

General Council

GENERAL COUNCIL

Annual Report (1997)

Addendum¹

At the meeting of the General Council in December 1997 it was agreed that the report of the General Council to the 1998 Ministerial Conference would consist of the 1997 annual reports of the General Council and its subsidiary bodies together with a brief update report of the General Council concerning developments in the first months of 1998, and that Chairpersons of subsidiary bodies would be invited to report orally to the General Council on work done since December 1997.

The present Addendum sets out the actions taken by the General Council in the first months of 1998, and reproduces, in the Annex, the oral reports of the Chairpersons of subsidiary bodies on work done since December 1997. The General Council has held 3 meetings since December 1997. The minutes of these meetings, which remain the record of the General Council's work, are contained in documents WT/GC/M/26 - 28.

The following subjects are included in this Addendum:

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¹Footnote 8 to the annual report in WT/GC/10 indicated that an addendum to the report would reflect the discussion at the reconvened meeting of the General Council suspended on 14 November 1997. That meeting was not reconvened, however, and on 19 February 1998, the General Council agreed to a proposal by its Chairman that the 14 November meeting be considered closed.

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1. Preparations for the 1998 Ministerial Conference and the commemoration of the 50th Anniversary of the multilateral trading system

(a) Organizational matters (WT/GC/M/26, 27², 28)

At the General Council meeting on 19 February 1998, the Chairman read the following statement for the record, identifying points on which consensus appeared to be emerging and matters on which further discussion was required:

"Points on which consensus appears to be emerging:

1. In accordance with the decision already taken by the General Council on 22 October 1997, the Ministerial Conference will begin on the morning of 18 May and will last through the afternoon of 19 May, followed by the commemoration of the 50th Anniversary on 20 May with the participation of Heads of State or Governments. It is understood that these are two distinct events.
2. The substantive agenda for the Ministerial Conference will consist of two broad areas for discussion: implementation of the WTO work programme and future activities of the WTO.
3. There will be a short formal opening of the Conference on the morning of 18 May, followed by two sessions for discussions among Ministers. The first session would cover issues relating to implementation of the work programme; a second session would cover future activities of the WTO. Discussions would begin on the morning of 18 May and continue through the afternoon of that day and the morning of 19 May.
4. The formal closing session of the Conference would be held in the afternoon of 19 May where the relevant decisions would be taken, including election of officers, venue and date of the next Ministerial Conference.
5. Ministers so wishing could provide a general statement to the Secretariat for distribution to other delegations and to the press. These statements would cover two items: implementation and future activities.
6. The commemoration of the 50th Anniversary to be held on 20 May would be open to the participation of all Members of the WTO.

Matters on which further discussion is required:

1. Whether discussion by Ministers on the two substantive items of the agenda should be recorded in minutes of the Conference or should be totally informal, and the amount of time and the priorities to be attributed to the discussions in these two areas.
2. The nature of any action by Ministers concerning these discussions, i.e. the preparation of a Chairman's summing-up, or of a short declaration, and/or of a decision on preparations for the next Ministerial Conference.

²See footnote 3.

3. The scenario for the commemoration of the 50th Anniversary with the participation of Heads of State or Government."

The representatives of Egypt, Pakistan, Korea, Jamaica, Nigeria, India, Bangladesh, Madagascar, and Brunei Darussalam on behalf of the ASEAN Members spoke.

The General Council took note of the statements and that the points raised by delegations would be discussed further in informal consultations.

At its meeting on 2 and 14 April 1998³, the General Council further considered preparations for the 1998 Ministerial Conference and the 50th Anniversary commemoration.

On 2 April, the Director-General presented a first report on his consultations concerning substantive aspects of the preparations for the Ministerial Conference and in particular the preparation of a text to be adopted by Ministers.

The representatives of the United States, Egypt, Uganda, Pakistan, Tanzania, Mauritius, India, Japan, Jamaica, Mexico, South Africa, Morocco and Australia, and the Chairman spoke.

The General Council took note of the statements.

Also on 2 April, the General Council agreed that the Ministerial Conference and the commemoration of the 50th Anniversary be organized along the following points:

1. Discussions among Ministers on the substantive items would be held in working sessions of the Ministerial Conference. Minutes of these discussions would be prepared and circulated to delegations.
2. The records of the 1998 Ministerial Conference would comprise the three statements at the formal opening session, the written statements submitted by Ministers, and the proceedings of the formal closing session, which would, *inter alia*, record a decision on the date, venue and officers of the next Ministerial Conference.
3. The substantive outcome of the Ministerial Conference would be reflected in a short text which would include clear directives, with a time-bound process, for preparations for the third Ministerial Conference, and would deal in a balanced way with both substantive items i.e. implementation of WTO Agreements and future activities. This would be a negotiated text.
4. The commemoration of the 50th Anniversary would be a public event with the participation of ministerial delegations, observer governments and international organizations, and attendance by non-governmental organizations, the press and other personalities who might be invited.

The working sessions would be open to the participation of all Members.

The General Council also agreed on 2 April to a proposal by its Chairman concerning the initiation of a process of consultations by the Director-General with all Members on the possible text

³The meeting of the General Council of 2 and 14 April 1998 will remain in session until the Ministerial Conference. The minutes of this meeting will be circulated subsequently as WT/GC/M/27, and an Addendum to this report will reflect the discussion at any reconvened meetings beyond 14 April.

of the substantive outcome of the Ministerial Conference. This process would be carried out in close consultation with the Chairman of the General Council. The Director-General would consult on an open-ended basis to ensure that all delegations had an opportunity to register their views. The General Council would meet weekly if necessary to consider progress reports by the Director-General. The Director-General was invited to prepare a draft substantive outcome of the Ministerial Conference for circulation to Members by 20 April; this draft would be based on the discussions in the General Council and on the views obtained by the Director-General in his consultations. The General Council further agreed that the present meeting would remain in session so that further meetings could be organized at short notice.

On 14 April, the General Council agreed that, in the light of recent developments with regard to the attendance of Heads of State or Government at the 50th Anniversary commemoration event, the two events now be organized as follows:

1. The Ministerial Conference would open on the morning of Monday, 18 May as planned for the three opening presentations, namely by the Chairman of the Ministerial Conference, the Director-General, and the Chairman of the General Council. Following these statements, the formal Ministerial Conference would be adjourned.
2. The working session on implementation would begin on the afternoon of Monday, 18 May and continue until early evening. The possibility of continuing this discussion in the morning of Tuesday, 19 May if necessary could be envisaged.
3. Tuesday, 19 May would be designated as the day for the 50th Anniversary Commemoration. Accordingly, the Ministerial Conference would adjourn either on the evening of Monday the 18th or the morning of Tuesday the 19th, to ensure that the two events remained distinct.
4. The Ministerial Conference would reconvene on Wednesday, 20 May. The working session on future activities would be held in the morning, and the closing formal session at which the results would be adopted would be held in the afternoon.
5. There would be no changes to the agreement regarding the other organizational matters that was reached on 2 April.

At its meeting on 24 April 1998, the Chairman informed the General Council that in addition to Singapore's and Switzerland's confirmed attendance at the Head of State or Government level at the 50th Anniversary event, up to twelve other Members were actively considering attendance at that level, some of which were at a more advanced stage. He invited Members who intended to be represented by their Heads of State or Government to communicate details of their participation to the Secretariat as soon as possible and in any case no later than 1 May 1998.

The representative of Norway announced that his country's Prime Minister would attend the 50th Anniversary event.

The General Council took note of the statements.

(b) Participation of least-developed countries (WT/GC/M/27⁴)

At the General Council meeting on 2 and 14 April 1998, the Chairman made an appeal to Members in a position to contribute to a Trust Fund to be created for the purpose of financing the participation of the least-developed countries at the 1998 Ministerial Conference and the 50th Anniversary commemoration, in keeping with the past practice of voluntary contributions to cover the costs of such participation, to contact the Secretariat as soon as possible.

The representatives of Uganda and Egypt spoke.

The General Council took note of the statements.

(c) Attendance of international intergovernmental organizations (WT/GC/M/27⁵, 28)

At its meeting on 2 and 14 April 1998, the General Council agreed to the following approach with regard to international organization observers at the Ministerial Conference:

1. The organizations that were granted observer status at the Ministerial Conference in 1996 would be invited to the 1998 Ministerial Conference pursuant to paragraph 10 of the guidelines for observer status for international organizations in the WTO (WT/L/161, Annex 3).
2. With regard to other organizations not already invited as observers to the Ministerial Conference, the same procedure as followed for the 1996 Ministerial Conference would apply. In other words, organizations that were observers to the General Council would be invited automatically; those that were observers to subsidiary WTO bodies and that requested attendance at the Ministerial Conference as observers would also be invited; and consultations would be held on requests received from organizations not presently observers to any WTO body.
3. Since Ministers would not read general statements at the Ministerial Conference, but would be invited to circulate written statements, international organizations would be invited to do the same. This applied only to the Ministerial Conference, since the format of the 50th Anniversary commemoration event remained to be decided.

