieve consensus on new sectors of further liberalization. The so-called built-in agenda encompassed a wide spectrum of activities. The most important were the agreements already reached at Marrakesh to open further negotiations on agriculture and services. Pakistan felt that further liberalization in agriculture needed to be directed at re-addressing the imbalance so vividly evident in the present structure and impact of the Agreement on Agriculture. Further negotiations in services also needed to respond more fully to the policy objectives and development levels of developing countries. For Pakistan, meaningful liberalization in the area of movement of natural persons would be a high priority in the services negotiations. The mandatory reviews of the various agreements, such as TRIPS, TRIMs and especially the Dispute Settlement Understanding, were also of considerable importance. The DSU needed to contain certain new processes, for example, the provision for "compensation" besides "retaliation", greater technical and legal support for developing countries, and so on, which could make the WTO's judicial enforcement mechanism more equitable and accessible for the developing countries. Implementation and the built-in agenda constituted the already agreed and mandated future actions. The reports of the three working groups established at Singapore, on trade and investment, trade and competition policy and transparency in government procurement, would also be received. It needed to be reiterated that negotiations on these issues were presently not mandated. Finally, new proposals would undoubtedly continue to be received for inclusion in the WTO work programme. In deciding on their inclusion, it would be necessary to ensure that they met certain essential criteria. First, that they were trade-related issues; second, that they did not strain the absorbent capacity of the WTO system; and third, that they did not further add to the existing asymmetry in the balance of benefits between developed and developing countries.

66. Proposals for new issues from the developing countries would need to be included to maintain the balance of interests and benefits among Members. The positive agenda of the developing countries could include issues such as elimination of tariff peaks and escalation, and enhanced provisions for special and differential treatment. The inclusion of new issues needed to be decided by consensus and only after adequate study and examination. In this context, Pakistan was very concerned at attempts to transform the WTO into a sort of supra-national instrument for the realization of various social, environmental and other unrelated objectives. Those attempts were apparently propelled by protectionist lobbies and not by morality about the dangers of globalization. Political leaders, especially leaders of great nations, needed to identify these protectionist forces. If they did not, they could do great damage to the principles of the multilateral trading system that had contributed so greatly to the expansion of their own economic prosperity. The universality of the WTO was an important goal. It was ironic that the accession of certain developing countries such as China, Saudi Arabia and Oman was being unduly obstructed by avoidable and excessive demands. Pakistan fully upheld the supremacy of the multilateral trading system. It believed that the WTO, being a custodian of the multilateral trading system, had the responsibility to speak up for full and faithful implementation of the agreements and for upholding multilateralism over regionalism. At the Third Session of the Ministerial Conference, Members would decide on new negotiations for further

liberalization. The objective and spectrum of such negotiations needed to ensure a balance of interests and equitable benefits for all Members. The developing countries, including least-developed countries, should be principal beneficiaries of such new trade liberalization, and marginalization needed to be reversed. Wider and equitable economic growth would create large markets and greater economic opportunities for all nations, developed and developing. That had been, and would remain, the secret of success of the open, equitable and rule-based multilateral trading system.