At the General Council meeting on 24 April 1998, the Chairman recalled that at an informal meeting on 22 April, he had raised with delegations a request for observer status at the Ministerial Conference from the South Centre, an organization not presently an observer to any WTO body, and asked if the request could be granted.

The General Council agreed to grant the request by the South Centre.

⁴See footnote 3.

⁵See footnote 3.

(d) Attendance of observers at working sessions (WT/GC/M/27⁶)

At the General Council meeting on 2 and 14 April 1998, the Chairman said that since most of the substantive discussions among Ministers would take place in working sessions held between the formal opening and closing plenary meetings, with the discussions to be reflected in the minutes of these sessions, he understood that observer governments and observer international intergovernmental organizations would be entitled to attend the working sessions although, given the limited amount of time that would be available, it was unlikely they would be able to speak.

The representative of Egypt spoke.

The General Council took note of the statements.

(e) Attendance of non-governmental organizations (WT/GC/M/26, 27⁷)

At the General Council meeting on 19 February 1998, the Chairman recalled that, in preparing for the 1996 Ministerial Conference, the General Council had agreed on the following procedures regarding the attendance of NGOs: (i) NGOs would be allowed to attend only the Plenary Sessions of the Conference (without the right to speak); (ii) applications from NGOs to be registered would be accepted on the basis of Article V, paragraph 2 of the WTO Agreement, i.e. such NGOs "concerned with matters related to those of the WTO"; and (iii) a deadline would be established for the registration of NGOs that wished to attend the Conference. In order to proceed with the requests from NGOs wishing to attend the next Ministerial Conference in May, and the 50th Anniversary commemoration, he proposed that the same criteria as used for the Singapore Ministerial Conference be applied. In order to allow for the processing of the list of the NGOs having requested registration and its circulation for the information of the Members, the deadline for registration would be 31 March 1998, and confirmation of registration would subsequently be sent to the NGOs.

The representatives of Egypt and Nigeria spoke.

The General Council took note of the statements and agreed to apply the criteria enumerated by the Chairman regarding the attendance of NGOs.

At its meeting on 2 and 14 April 1998, the Chairman informed the General Council that 151 non-governmental organizations had requested a registration form to attend the 1998 Ministerial Conference and the 50th Anniversary commemoration event, and that a list of these organizations would be circulated to Members on 3 April for their information before the confirmation of registration was sent out by the Secretariat on 15 April.

The General Council took note of this information.

(f) Report by the Director-General (WT/GC/M/28)

At the General Council meeting on 24 April 1998, the Director-General presented an oral report on the work undertaken thus far in consultations held by him on a draft Ministerial text.

The General Council took note of the statement.

⁶See footnote 3.

⁷See footnote 3.

(g) Progress reports by the Chairpersons of subsidiary bodies (WT/GC/M/28)

In December 1997, the General Council agreed that Chairpersons of subsidiary bodies be invited to report orally to the General Council at its final meeting before the Ministerial Conference on work done in their respective areas since December 1997. The General Council had noted that the information provided by the Chairpersons in their oral reports would be reflected in the update of the General Council's annual report to be submitted to the Ministerial Conference.

At the General Council meeting on 24 April 1998, the Chairpersons of the subsidiary bodies of the General Council as well as the Chairpersons of the DSB and the TPRB reported on the progress of work in those bodies.⁸

The representative of Egypt and the Chairman spoke.

The General Council took note of the progress reports and of the statements.

2. Committee on Balance-of-Payments Restrictions
- Consultations (WT/GC/M/26, 28)

At the General Council meeting on 19 February 1998, the Chairman of the Committee on Balance-of-Payments Restrictions introduced the Committee's reports on its consultations with Pakistan (WT/BOP/R/39) and the Slovak Republic (WT/BOP/R/40).

The General Council took note of the statement and adopted the reports in WT/BOP/R/39 and WT/BOP/R/40.

At the General Council meeting on 24 April 1998, the Chairman of the Committee on Balance-of-Payments Restrictions introduced the Committee's report on its consultation with Nigeria (WT/BOP/R/41).

The representatives of the United States, the European Communities, Canada, Australia, New Zealand, Switzerland, Norway and Nigeria spoke.

The General Council took note of the statements and adopted the report in WT/BOP/R/41.

3. Committee on Budget, Finance and Administration
- Reports (WT/GC/M/28)

At the General Council meeting on 24 April 1998, the Chairman of the Committee on Budget, Finance and Administration introduced the Committee's report in WT/BFA/35.

The General Council took note of the statement, approved the Committee's specific recommendation in paragraph 16 of its report in WT/BFA/35, and adopted the report.

⁸The progress reports by the Chairpersons are reproduced in the Annex to this report. The Chairman indicated his understanding at the meeting that the Chairman of the Committee on Budget, Finance and Administration had nothing further to report at the present stage in addition to his presentation of the Committee's report referred to in point 3 below.

4. Waivers under Article IX of the WTO Agreement

- (a) Harmonized System
- Bangladesh, Nicaragua, Sri Lanka (WT/GC/M/28)

At its meeting on 24 April 1998, the General Council considered requests by Bangladesh (G/L/227), Nicaragua (G/L/230) and Sri Lanka (G/L/229/Rev.1) for extensions of waivers previously granted in connection with their implementation of the Harmonized System, and draft decisions to this effect (Bangladesh - G/C/W/107/Rev.1; Nicaragua - G/C/W/110 and Corr.1; Sri Lanka - G/C/W/109).

The Chairman of the Council for Trade in Goods, reported on the consideration of these requests by the Council.

The General Council took note of the report and, in accordance with the Decision-Making Procedures under Articles IX and XII of the WTO Agreement (WT/L/93), adopted the draft decisions (Bangladesh - WT/L/264; Nicaragua - WT/L/265; Sri Lanka - WT/L/266).

- (b) Renegotiation of Schedule
- Zambia (WT/GC/M/28)

At its meeting on 24 April 1998, the General Council considered a request by Zambia (G/L/228) for an extension of a waiver previously granted in connection with its renegotiation of its schedule, and a draft decision to this effect (G/C/W/108).

The Chairman of the Council for Trade in Goods, reported on the consideration of this request by the Council.

The General Council took note of the report and, in accordance with the Decision-Making Procedures under Articles IX and XII of the WTO Agreement (WT/L/93), adopted the draft decision (WT/L/267).

- (c) Decision on the introduction of Harmonized System changes into WTO schedules of tariff concessions on 1 January 1996 (WT/GC/M/28)

At its meeting on 24 April 1998, the General Council considered a draft decision extending the time-limit of the Decision on the introduction of Harmonized System changes into WTO schedules of tariff concessions on 1 January 1996 (G/C/W/111).

The Chairman of the Council for Trade in Goods, reported on the consideration of this matter by the Council.

The General Council took note of the report and, in accordance with the Decision-Making Procedures under Articles IX and XII of the WTO Agreement (WT/L/93), adopted the draft decision (WT/L/268).

5. Accession

- (a) Azerbaijan (WT/GC/M/28)

In July 1997, the General Council established a working party to examine Azerbaijan's application for accession to the WTO Agreement, and authorized its Chairman to designate the Chairperson of

the Working Party in consultation with representatives of Members and with the representative of Azerbaijan.

At its meeting on 24 April 1998, the Chairman informed the General Council that Mr. W. Höynck (Germany) had agreed to chair the Working Party.

The General Council took note of this information.

The representative of Japan, and the Chairman and the Secretary of the General Council spoke.

The General Council took note of the statements.

(b) Laos (WT/GC/M/26, 28)

At its meeting on 19 February 1998, the General Council considered a communication from Laos (WT/ACC/LAO/1) concerning its interest in acceding to the WTO Agreement pursuant to Article XII.

The representative of Laos (as an observer), Brunei on behalf of the ASEAN Members, Japan, and Australia spoke.

The General Council took note of the statements and agreed to establish a working party to examine the application by Laos, and authorized its Chairman to designate the Chairperson of the Working Party in consultation with representatives of Members and with the representative of Laos.

The Chairman invited Laos, on behalf of the General Council, to attend meetings of the General Council and, as appropriate, meetings of other WTO bodies as an observer during the period in which the Working Party was carrying out its work.

At its meeting on 24 April 1998, the Chairman informed the General Council that Mr. G. Raby (Australia) had agreed to chair the Working Party.

The General Council took note of this information and of the statements by Japan, the Chairman and the Secretary of the General Council made under sub-point 5(a).

6. Ecuador - Commitments under the Protocol of Accession (WT/GC/M/26)

At its meeting on 19 February 1998, the General Council considered a communication from the United States (WT/GC/W/76) expressing concern that Ecuador had not yet implemented certain commitments in its Protocol of Accession.

The representatives of the United States, Ecuador⁹ and the European Communities spoke.

The General Council took note of the statements.

⁹The full text of Ecuador's statement presenting its second annual report on the status of implementation of its accession commitments was subsequently circulated as WT/GC/COM/4.

7. Outcome of the major review of the implementation of the Agreement on Textiles and Clothing (WT/GC/M/26)

At the meeting of the General Council on 19 February 1998, the Chairman of the Council for Trade in Goods recalled that he had informed the General Council in December 1997 that the Goods Council had conducted the major review of the implementation of the Agreement on Textiles and Clothing in meetings held from October to December, and that in spite of determined efforts by many, it had not been possible to arrive at sufficient common ground on the summary of the discussions and on a set of conclusions to the review that would attract consensus. In January 1998, consultations had been held with a number of delegations and, as a result of the spirit of compromise and flexibility shown by the Members that had participated actively in the subsequent informal consultations, it had been possible to reach substantive agreement on a text containing a detailed summary of the discussions and conclusions, which had been adopted by the Goods Council on 16 February (G/L/224).

The General Council took note of the statement.

8. Notification obligations and procedures (WT/GC/M/26)

In November 1996, the Council for Trade in Goods, having considered the report of the Working Group on Notification Obligations and Procedures and the recommendations contained therein (G/L/112), made the following recommendations to the General Council: "(a) The Council requests the General Council to take the necessary steps to eliminate the notification obligations in the Decisions of the GATT 1947 CONTRACTING PARTIES relating to import licensing procedures (L/3756 and SR/28/6); (b) The Council requests the Ministerial Conference or the General Council to consider the establishment, at an appropriate time, of a body with a mandate to review the notification obligations and procedures throughout the WTO Agreement. Alternatively, consideration might be given to the establishment of a body, or the extension/modification of the mandate of the current Working Group, to conduct, at an appropriate time, a further comprehensive review of the notification obligations and procedures in the agreements in Annex 1A of the WTO Agreement. It was suggested that future work also encompass matters relating to the Central Registry of Notifications, electronic transmission of notifications and further work on the notifications handbook" (G/L/134, Section II). At its meeting on 7, 8 and 13 November 1996, the General Council had approved the recommendations of the Council for Trade in Goods and agreed to revert to this matter at a future meeting.

At the General Council meeting on 19 February 1998, the Chairman proposed that (i) on the basis of discussions held by the former Chairman of the Working Group on Notification Obligations and Procedures, the recommendation of the Council for Trade in Goods in sub-paragraph (b) be kept under review, and reverted to at a future date as appropriate; and that (ii) in pursuance of the recommendation in sub-paragraph (a), the General Council adopt the draft decision in the Annex to WT/GC/W/75 in order to eliminate the notification obligations relating to import licensing procedures in the relevant Decision of the CONTRACTING PARTIES to the GATT 1947.

The representative of the United States spoke.

The General Council took note of the statements and agreed to the Chairman's proposals.

9. Global electronic commerce (WT/GC/M/26, 28)

At its meeting on 19 February 1998, the General Council considered a proposal by the United States regarding global electronic commerce (WT/GC/W/78).

The representatives of the United States, Egypt, Japan, Australia, the European Communities, Canada, New Zealand, Nigeria, Switzerland, India, Pakistan, Brunei Darussalam on behalf of the ASEAN Members, Norway, Turkey, Hungary and Hong Kong, China, and the Chairman spoke.

The General Council took note of the statements.

At its meeting on 24 April 1998, the General Council considered a proposal by Canada regarding a tariff standstill for electronic commerce (WT/GC/W/82), and heard a presentation by the European Communities regarding a recently circulated communication on electronic commerce (WT/GC/W/85).

The representatives of Canada, the United States, Japan, the European Communities, Norway, Switzerland, New Zealand, Argentina, the Czech Republic, Pakistan, Brunei on behalf of the ASEAN Members, Australia, Egypt, India, Brazil, Chile, Korea, Hungary, Iceland, Poland and Hong Kong, China spoke.

The General Council took note of the statements.

10. Transparency and derestriction (WT/GC/M/26, 28)

At the General Council meeting on 19 February 1998, the representative of the United States said that the time had come to evaluate the General Council's decision of July 1996 regarding procedures for the circulation and derestriction of documents (WT/L/160/Rev.1), paragraph 7 of which called on the General Council to review and if necessary modify the procedures not later than July 1998. In order to permit the General Council to carry out its responsibilities in relation to the required review, the United States proposed that the General Council agree to organize informal open-ended consultations amongst interested delegations with the aim of considering possible modifications to these procedures.

The representatives of Canada, the European Communities, Mexico, Norway, India and Egypt, and the Chairman spoke.

The General Council took note of the statements and agreed that its Chairman consider ways and means to advance the proposal by the United States.

At the General Council meeting on 24 April 1998, the representative of the United States recalled her delegation's suggestion at the 19 February meeting for informal open-ended consultations to consider possible modifications to the July 1996 Decision on procedures for the circulation and derestriction of WTO documents, and asked if the Chairman could inform Members as to his ideas on this matter.

The representatives of Canada and Mexico, and the Chairman spoke.

The General Council took note of the statements.

11. Accreditation of Permanent Representatives to the WTO (WT/GC/M/26)

At the General Council meeting on 19 February 1998, the Chairman said that he had been very encouraged to note that a number of Members had adjusted their WTO accreditation practices to the international practice in respect of representation to international organizations -- outlined in a Note by the Secretariat of 4 December (WT/GC/W/72) -- and hoped that more Members would begin to move in this direction.

The General Council took note of the statement.

12. Comments being directed to individual cases brought before the dispute settlement system (WT/GC/M/26)

At the General Council meeting on 19 February 1998, the Director-General expressed concern that a number of comments had been directed over the past few months to individual cases brought before the dispute settlement system. While these comments had no doubt been made in good faith, in some cases they had not been made on the basis of all the relevant facts. Comments based on a less than complete knowledge of a particular case, or made while it was still in progress, were an unfair challenge to the integrity of the dispute settlement system, to the WTO's rule-based procedures, and to the multilateral trading system. He wished to increase the awareness of this problem among all Members, and would call it to the attention of the appropriate WTO bodies in the context of the review of the dispute settlement system that had to be undertaken before the end of 1998.

The General Council took note of the statement.

13. Premature disclosure of dispute settlement panel reports (WT/GC/M/28)

At the General Council meeting on 24 April 1998, the Director-General expressed concern that the premature disclosure of dispute settlement panel reports threatened to undermine the WTO's Dispute Settlement Understanding, and hoped that Members would discuss this matter in the review of the DSU later in the year. Such premature disclosures caused two fundamental problems. First, they threatened the credibility and image of the WTO as an institution and, second, they undermined the dispute settlement system. There were several possibilities that Members might wish to consider to deal with this matter, and the issue was how to deal with it in a manner that minimized the damage to the WTO as an institution and to the integrity of the dispute settlement system.

The representatives of the United States, Indonesia, Japan, Mexico, Tunisia, Thailand and Colombia spoke.

The General Council took note of the statements.

14. WTO Secretariat and Senior Management Structure (WT/GC/M/28)

In April 1997, the General Council decided: (i) to request the Director-General to submit a report with his recommendations not later than October 1997 on how the functioning and operational efficiency of the Secretariat might be enhanced to meet challenges facing the Organization, including through a rationalization of the senior management structure in the light of Members' intention to reduce significantly the number of Deputy Directors-General; and (ii) that consideration of the matters referred to in the previous paragraph would be initiated before the end of 1997, so that decisions might be taken before the appointment of the next Director-General and reflected in the 1999 Budget of the WTO (WT/L/207). In December 1997, the General Council took note that the Director-General's report (WT/GC/W/74) had recently been discussed in informal consultations and that the Chairman intended to hold further consultations early the following year.