67. The representative of the Netherlands said that the WTO and its agreements were very important to the daily lives of citizens, not only in the capacity of entrepreneurs and workers, but also as consumers. Successive rounds of trade liberalization had led to a far greater supply of goods and services, often at far lower prices. It had had a tremendous positive impact on living standards and the quality of life of people. Unfortunately, the positive impact was too often taken for granted, and remained invisible in political terms. On the other hand, those who were hit by globalization, or those who feared its consequences, were very vocal. That was why the WTO and governments of individual Members needed to make a vigorous and systematic effort to make the general public aware of the many benefits of trade and investment liberalization. That was necessary, but was not enough. Consumers wanted to be sure that the products they bought were safe to use or eat. Many of them did not want to buy goods that had been produced through methods which caused serious damage to the environment. Many wanted to be sure that the workers who produced the goods were not being exploited in violation of core labour standards. They wanted to know whether animal products had not been produced by cruel methods. These so-called consumer concerns touched on the very sensitive area of the relationship between trade rules and rules and standards in other areas. The Netherlands firmly believed that the WTO needed to address these problems. If it did not, there was a risk that support for the multilateral trading system could be undermined. The WTO and its Members needed to have an open mind and to enter into a systematic dialogue with NGOs and the general public. As had been stated by the US President and by the Director-General, transparency was the key word. Also, as the Prime Minister of the United Kingdom had remarked, attempts to abuse consumer concerns for protectionist purposes needed to be forcibly resisted. The Netherlands had always done that and would continue to do so. Addressing the issues consumers cared about did not necessarily mean that the WTO was also required to solve them. Other fora were often much better suited to that task. Governments and the WTO needed, in any case, to ensure that consumers could make informed choices for themselves. A final word was needed about the important issue of trade and the environment. Too often, the issue was simplified to a North-South confrontation, in which parties seemed to be unwilling to acknowledge each others' real intentions and real problems. There was also not enough recognition of the important and impressive efforts made by developing countries to protect their environment. A real dialogue was required, for example by organizing regional seminars in which, on both sides, not only trade experts but also environmental experts could take part.

68. The representative of Chile said he wholeheartedly endorsed the European Community's initiative to begin preparatory work for a new round of negotiations to be called the Millennium Round. Members should decide at the 1999 Ministerial Conference to launch a new round, which should comprise a process with clear mandates, a "single undertaking", and a pre-established end-date. Beginning a multilateral negotiating process would also contribute to the public debate on the multilateral trading system and a better understanding of the benefits of liberalization. Hence, the new round would become an important element to satisfy the concern for greater transparency in the work of the WTO. Any new round should include all items of interest to Members, and the process should begin simultaneously in all areas. He agreed with Brazil that the negotiations could not be sectoral, because this would be disruptive and make it much more difficult to achieve a balanced outcome. Like Hong Kong, China, his Government wished multilateral disciplines on investment to be a major component of a new round of negotiations, and the necessary work to be undertaken in this area. It also considered that work in the field of competition policy should be stepped up, and if a consensus existed, this should be a subject of future negotiations. He emphasized that agriculture was a priority sector for Chile. The agricultural negotiations were set to begin in 1999, and not 2000 as

some delegations had suggested. Chile believed that the efforts to launch a new multilateral round should not hinder the initiation of the undertakings agreed in Marrakesh nor serve as an excuse for delaying them. The negotiations to pursue agricultural liberalization were a necessary condition for preserving the balance of what had been agreed at Marrakesh.

69. Chile supported the efforts to establish the WTO Secretariat on a permanent basis. The preservation and improvement of the institutional structure and infrastructure as well as additional resources were essential to ensure that it could respond to the growing demands placed on it by Members. An example was the strong pressure for Secretariat assistance in the dispute settlement area and also in the preparation of studies for Members. Chile wished also to thank the United States for its offer to host the next Ministerial Conference and offered the United States its support in preparing the Conference. Finally, with regard to electronic commerce, Chile firmly supported the idea that the General Council should prepare a broad work programme on electronic commerce so as to have a more thorough knowledge of its implications and effects in the various areas of trade. It hoped that at the next Ministerial Conference a report on the progress made under this work programme could be submitted. As Chile understood it, the political declaration on the status quo that Ministers would be making in their Declaration referred to electronic transmissions as such and not to the goods or services marketed or supplied through such transmissions. The status quo situation would extend until the Third Ministerial Conference, at which point a new decision on this subject would have to be taken.

70. The representative of Cuba said that Cuba's position on present realities and its main views concerning the future work of the WTO had already been expressed by its President at the 50th Anniversary Commemoration meeting. Fifty years on from the Havana Charter, it was worth recalling the second paragraph of its Article 1, which gave as one of its purposes "to foster and assist industrial and general economic development, particularly of those countries which are still in the early stages of industrial development and to encourage the international flow of capital for productive investment". More recently, the Agreement Establishing the WTO had established the need for "positive efforts designed to ensure that developing countries, and especially the least developed among them, secure a share in the growth in international trade commensurate with the needs of their economic development". Both these precepts remained fully valid today. While it was true that the needs of trade and economic life in general called for a faster pace of multilateral negotiations, a sense of measure in weighing up advantages and obligations should prevail. It was not appropriate that, while developing countries' efforts to liberalize their trade and adjust their legislation had not yet led to better access to the markets of developed countries, they should become absorbed in negotiations aimed at deepening and broadening the scope of the WTO to new sectors that suited a limited number of countries. Any step in this direction should be progressively brought into line with the interests and circumstances of all Members from the multilateral standpoint. Not only should account be taken of the need for longer periods for the fulfilment of obligations by developing countries, but a case-by-case analysis of the implications of the possible liberalization of new sectors on the economies and trade of developing countries should be carried out. Measures should be taken to avoid further deterioration of these economies, or at least to provide compensation in some areas where they had a comparative advantage. Although all were Members of this Organization, they did not all have the same level of development, and therefore in speaking of equality of obligations one was from the outset denying genuine equity.

71. Furthermore, in setting the future guidelines for the WTO, it should be made clear that the work programme should only cover those recommendations resulting from the consideration of other subjects that had been proposed and accepted. A realistic programme should contain elements aimed at narrowing the gap between rich and poor countries rather than increasing it. To that end, the development dimension should be included throughout the work of designing the programme. It was also necessary to take into account the heavy burden that the process of negotiating and implementing the Agreements under the WTO represented for developing countries. In the future activities of the General Council, the concept of acceptance involving an active and deliberate consensus by all

Members should prevail. Otherwise, one would be obliged to enter into commitments for which their countries were not ready, and which would be detrimental to their economies, to their living standards, and consequently to the entire international economic system. Furthermore, the entire process should be carried out through the General Council, and with the greatest transparency in the negotiations. In the present circumstances, efforts should be made to achieving market access and financial resources through a fair and flexible multilateral trading system that did not simply pursue the limited objectives of a small group of highly industrialized countries. To guarantee this, one should not be hasty, but rather take the necessary time to ensure that the foundations on which one was working embodied this premise.

72. The representative of Denmark said that the continued process of liberalization and the reduction of trade barriers were essential to global wealth and freedom. However, the globalization of the world economy was putting new demands on the WTO. In this regard, he wished to make four points. With respect to trade and environment it was essential to ensure widespread public support for the multilateral trading system. If the WTO were perceived as not tackling the concerns of high priority to the public, the multilateral trading system and its objective of freer trade would lose vital support. Maintaining this support meant not limiting the WTO's involvement to explorations among officials. The proposal to hold a high-level meeting on trade and environment was a constructive one. The issue of trade and environment was of a very high priority to the Danish government, but full attention had to be given to the special situation of developing countries and the need to avoid creating new trade barriers. Second, in the context of trade and labour standards, pressure had been mounting since the Singapore Conference for the multilateral trading system to contribute to the improvement of core labour standards. He expressed the hope that the ILO labour conference to be held soon would be an important step in addressing this issue. The WTO could support the efforts within the ILO by collaborating with it. Third, integrating the developing countries, and in particular the least-developed countries, into the global economy had to be a top priority for the WTO. Improved market access for goods and services of interest to developing countries was necessary, and Denmark would continue to support any initiative in this direction. Improved market access for developing countries had to be a key element in any progress on trade and environment and on trade and core labour standards. Market access alone, however, would not solve all the problems of developing countries. Trade-related technical assistance was necessary. He recalled that at the high-level meeting on least-developed countries, Denmark had made concrete commitments in this regard, and he confirmed that offer. Fourth, with the increased public attention on international trade policy, criticism relating to transparency, openness and democracy had also increased. The WTO had to find a way of tackling the increased public interest in its decisions and decision-making process. Events in Geneva outside the meeting rooms during the past few days had clearly illustrated this need. Apart from shielding the WTO from criticism, greater transparency would also play a key role in communicating the benefits of trade liberalization, thus generating more public support for the WTO. He stressed that no initiative on openness should put the effectiveness of the WTO at risk, although there was no inherent conflict between the two. While recognizing the steps already taken by the WTO, Denmark stood ready to promote further the issue of openness. Striving towards more transparency was an on-going process. One way forward might be the setting up of a working group, or another body of similar nature on openness and transparency.