At its meeting on 24 April 1998, the Chairman informed the General Council that although it had been his intention to propose, on the basis of consultations he had held, that the General Council agree to reduce the number of posts of Deputy Directors-General in the future senior management

structure of the Secretariat to two, and that other aspects of the Director-General's report remain open for further consideration, one delegation was firmly of the view that agreement on this aspect should only be reached in conjunction with an understanding to undertake a further study on how the Secretariat should respond to the challenges outlined in the Director-General's report. Given the importance of taking an early decision on the number of Deputy Directors-General, he proposed to consult on this matter as soon as possible and to revert to it when the meeting of 2 and 14 April was reconvened in early May.

The General Council took note of the statement.

15. Conditions of service of WTO staff (WT/GC/M/28)

At its meeting on 14 November 1997, the General Council invited the Chairman of the Working Group on Conditions of Service to prepare a revised draft decision on this matter for the consideration of Members taking into account the latest developments, and agreed that its meeting be adjourned and reconvened at the earliest possible date with a view to taking a decision thereon. On 19 February 1998, the General Council agreed to a proposal by its Chairman that the 14 November meeting be considered closed, and that the question of conditions of service be taken up again at a future meeting of the General Council as and when it became ready for consideration.

At its meeting on 24 April 1998, the General Council considered a draft decision on this matter (WT/GC/W/83).

The Chairman read the following statement with regard to the draft decision: "In the course of the consultations which I have held on the draft decision on Conditions of Service Applicable to the Staff of the WTO Secretariat, a number of Members have raised questions with respect to the intention of certain parts of the decision. The following statement is intended to clarify those intentions. In adopting the decision in document WT/GC/W/83 WTO Members will take the decision today to establish a permanent WTO Secretariat with its own regulations and rules. This is an extremely important step, building on the Marrakesh Ministerial Decision, and, I know, has only been possible because of the hard work of many representatives and officials both in Geneva and in capitals. In adopting this decision today, the General Council will stress, in the Preamble, the need for efficiency gains, improved priority-setting and other savings to ensure cost-neutrality in the WTO budget. In that respect, we must remember that the WTO budget reflects the requirements that Members place upon the organization, including in such essential areas as technical assistance, translation, dispute settlement and accession of new members, all areas in which the pressure for work has consistently been increasing since the establishment of the WTO. We are also putting increasing demands on the Director-General and the Secretariat with respect to the follow-up of the High Level Meeting for the Least Developed Countries. Moreover, various Members have put forward ideas on implementation and future activities of the WTO in the context of the preparation of the May Ministerial Conference, which may well place further strains on the resources of the Secretariat.

"In this light, I would remind Members that the decision we shall adopt today is a decision on the conditions of service applicable to the staff of the WTO Secretariat. It is not, in any way, a decision on the budget of the organization in future years. Decisions on the budget of the WTO will, of course, be taken each year in accordance with established procedures; I know that all Members would expect the current high level of service of the Secretariat to be maintained. In setting 1 January 1999 as the target date for the establishment of the WTO Secretariat, it is important to recall that this issue has now been on the table for over four years. Every effort should be made to avoid any further postponement of the establishment of the Secretariat beyond 1 January 1999. In other words, 1 January 1999 should be seen as the deadline. The decision we adopt today will require serious efforts from

all of us in order to establish the permanent WTO Secretariat by 1 January 1999. First, the Working Group on Conditions of Service Applicable to the Staff of the WTO Secretariat must draft a detailed proposal that meets the criteria specified in this decision. Second, it will be subject to actuarial review. Third, the General Council will have to adopt the proposal and authorize the Director-General to inform the United Nations Joint Staff Pension Fund that the ICITO wishes to apply for termination of its membership in the Fund.

"In order that we may begin this process as soon as possible and meet our deadline of 1 January 1999, I have held consultations on the appointment of a new Chairman of the Working Group. With your agreement, I propose that Mr. R. Farrell (New Zealand) take on this Chairmanship.¹⁰ I expect that you will all receive a communication very shortly from the Chairman as to the date on which the Working Group will resume its work. The decision provides guidance to the Working Group on the parameters of the proposal it is to develop. Paragraph one of the Annex provides that at the outset the proposal must not provide salary and benefit levels that in the aggregate exceed salary and benefit levels in the UN Common System, it being understood that the only meaningful way of measuring those levels will be in cost terms. However, within those parameters, the proposal may provide for redistribution of benefits, including within the proposed pension plan, provided that they are targeted at specifically defined problems. While at the outset the UN Common System will serve as a ceiling with respect to salary and benefit levels, it will also serve as a floor. Nothing in the Decision or the Annex will worsen the salary and benefit levels that present staff members of the WTO Secretariat enjoy. Pursuant to paragraph two of the Annex, the proposal must contain a projection showing that proposed salary and benefit levels, including administrative and other related costs, will be cost neutral over the next five to seven years. In other words, it must be established that the projected costs of the proposed system will not exceed the projected costs of the UN Common System during this time frame. By remaining within these parameters, the proposal that we will adopt will be cost neutral as compared with the UN Common System. In conclusion, I would like to propose that the Draft Decision now be adopted in the light of this statement."

The General Council adopted the draft decision in the light of the Chairman's statement (WT/L/269).

The representatives of Germany, the United Kingdom, the United States, France, Venezuela, Egypt, Norway, Korea, Brunei on behalf of the ASEAN Members, Bangladesh, the Netherlands, and Hong Kong, China, and the Director-General spoke.

The General Council took note of the statements.

16. WTO Daily Bulletin (WT/GC/M/28)

In July 1997, the General Council agreed that the Secretariat should issue a Daily Bulletin, in English only, for a trial period of three months beginning in September 1997, and that the issuance of the Bulletin be reviewed in the light of experience and financial implications if any. In December 1997, the General Council agreed that the Bulletin be issued for a further trial period of three months in English only, since its issuance in French and Spanish would have financial implications that would have to be examined by the Budget Committee.

¹⁰The General Council agreed to the proposal.

At the General Council meeting on 24 April 1998, the Chairman said it appeared that delegations regarded the issuance of the Daily Bulletin as useful, and proposed that the Daily Bulletin continue to be issued by the Secretariat.

The General Council so agreed.

17. Observer status

(a) Governments

(i) Bhutan (WT/GC/M/28)

At its meeting on 24 April 1998, the General Council considered a request from Bhutan (WT/L/262) for observer status in the General Council and its subsidiary bodies, and agreed to grant the request.

The representatives of India, Bangladesh, Brunei on behalf of the ASEAN Members, and Pakistan, and the Chairman and the observer from Bhutan spoke.

The General Council took note of the statements.

(ii) Cape Verde (WT/GC/M/26)

At its meeting on 19 February 1998, the General Council considered a request from Cape Verde (WT/L/258) for observer status in the General Council and its subsidiary bodies, and agreed to grant the request.

(b) International intergovernmental organizations (WT/GC/M/26)

At the General Council meeting on 19 February 1998, the Chairman recalled that at the General Council meeting in December 1997, he had reported that consultations had recently been held on the pending requests from international organizations for observer status in the General Council, and that further consultations would need to be held early in 1998. He urged delegations to give further thought to this matter so that it could be settled rapidly.

The General Council took note of the statement.

18. Appointment of officers to WTO bodies (WT/GC/M/26)

At the General Council meeting on 19 February 1998, the Chairman said that in accordance with the guidelines for appointment of officers to WTO bodies approved by the General Council in January 1995 (WT/L/31), he had held informal consultations on this matter, on the basis of which he considered that there was a consensus on the following slate of names:

General Council
Dispute Settlement Body
Trade Policy Review Body
Council for Trade in Goods
Council for TRIPS
Council for Trade in Services

Mr. John Weekes (Canada)
Mr. Kamel Morjane (Tunisia)
Mr. Ali Said Mchumo (Tanzania)
Mr. Ronald Saborio Soto (Costa Rica)
Mr. Istvan Major (Hungary)
Mr. Nobutoshi Akao (Japan)

Committee on Trade and Environment	Mr. Chak Mun See (Singapore)
Committee on Trade and Development	Mr. Iftekhar Ahmed Chowdhury (Bangladesh)
Committee on Budget, Finance and Administration	Mr. Wilhelm Meier (Switzerland)
Committee on Balance-of-Payments Restrictions	Mr. Peter R. Jenkins (United Kingdom)
Committee on Regional Trade Agreements	Mr. Jean-Marie Noirfalisse (Belgium)
Working Group on the Relationship between Trade and Investment	Mr. Krirk-Krai Jirapaet (Thailand)
Working Group on the Interaction between Trade and Competition Policy	Mr. Frédéric Jenny (France)
Working Group on Transparency in Government Procurement	Mr. Werner Corrales Leal (Venezuela)

The representative of Norway spoke.

The General Council took note of the statements and of the consensus on the above slate of names.