73. The representative of Fiji said that new issues could not sensibly be addressed while Members were still occupied with their implementational obligations. Resources alone did not permit these tasks to be fulfilled. His country was committed to the built-in agenda. However, in addressing any new issues, Members would have to be sensitive to two important considerations. First, the interests of the developing countries should be paramount in order to bring about equity in the final result. Second, as the new issues tended to come comfortably close to the domain of domestic policies, care should be taken to not unnecessarily prejudice internal security or sensitive cultural and traditional policies.

74. The representative of Iceland said that in tackling the challenges of globalization, the WTO had to remain responsive to new realities and receptive to new ideas. The multilateral trading system had to be as dynamic as the world it sought to serve. Iceland was firmly committed to ongoing WTO work and the built-in agenda, including negotiations on services and agriculture mandated to start by the year 2000. Iceland could, however, envisage a more comprehensive negotiating environment and believed that Members should keep an open mind to placing other issues on the agenda. An overall balance among the different interests of Members had to be found. This would best be achieved in the context of a comprehensive negotiating round. Iceland supported the idea of launching negotiations on industrial tariffs alongside those already foreseen. It would be looking to create a more liberal trading environment for fish and fisheries-related products, which it believed was an area of unfinished business. Trade, competition and investment policies were increasingly merging into a unified whole, and ongoing work could enable Members to embark on negotiations on multilateral rules and disciplines to govern these interlinkages. Traditional trade barriers had fallen away to reveal an array of complex trade procedures that remained a burden on business. Iceland was convinced that there was scope for WTO rules in the area of trade facilitation.

75. As a nation heavily dependent on natural resources, Iceland was firmly committed to the objective of sustainable development. Trade liberalization and environmental protection policies had to develop in harmony if this was to be realized. The multilateral trading system had an important role to play in this respect and should pursue a more ambitious agenda in the area of trade and the environment. The WTO had to start looking beyond the analytical to the operative. To give the process political impetus, Iceland supported the idea of the WTO holding a high-level meeting on trade and environment in the near future. While electronic commerce might still be in its infancy, the shape of things to come was readily apparent. Iceland attached great importance to the creation of a liberal environment within which electronic commerce could prosper, and welcomed the proposed Declaration on Global Electronic Commerce as a significant step in this direction. Iceland was committed to keeping electronic transmissions free from customs duties. Further work in this area should aim to clarify to what extent current WTO rules applied to electronic commerce and define, as appropriate, the scope for new or improved disciplines. These were ambitious objectives, but ones befitting a new millennium. Iceland was prepared to commit itself to a preparatory process that would enable Ministers at the Third Session to take any appropriate decisions, by consensus, on the nature and scope of the negotiating environment at the turn of the century. Iceland looked forward to working with other Members towards this end.

76. The representative of Italy recalled that in Singapore, Ministers had taken the important decision to establish a working group charged with studying the relationship between trade and investment. That decision had marked a positive start. He underlined the growing role that investment played in the development of international trade relations and the growing need to define a legal framework at the multilateral level guaranteeing, in a balanced way, the rights and obligations in this area. Members could not limit themselves to following, sometimes with considerable delay, the events that took place in the world economy, but should anticipate them or, should this not be possible, interpret them. Investment had become a powerful tool for promoting the exchange of goods and services and hence for fostering integration, economic growth, employment, sustainable development and increasing the standard of living of all citizens. Members' task was therefore not to hinder but to accelerate the development of this "virtuous circle", by creating the necessary conditions for an increasingly high level of liberalization and investment protection.