19. Election of Chairperson (WT/GC/M/26)

At the General Council meeting on 19 February 1998, the Chairman, as the outgoing presiding officer of the General Council, made a statement (WT/GC(98)/ST/1).

The General Council then unanimously elected Mr. Weekes (Canada) to the Chair.

ANNEX

Progress reports by Chairpersons of subsidiary bodies
at the 24 April meeting of the General Council

- I. Dispute Settlement Body
- II. Trade Policy Review Body
- III. Council for Trade in Goods
- IV. Council for Trade in Services
- V. Council for Trade-Related Aspects of Intellectual Property Rights
- VI. Committee on Trade and Environment
- VII. Committee on Regional Trade Agreements
- VIII. Committee on Trade and Development
- IX. Committee on Balance-of-Payments Restrictions
- X. Working Group on the Relationship between Trade and Investment
- XI. Working Group on the Interaction between Trade and Competition Policy
- XII. Working Group on Transparency in Government Procurement

I. DISPUTE SETTLEMENT BODY (Chairman: Mr. K. Morjane - Tunisia)

I wish to make a short report, under my own responsibility, on the work done by the Dispute Settlement Body after the adoption of its 1997 annual report contained in document WT/DSB/10 and Corr. 1. Since then the Dispute Settlement Body has held six meetings in the course of which work covered the following areas:

(i) Establishment of panels

Five new panels have been established and one request for the establishment of a panel has been withdrawn.

(ii) Adoption of Appellate Body reports and panel reports

In three dispute settlement cases the panel reports and the Appellate Body reports which modified the panels' findings have been adopted by the Dispute Settlement Body. In two of these cases, in accordance with Article 21 of the DSU the parties to the disputes have already indicated their intentions to implement the recommendations adopted by the Dispute Settlement Body. In addition, in a fourth case, a panel report was adopted without recourse to the appeal procedure.

(iii) Mutually agreed solutions

At the request of delegations the Secretariat provided information on the status of notifications of mutually agreed solutions. An informal note to this effect was circulated listing 21 cases in which a mutually agreed solution has been notified and 36 cases over six months old where no solution has been notified. I would therefore encourage delegations to notify the Dispute Settlement Body of such information for transparency purposes. Since December last year, six notifications regarding mutually agreed solutions have been received by the Dispute Settlement Body.

(iv) Indicative list of governmental and non-governmental panelists.

In December 1997, on the basis of updated curricula vitae of persons submitted by delegations, a new updated indicative list of governmental and non-governmental panelists was circulated in document WT/DSB/12. New names proposed by Members are being approved by the Dispute Settlement Body on a regular basis.

(v) Review of the DSU

As you are aware, in accordance with the Ministerial Decision on the Application and Review of the Understanding on the Rules and Procedures Governing the Settlement of Disputes, a full review of dispute settlement rules and procedures under the WTO is required to be completed this year. Work in this area has already been initiated and should continue after the May Ministerial Conference.

II. TRADE POLICY REVIEW BODY (Chairman: Mr. A. S. Mchumo - Tanzania)

I should like to make a brief oral report on the activities of the TPRB since the December General Council meeting. This report will cover both the work done by the TPRB during the period to date and the Body's programme for the rest of 1998.

Since December 1997, the TPRB has conducted three review meetings, covering seven WTO Members. In January, under the Chairmanship of Mr. M. Akram (Pakistan), a review of Japan was

undertaken. Since I have assumed the Chairmanship, the TPRB has conducted reviews of India (on 16-17 April) and of the members of the Southern African Customs Union, SACU (on 21-23 April). Member countries involved in SACU are South Africa, Botswana, Lesotho, Namibia and Swaziland.

The review of India gave Members an occasion to seek clarification from representatives of the new Government on its future trade policy stance; on its commitment to pursuing the reform process initiated by India in 1991, which has had considerable success in promoting economic growth in India; and on specific issues of concern, ranging from the phasing out of quantitative restrictions to broader, development-related issues in such areas as agriculture and services.

The review of the SACU member States, which has just ended, has been not only the first review ever of Botswana, Lesotho, Namibia and Swaziland, but also the first review of South Africa since the political transformation in that country. It has focused on the evolution of South Africa's trade policies, which are moving in the direction of greater openness and predictability; their effects on the other SACU members via the operation of the common external tariff, and plans for its renegotiation; the relations of SACU as a group with other regional entities, including the Southern African Development Community, with Europe, and with other MFN trading partners; and specific issues of concern to WTO Members.

I believe that these reviews continue to fulfil the mandate of the Trade Policy Review Body as an engine for transparency, non-confrontational discussion and analysis of major policy issues, and encouragement of Members, by others, to follow the principles and precepts of the WTO.

The TPRB has an ambitious programme for the rest of 1998. We shall conduct 13 more review meetings, covering 16 WTO Members, with three more "grouped" meetings. In total, 23 Members will have been reviewed in 1998; 17 of these are developing and six least-developed country Members. However, the number of reviews is not the main point at issue, but rather that Members under review, and the membership of the WTO as a whole, should be able to hold a free, friendly and frank discussion about their respective trade policies and the way in which the multilateral trading environment affects, or is affected by, these policies.

The Secretariat and I are grateful for the willing participation of colleagues who volunteer as discussants in the review process. The role of discussants is to focus the minds of Members on major issues in each review, and I believe that colleagues who have taken on this difficult task have acquitted themselves with distinction. Lastly, I am also grateful for the untiring help of the Secretariat.

I am also conscious of the fact that Annex 3 of the WTO Agreement provides for an appraisal of the Mechanism by the TPRB not more than five years after the entry into force of the WTO Agreement. This appraisal must therefore be completed during 1999, on the tenth anniversary of the introduction of the TPRM under GATT. In this regard, I hope to begin consultations with delegations leading up to this appraisal, in the second half of this year.

III. COUNCIL FOR TRADE IN GOODS (Chairman: Mr. R. Saborio Soto - Costa Rica)

The Goods Council has held 5 meetings since December 1997, and the discussions at these meetings have largely focused on the major review foreseen under Article 8 of the Agreement on Textiles and Clothing (ATC) and on trade facilitation.

On textiles, you may recall that at its meeting on 10 December 1997, the Chairman of the Goods Council informed this body that the major review of the ATC had been conducted by the Goods Council over a series of six meetings between October and December 1997. He had reported, however, that

in spite of determined efforts by many delegations, it had not been possible to arrive at sufficient common ground on the summary of the discussions and on a set of conclusions to the review which would attract consensus. On 19 February 1998, the Chairman updated his report and advised the Council that, in January of this year, consultations had taken place with a number of delegations as it was apparent that Members felt that the progress achieved had been quite substantial and the matter should not remain without a positive conclusion. Accordingly, a series of informal consultations were held in the period 19 January to 10 February of this year. As a result of the spirit of compromise and flexibility demonstrated by the Members who participated actively in the discussions, it was possible to reach substantive agreement on a text containing a detailed summary of the discussions and conclusions. This text was adopted by the Goods Council at its meeting of 16 February 1998. This was reported to the General Council on 19 February 1998.

On trade facilitation, you will recall that the Council was mandated by Ministers in Singapore to "undertake exploratory and analytical work, drawing on the work of other relevant international organizations on the simplification of trade procedures in order to assess the scope for WTO rules in this area". On 9 and 10 March 1998, a Trade Facilitation Symposium was held on the initiative of the Council for Trade in Goods. The objective of the Symposium was to help identify the main areas where traders face obstacles when moving goods across borders. Twenty-seven speakers from private enterprises and industry groups gave an overview of a number of key issues in this respect. Speakers from intergovernmental organizations (IMF, ITC, UNCTAD, UN/ECE, World Bank, and World Customs Organization) reported on the experiences in their work on trade facilitation. 350 delegates from 75 Members and more than 20 observers were present over the two days of the symposium. Many delegations included high-ranking capital based experts on customs and commerce affairs, as well as interested private sector representatives. The Symposium was intended to assist WTO Members to move to the phase of analytical work on trade facilitation, in order to assess the scope for WTO rules in this area, as set out in the Singapore Declaration. The main concerns traders voiced during the Symposium can be summarized under five headings: (1) Excessive documentation requirements; (2) Lack of automation and insignificant use of information-technology; (3) Lack of transparency; unclear and unspecified import and export requirements; (4) Inadequate procedures; especially a lack of audit-based controls and risk-assessment techniques; (5) Lack of modernization of, and cooperation among customs and other government agencies, which thwarts efforts to deal effectively with increased trade flows. At the Council meeting of 16 March 1998, the Council requested the Secretariat to prepare as soon as possible a factual report on the Symposium. A first part of the report, a checklist of issues, was distributed, and the Council, at its meeting of 21 April 1998, agreed that the Chairman should hold informal consultations to determine the process to take the work forward.