77. The WTO was the ideal forum for discussing and defining the rules ensuring respect for countries' most diverse needs. He was aware that there were some doubts and reservations regarding the possibility of achieving multilateral agreements in this field, which had slowed down negotiations in other international organizations. This demonstrated the attention with which all countries, regardless of their level of development, followed this complex issue, an attention that stemmed from the need to safeguard fundamental principles, in addition to the needs of special economic sectors. These principles were national sovereignty, public order, security, the health of citizens, and

environmental protection, among others. Existing international agreements had not jeopardized these principles, which meant that there already was a path along which Members should move together in order to reach multilateral solutions. The results would not be rapid or definitive, and action should start now and proceed step by step. The first objective could, for example, be a commitment to non-discrimination. In today's global economy, fair competition among investors increased development opportunities and produced a positive spin-off in terms of financial contributions, know-how and professional skills. In order to ensure this, it was necessary to create a favorable climate that attracted investments while at the same time providing for adequate protection. Italy hoped that at the end of the preparatory work, the Group set up in Singapore would be able to produce a report that paved the way for the launching of a new round of negotiations to be decided upon at the next Ministerial meeting.

78. The representative of Mauritius considered that the future activities of the WTO should focus on the implementation of existing agreements and the built-in agenda within the agreed time-frame for negotiations, particularly in Agriculture, and work towards solving problems which had cropped up in the wake of the conclusion of the Uruguay Round. The future work of the WTO should ensure that the multilateral trading system brought about a fair playing field where all Members were able to reap equitable benefits. More importantly, the economic and social dimensions of development, i.e., the fundamental concerns and needs of developing countries, should be integrated into the WTO rule-based system. In this regard the following issues had to be addressed as a matter of urgency: (i) the numerous existing measures in favour of developing countries should be implemented; (ii) the relevant agreements should be reviewed to take into account problems that had arisen since 1995, for example, the duration of the transitional periods for compliance and the periodicity of notification requirements; (iii) the negotiating procedures needed to be better structured to prevent attempts to thrust into the multilateral system agreements entered into by some Members outside the framework of the WTO. Initiatives not in conformity with the philosophy of the multilateral trading system undermined its credibility; (iv) subsidy rules had to be reviewed in favour of developing countries, which should be allowed to maintain measures required to strengthen their economic diversification and industrialization programmes; and (v) concrete measures had to be taken to alleviate the negative impact of the reform process in agriculture on the food import bill.

79. In his opening address, the Director-General had mentioned issues of public concern including, *inter alia*, social conditions, employment, public health and cultural diversity. These considerations were at the very heart of his country's development strategy, and it had striven hard to maintain a system where man was at the centre of development. This had been made possible through the judicious use of earnings secured through Mauritius's long-standing trade arrangements, some even preceding the GATT. In this connection, he noted that the concept of the multifunctional role of agriculture was now gaining momentum with the OECD, the WTO and other international institutions. It was time for the WTO to fully acknowledge this role in agriculture and, more specifically, its development dimension. The security and predictability guaranteed by trade accords had not only allowed Mauritius to maintain sustained economic growth in a sustainable manner but had also helped to mitigate the numerous inherent weaknesses which characterized economies of small islands. In Singapore, Members had committed themselves to addressing the problems of the least-developed countries and the risks that marginalization represented for certain developing countries. Members had also reaffirmed the importance of special and differential treatment for developing countries to enable them to integrate into the multilateral trading system. In line with that pledge, Mauritius proposed that the Committee on Trade and Development be requested to examine the particular problems and difficulties which small island countries faced in integrating into the multilateral trading system, and to make appropriate recommendations. Mauritius suggested that while examining these issues, the Committee should take into account the following features of small island states: (i) domestic demand was limited because of their small size, which discouraged the flow of investment both domestic and foreign; (ii) lack of natural resources compelled economic operators to rely solely on imported raw materials and capital equipment. The transportation cost of these materials as well as the small scale of production inevitably led to sharp rises in productions