Other work accomplished by the Council:

- approval of requests for extensions of waivers until 31 October 1998 from Bangladesh, Nicaragua and Sri Lanka in the context of the transposition of their Schedules into the Harmonized System, and that of Zambia in connection with the renegotiation of its Schedule.
- approval of the draft decision granting an extension of waivers to thirty-six Members and waivers to an additional four until 31 October 1998, for the purpose of introducing Harmonized System 1996 changes to their schedules of concessions.
- approval of the revised questionnaire on state trading forwarded by the Working Party on State Trading Enterprises and contained in document G/STR/3.
- adoption of the terms of reference under which the Committee on Regional Trade Agreements is to examine an additional eight Free Trade Agreements, the accession of Slovenia and Romania

to the Central European Free Trade Agreement, and the customs union between the European Community and the Principality of Andorra.

- taking note of the status of notifications under the relevant provisions of Annex 1A Agreements and the compliance with notification obligations by Members reflected in document G/L/223 and its corrigendum, and taking note of the periodic report by the Market Access Committee.

Turning to the Council's subsidiary bodies, and based on the information received from the Chairpersons of the subsidiary bodies of the Council on work accomplished in their respective Committee or Working Party since December 1997, I would like to report the following:

(i) Agriculture

The Committee on Agriculture held its fourteenth regular meeting on 19-20 March 1998. As part of the Committee's on-going review of progress in the implementation of commitments negotiated under the Uruguay Round reform programme, more than seventy notifications in the areas of market access, domestic support and export subsidies were subject to multilateral review. In addition, a range of distinct implementation matters were raised under the provisions of Article 18.6 of the Agreement or under other business. The Committee also took note of the position with regard to late notifications as it does at each regular meeting.

In terms of its November 1995 Decision in this regard (G/AG/3) the Committee is required annually to review the WTO list of Least-Developed and Net Food-Importing Developing Countries at its regular March meetings. However, since there were on this occasion no requests for inclusion in the list, it was decided that this review should be held over until the Committee's March 1999 meeting. In line with the recommendations adopted by the Singapore Ministerial Conference on the implementation of the Marrakesh Ministerial Least-Developed and Net Food-Importing Developing Country Decision as it relates to food aid matters, the renegotiation of the Food Aid Convention is currently under way in a Working Group established by the London-based Food Aid Committee/International Grains Council. Progress in these negotiations is to be reviewed in June by the Food Aid Committee, whose members have expressed their wish to maintain, as appropriate, a dialogue with food aid recipients, potential Food Aid Convention members and relevant international organizations.

The Committee also held two informal meetings, in January and in March, to continue the work of the process of analysis and information exchange. Additional informal papers submitted by Members on the following topics were considered at these meetings: special and differential treatment; direct payments under production-limiting programmes; domestic support policy reform; export subsidies; the special agricultural safeguard; state trading enterprises (single desk buyers and single desk sellers); and sectoral trade liberalization. Additional background papers were provided by the Secretariat on: *ad valorem*, specific and other tariffs; on special and differential treatment provisions relating to the Agreement on Agriculture; and on studies on the implementation and impact of the Agreement on Agriculture on developing countries. Further Secretariat background papers have been commissioned on special and differential treatment and issues of interest to developing countries, on Green Box policies and on the special agricultural safeguard. Members have also been invited to submit further informal papers, including on their experience in the implementation and impact of the Agreement on Agriculture in relevant areas.

(ii) Customs valuation

The Committee on Customs Valuation held an informal meeting on 6 March to review the responses to its "Request for Information on Technical Assistance Activities". This Request for Information had been circulated in the context of the Committee's work on technical assistance designed

to facilitate and expedite implementation of the Agreement for those developing country Members which have invoked the five-year delay period. Six responses had been received and the Committee heard from two additional delegations that their responses were forthcoming. The Secretariat circulated an inventory of technical assistance activities to assist Members in understanding what types of activities had been conducted in each of the countries which have invoked the five-year delay period. The Secretariat has also outlined a technical assistance programme on customs valuation that it is organizing for these Members. This programme will make use of WTO expertise and private expert consultants to conduct the activities. The Committee agreed that close coordination between this programme and its own discussions on technical assistance would be essential.

(iii) Import licensing

The Committee on Import Licensing has received additional notifications from eleven Members relating to laws, regulations and administrative procedures relevant to import licensing, pursuant to Articles 1.4(a) and/or 8.2(b) of the Agreement, as well as under Article 7.3 which requires all Members to provide annually replies to the Questionnaire on Import Licensing Procedures. This brings the total number of notifications received under each of these provisions to 49 (counting the European Communities and its member States as one Member). The Committee has also received, pursuant to Article 5 of the Agreement, notifications relating to the institution of new import licensing procedures or changes in existing procedures from four additional Members.

(iv) Market access

The Committee on Market Access met on 26 March and took note of the situation with respect to the status of waivers related to the introduction on 1 January 1996 of Harmonized System (HS) changes and to the transposition of pre-Uruguay Round schedules. To date, 40 Members are under waivers in connection with the introduction of HS96 changes in order to carry out possible consultations/negotiations in relation to these changes. Four other Members have requested an extension of their waivers for the transposition of their pre-Uruguay Round schedules into the Harmonized System nomenclature. The waivers are to expire on 31 October 1998. On the integrated data base (IDB), the Committee noted that so far only some twenty Members have provided the required IDB data submissions and the need for the other Members to supply IDB submissions was stressed. Delegations supported the Secretariat's plans to establish a database using Internet technology. Members took note of a document outlining a technical assistance programme for the IDB and exchanged initial views on practical matters concerning the dissemination of the IDB. On the preparation of consolidated loose-leaf schedules on goods, delegations supported the idea, on the basis of a paper prepared by the Secretariat, of establishing a database of Members' tariff concessions which could be eventually incorporated into the IDB. It was agreed that the Secretariat carry out a pilot project for the schedules of two Members in order to obtain an estimate of the resources needed and other problems that might be encountered.

(v) Rules of origin

The Committee on Rules of Origin has continued to focus on the work programme for the harmonization of non-preferential rules of origin. The deadline for completion of the work programme is 20 July 1998. As this deadline approaches, the Committee is continuing, in a tight schedule, its examination of product-specific rules. To date, Members have reached consensus on about 2,000 product-specific rules at the HS subheading level. Since the total number of HS subheadings is 5,113, a simple calculation may indicate that the Committee has done two-fifths of the total work. This would, however, disregard the fact that some of the most contentious and sensitive items are only now entering the negotiating stage. The Committee is continuing its work in almost continuous session, together with the Technical Committee on Rules of Origin, with the aim of completing the work

programme by the deadline. To date 58 Members have made notifications of non-preferential rules of origin and 60 Members have notified preferential rules of origin.

(vi) Trade in information technology products

The Committee of Participants on the Expansion of Trade in Information Technology Products has focused on the review of product coverage, discussions on non-tariff barriers, and divergences in classifying information technology products. With respect to the review of product coverage, participants have held a number of meetings and consultations to discuss the products that have been proposed under the review in order to take a decision whether to revise the product coverage by the 30 June 1998 deadline. The discussions on non-tariff barriers have led to the issuance of a survey on standards-related matters for information technology products. In addition, the Committee has reviewed the status of implementation and noted the interest of governments that have sought to become new participants.

(vii) Sanitary and phytosanitary measures

The Committee on Sanitary and Phytosanitary Measures held its tenth regular meeting on 12-13 March 1998, where it discussed a number of specific trade concerns including trade restrictions related to bovine spongiform encephalopathy (BSE), and a proposed EC regulation on levels of aflatoxin in certain foods. The Committee began to monitor the use of international standards on the basis of relevant standards identified by Members. Further consideration was given to the technical assistance needs of Members. The Committee agreed on a response to the FAO/WHO Codex Alimentarius Commission regarding the status of various Codex texts. The World Health Organization (WHO) provided information to the Committee regarding its recommendations on trade from countries experiencing outbreaks of cholera, and on the proposed revision of the International Health Regulations. It was agreed that informal consultations on the latter matter would be held with the WHO prior to the next meeting of the Committee. At an informal meeting, the Committee further considered the development of guidelines to further practical implementation of Article 5.5. In accordance with agreed procedures, at another informal meeting prior to its regular meeting, the Committee began its review of the SPS Agreement as mandated in Article 12.7. On the basis of issues identified by Members, the Committee considered matters related to the transparency and notification provisions of the Agreement, and agreed to continue with these issues and with matters related to the implementation of special and differential treatment and technical assistance at its next informal meeting.

(viii) Technical barriers to trade

The Committee on Technical Barriers to Trade held its twelfth meeting on 27 March 1998 where it heard statements on the implementation and administration of the Agreement and on technical assistance. It carried out its Third Annual Review of the Implementation and Operation of the Agreement under Article 15.3 and its Third Annual Review of the Code of Good Practice for the Preparation, Adoption and Application of Standards in Annex 3 of the Agreement. It started its work programme arising from the First Triennial Review of the Operation and Implementation of the Agreement under Article 15.4.

(ix) Trade-related investment measures

The Committee on Trade-Related Investment Measures, at its meeting of 16 March 1998, discussed notifications submitted under Article 5.1 of the TRIMs Agreement. Responses were provided to questions previously put and further questions were asked, including in regard to the implementation of Article 5.2 of the TRIMs Agreement. Statements were also made on certain measures recently adopted

or proposed to be adopted by some Members. The Committee took note of the current situation regarding notifications under Article 6.2 of the Agreement.

(x) Textiles Monitoring Body

The Textiles Monitoring Body has held four meetings since the December 1997 meeting of the General Council, during which it reviewed several notifications received from Members, in particular the notifications of their integration programmes. The TMB has also continued to review the communications received from Members concerning the verification of whether the statistical information provided regarding integration referred, where appropriate, to those portions of the HS lines covered by the ATC and not to the entire respective HS 6-digit lines. Furthermore, the TMB has also reviewed the issues brought to it by a Member regarding the maintenance of a restraint measure which had previously been agreed with another Member.

(xi) State trading

The Working Party on State Trading Enterprises adopted on 2 April 1998 a revised questionnaire on state trading (contained in document G/STR/3), thus fulfilling one of the three mandates with which it was charged by Ministers at Marrakesh, i.e. to review the adequacy of the questionnaire on state trading and the coverage of enterprises notified. The revised questionnaire was approved by the Council for Trade in Goods and will be the basis for state trading notifications starting with the new and full notifications to be made in 1998. While approving the questionnaire, at the same meeting, the Working Party agreed to continue its work, consistent with its mandate, on possible further information needed to enhance transparency, and to reconvene as early as possible to this end. It also agreed that the deadline for submission of the 1998 new and full notifications be moved to 30 September from 30 June 1998, in order to take account of the postponement in circulating the request for notifications necessitated by the date of adoption of the revised questionnaire.

Regarding the mandate to develop an illustrative list of relationships between state trading enterprises and governments, and the activities conducted by these enterprises, the Working Party has conducted a number of informal meetings in which work has advanced considerably on the text of such a list. A first revision of a Chairman's text is currently under discussion, and a final text is foreseen within the coming months.

With regard to the Working Party's ongoing task of reviewing the notifications made under Article XVII and the Understanding on Article XVII, three new and full notifications and eight updating notifications have been reviewed at the meeting of 2 April.

(xii) Preshipment inspection

The 1997 Report of the Working Party on Preshipment Inspection to the General Council identified in paragraph 8 a range of issues on which the Working Party is to exchange views over the course of 1998. At the meeting of the Working Party on 19 March 1998, the Chairman invited Members to submit written communications on the issues identified in that paragraph. He also expressed the view that this list of issues was not absolute and he invited delegations to refer to other issues as they saw fit. The delegation of Switzerland presented a proposal of a model agreement between user Members and preshipment inspection companies. This was welcomed by the Working Party as a first step in what Members would like to see as concrete and practical work during this year. During an informal meeting on 20 April 1998, the US delegation circulated a paper addressing the various issues as a basis for further discussions. The situation with respect to the Independent Review Entity established under the Agreement on Preshipment Inspection remains unchanged since December 1997; it has received no requests for an independent review.

(xiii) Safeguards, subsidies, anti-dumping

The Safeguards Committee met two days ago, and the Committee on Subsidies and Countervailing Measures met yesterday and is continuing to meet today. These are the first formal meetings of both Committees following their regular autumn meetings in 1997, and neither Committee has taken any action in the interim. The Committee on Anti-Dumping Practices and its subsidiary bodies have not met since their autumn meetings in October 1997, and have otherwise taken no action since those meetings.

IV. COUNCIL FOR TRADE IN SERVICES (Chairman: Mr. N. Akao - Japan)

Since the Council for Trade in Services last reported to the General Council on 28 November 1997, a number of developments have taken place. The Council has continued to pursue the implementation of the work programme approved by the Singapore Ministerial Conference. Insofar as the Council itself is concerned, the work programme contains three elements:

- An information exchange exercise on services regulations.
- The development of disciplines under Article VI:4 of the GATS to ensure that domestic regulatory measures do not constitute unnecessary barriers to trade.
- The consideration of guidelines and procedures for the future negotiations mandated under Article XIX of the GATS.

The Council, since its last report, has focused its discussions on the first item of the Singapore Work Programme, namely the exchange of information exercise. A considerable amount of useful work has been done on the basis of submissions by delegations and papers produced by the Secretariat. An informal consultation process on the modalities for that exercise has begun. The aim of the exercise is to facilitate access of all Members, and in particular developing country Members, to information regarding laws, regulations, administrative guidelines and policies affecting trade in services in order to contribute to the assessment of trade in services which would assist future negotiations in services. At the same time, all delegations are mindful that the structure of this exercise must be simple and avoid any necessary burden to Members in general and developing country Members in particular.

(i) Financial services

On 12 December 1997 the Council held a special meeting to conclude the negotiations on financial services, in which it adopted a procedural decision which would enter into force only if for some unforeseen reason the Protocol does not enter into force.

On 26 February 1998 the Council concluded the technical verification of the schedules of commitments and MFN exemption lists resulting from the negotiations. The Fifth Protocol was opened for acceptance by the Members concerned on 27 February 1998, and will remain so until 29 January 1999. With the entry into force of the Protocol, the number of Members with commitments in financial services will increase to 102. Together with the withdrawals or reductions in the scope of MFN exemptions, these results constitute a major achievement of WTO Members.

(ii) Basic telecommunications

As you are aware, the Fourth Protocol relating to basic telecommunications had been open for acceptance by the Members concerned until 30 November 1997. By that date, out of 70 Members

concerned, only 50 Members had accepted the Protocol. According to the terms of the Protocol, upon the lapse of the deadline for acceptance, only those who had accepted had the right to decide on the entry into force of the Protocol. On 19 December 1997, the Council adopted a Decision extending the deadline for acceptance of the Fourth Protocol relating to basic telecommunications until 31 July 1998. Subsequently, those Members who had accepted the Protocol decided that it would enter into force on 5 February 1998. The Council took note of that decision at a meeting on 26 January 1998. The Protocol is now in force.

(iii) Working Party on Professional Services

The Working Party on Professional Services continues to work towards the finalization of the draft of new disciplines on domestic regulatory measures in the accountancy sector. The disciplines aim to ensure that measures relating to qualification requirements and procedures, technical standards and licensing requirements and procedures do not constitute unnecessary barriers to trade in accountancy services. Substantial progress has been made on the text since last December. The Working Party is also discussing the legal form that such disciplines might take and the procedures through which they would enter into force.

(iv) Working Party on GATS Rules

The Working Party on GATS Rules continued its work on the three negotiating mandates: emergency safeguard measures under Article X, government procurement under Article XIII and subsidies under Article XV. It will be recalled that the Council for Trade in Services adopted a Decision on 26 November 1997 to extend the negotiations on the question of emergency safeguard measures until 30 June 1999.

(v) Committee on Specific Commitments

Under the Committee on Specific Commitments, consultations are continuing with a view to finalizing the procedures for the modification of schedules pursuant to Article XXI of the GATS. Other discussions of the Committee focused on three main items: (i) classification issues relating to the examination of the structure of the ongoing revision of the central product classification system established by the UN Statistical Commission, (ii) the institution of a system of electronically consolidated and updated schedules of commitments and, (iii) the possible revision of the scheduling guidelines.

V. COUNCIL FOR TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS
(Chairman: Mr. I. Major - Hungary)

The first meeting of the Council in 1998 took place on 24 February 1998. At that meeting, the Council took note of several new notifications of legislation under Article 63.2 of the Agreement, including notifications of amendments to legislation that had been notified earlier.

The Council also took up the review of one Member's legislation in the area of enforcement outstanding from its meeting in November 1997, when national laws and regulations of 32 Members in the area of enforcement were reviewed; the Council will continue this review at its next meeting. At that meeting, the Council will also review the legislation of five Members in the area of copyright and related rights and the legislation of two Members in the areas of trademarks, geographical indications and industrial designs. In addition, the Council will revert to a number of follow-up questions posed in the context of the review of national implementing legislation in 1996/1997, answers to which are still pending.