costs. Further, remoteness from the main export markets resulted in higher freight costs. In spite of these serious constraints, it had been possible for export oriented industries of small island economies to market their products mainly because of preferential treatment; and (iii) most of these small island countries were heavily dependent on imports of foodstuffs and other basic necessities, not only because of their size but also because of adverse climatic conditions. The resulting high import bills created heavy strains on their balance-of-payments situation. This could only be partially redressed through higher export earnings. His delegation had noted that some Members wanted to negotiate on a sectoral basis besides launching negotiations on new issues, some of which were beyond comprehension at the present time. Mauritius joined the large number of delegations which had requested awaiting the outcome of the evaluation exercises currently under way before taking a position.

80. The representative of Turkey recalled his earlier views with regard to the full implementation of the Uruguay Round Agreements and the need to take into consideration the legitimate concerns of developing countries. However, in spite of such difficulties there was merit in trying to move ahead. Turkey believed in the need to maintain the momentum towards the achievement of an even wider liberal and rule-based international trade environment and to build upon the successes of the past years. A priority was work on the built-in agenda. It was hoped that the negotiations scheduled to begin in the year 2000 on agriculture, services and intellectual property would consolidate and widen the scope of the multilateral trading system. Regarding decisions taken in Singapore, Turkey was waiting for the Working Groups on Investment, Competition, and Transparency in Government Procurement to conclude their work.

81. In the field of competition, the examination conducted by the Working Group would provide benefits, especially to countries not having national competition policies. Given the importance of competition policies in globalization, Turkey welcomed the work undertaken by the Working Group on Interaction between Trade and Competition Policy. Sound and multilaterally accepted competition policies would further serve to liberalize world trade by opening markets on the basis of the same criteria. His delegation was participating actively in the ongoing work of these groups, and when their work was completed, would determine its approach on how best to tackle these important issues within the WTO. Electronic commerce was another area gaining importance recently. This topic would be among the most important factors shaping the future trade environment and undoubtedly one of the most vital issues on the agenda of the forthcoming negotiations. However, Members should also keep in mind the rapidly growing need for establishing appropriate infrastructure, particularly for the developing countries in this field. Turkey had an open mind towards the future, and was confident that the present meeting would provide the basis for a consensus that took into account the concerns and interests of all Members.

82. The representative of Uganda believed that the focus of the WTO at the present time should be the implementation of existing agreements and the built-in agenda. However, the WTO as a forum for negotiations among its Members had to keep pace with changing times and the rapid evolution of ideas. Therefore, Uganda was prepared to consider the reports of the Working Groups on Trade and Investment, Trade and Competition, and Transparency in Government Procurement when these were completed. These were distinct issues, which should not be put on the same footing as those on which there was already agreement to conduct negotiations under the WTO rubric. Any future agenda had also to include the follow-up of the high-level meeting on least developed countries. The success of the WTO in promoting trade liberalization and its binding dispute settlement mechanism might tempt some to use it as a vehicle for achieving other objectives which, though desirable, were not central to its mission. In this connection, he quoted from a recent issue of The Economist newspaper which stated that "The WTO must also decide how closely to become involved in more esoteric issues such as antitrust rules, foreign-investment restrictions, workers' rights and environmental protection.

These matters are conceptually complex and particularly contentious because they intrude on what many governments consider to be domestic policy. The WTO must strike a balance between attacking domestic policies that seriously distort trade and avoiding infringements of national sovereignty."