The Chair informed the Council of the state of the consultations, held pursuant to the mandate given to the Chair at the November 1996 meeting of the Council, on possible advance reviews on a voluntary basis and without prejudice to transition entitlements under Article 65 of the Agreement, indicating that consensus had not yet been reached among Members on the ground rules for such reviews.

The Council continued its consideration of the implementation of Article 70.8 and 70.9 of the Agreement and noted that it was open to delegations to put questions on this matter on the floor of the Council or bilaterally.

The Council took note of recent developments regarding dispute settlement in the TRIPS area and of statements by delegations in this connection.

Updated information was provided to the Council on technical cooperation activities.

The Chair reported on further consultations held on the issue of the review of the application of the provisions of the Section on geographical indications under Article 24.2. Delegations had supported the approach of developing a checklist of questions about national regimes for the protection and enforcement of geographical indications, to which Members would be asked to reply. A draft of such a checklist would be prepared on the basis of questions suggested by delegations, which would be the subject of informal consultations by the Chair prior to the Council's meeting in May 1998.

The Chair reported that further informal consultations would be held as to what the next step should be for carrying forward work concerning negotiations for the establishment of an international system for the notification and registration of geographical indications under Article 23.4 as agreed in paragraph 34 of the report of the Council for TRIPS to the Singapore Ministerial Conference, now that background information as requested by the Council in February 1997 had been made available to the Council.

The Council noted that a new request for observer status had been received from the African Regional Industrial Property Organization (ARIPO). It agreed to revert to the now eight pending requests for observer status from international intergovernmental organizations at its next meeting.

VI. COMMITTEE ON TRADE AND ENVIRONMENT (Chairman: Mr. C. M. See - Singapore)

As agreed in the Report to the General Council in December 1997 (WT/CTE/2), the Committee on Trade and Environment has continued to broaden and deepen the analysis of all items of the work programme set out in the Marrakesh Ministerial Decision on Trade and Environment. In order to advance the discussions in 1998, the CTE agreed to base its analysis on the "cluster approach" under the themes of market access and the linkages between the multilateral environment agenda and the multilateral trade agenda.

As set out in the work programme and schedule of meetings for the CTE in 1998, which was adopted at the CTE's meeting on 19-20 March, the CTE will hold three meetings this year, keeping open the option of an additional meeting if thought necessary by the Committee.

The 19-20 March meeting addressed those items relevant to the theme of market access and included a substantive, sector specific discussion of the following sectors: agriculture, energy, fisheries, forestry, non-ferrous metals, textiles and clothing, leather and environmental services. The willingness of delegations to engage in focused sector-by-sector discussions based on national experiences should move forward the process of identifying situations where removing trade restrictions has the potential to be of economic and environmental benefit.

In fulfilment of the recommendation in the Report of the CTE to the Singapore Ministerial Conference (WT/CTE/1), at the March meeting, the CTE established a WTO Environmental Database according to which the Secretariat will:

- (i) on an annual basis, undertake a Comprehensive Review of all environment-related notifications to continuously up-date the Environmental Database, which will be available to Members electronically through the Document Dissemination Facility; and
- (ii) on an annual basis, conduct an Interim Review of the glossary of search words used in the compilation of the Environmental Database, which will be modified as necessary.

The development of this Environmental Database represents an important step towards increasing the transparency of trade-related environmental measures which are notified by WTO Members.

My general objectives as Chairman this year will be to further the analysis in the CTE of all items on its work programme in order to increase the understanding of the issues involved. I also feel it is important to continue to broaden the participation in support of the CTE's analysis by inviting Secretariats of those Multilateral Environmental Agreements (MEAs) relevant to the work of the CTE to inform Members on developments in their respective agreements in order to contribute to the analysis in the CTE of the linkages between the multilateral environment agenda and the multilateral trade agenda. An information session with selected Secretariats of MEAs will be held at the CTE's meeting on 23-24 July.

With respect to the issue of broader participation, I would like to note that the Secretariat has successfully organized, under its own responsibility, an NGO Symposium on Trade, Environment and Sustainable Development and on 17-18 March. The Symposium included the participation of approximately 50 NGOs, the Director-General of the WTO, the Secretary General of UNCTAD, the Executive Secretary of UNEP, the Deputy Administrator of UNDP and a large number of WTO Member governments.

Lastly, at its meeting on 19-20 March, the CTE agreed to extend observer status to the World Intellectual Property Organization.

VII. COMMITTEE ON REGIONAL TRADE AGREEMENTS (Chairman: Mr. J.-M. Noirfalisse - Belgium)

The Committee on Regional Trade Agreements adopted its 1997 Report to the General Council on 27 November 1997 (document WT/REG/3).

I would now like to update you on the progress of work since then. The Committee held formal meetings on 4-5 December 1997 and two informal open-ended meetings were convened later that month. In 1998, the Committee's Sixteenth Session took place in the week beginning 16 February and an informal meeting was convened in March.

Regarding the examination of regional trade agreements, the Committee is dealing with the examination of 52 agreements. Seven newly notified agreements have been referred to the Committee for examination since the 1997 Annual Report was adopted. Currently consultations are under way on draft reports for eleven examinations. Reports are being drafted for 15 agreements whose factual examinations have finished. Factual examinations are in process for 14 other agreements, and examinations for the remaining twelve agreements which have been referred to the Committee will begin in the course of the year.

The Committee also has the mandate "to consider how the required reporting on the operation of such agreements should be carried out and make appropriate recommendations to the relevant body". At its February Session, the Committee was able to take a decision of principle to adopt procedural recommendations to the Council for Trade in Goods, the Council for Trade in Services and the Committee on Trade and Development on this matter.

The Committee is also mandated "to consider the systemic implications of such agreements and initiatives for the multilateral trading system and the relationship between them, and make appropriate recommendations". To deepen its understanding of matters identified in the "checklist of systemic issues", the Committee began work according to a "three-pronged approach", entailing a legal analysis of relevant WTO provisions, horizontal comparisons of RTAs, and debate on the context and economic aspects of RTAs. An updated list of notified RTAs, containing information on the GATT/WTO process, was prepared by the Secretariat and distributed to Members in February. In its last meetings, the Committee has continued its legal analysis of the terms "other regulations of commerce" (and related sub-topics) and "substantially all the trade". In February, the Committee requested the Secretariat to begin preparations for horizontal comparison work, drawing up an inventory of non-tariff provisions contained in the regional trade agreements notified to the WTO and identifying variations in such provisions, especially between customs unions and free-trade areas. The Secretariat has held an information meeting to indicate how it is drawing together this inventory. Once the inventory is produced, the Committee will deliberate on how to use this material.

VIII. COMMITTEE ON TRADE AND DEVELOPMENT (Chairman: Mr. I. A. Chowdhury - Bangladesh)

Since the last report of the Committee on Trade and Development to the General Council in December 1997, two meetings each of the Committee and the Sub-Committee on Least-Developed Countries have been held.

At the meeting of the Committee on Trade and Development on 6 March, the following three issues were addressed:

1. (i) Technical cooperation and training

The Committee adopted a Manual on technical cooperation and training, and discussed a report by the Secretariat on technical cooperation and training. General satisfaction was expressed by Members on these papers and the Secretariat's activities in this area. Suggestions as to broadening the scope of technical assistance and cooperation and developing an effective mechanism for monitoring and evaluation were raised at the meeting. Concern was raised about the inadequacy, uncertainty and dependence on donor generosity for the technical assistance fund. I intend to initiate informal consultations with delegations on this issue, and shall apprise Members on the outcome in due course.

(ii) Implementation of special and differential treatment provisions in favour of developing countries

Members evinced keen interest on this subject and expressed a number of constructive views. A note by the Secretariat (WT/COMTD/W/35) was reviewed by a number of delegations. It appeared to me that Members needed more time to review this important paper to be able to make substantive comments on its various components. I therefore intend to carry on informal consultations and have reverted to this issue for further discussion in the Committee in an informal session.

(iii) Electronic commerce

A paper prepared by Egypt formed the basis of discussions. The United States circulated a paper it had previously introduced at the General Council on this subject. Some Members gave early, tentative reactions. Considering the importance of the subject and the keen interest shown by Members on it, I intend to hold further in-depth discussion in the near future and have reverted to this issue in the Committee in an informal session.

Also at its meeting on 6 March, the Committee noted an oral report by the Secretariat on the issue of the follow-up activities to the High-Level Meeting on Least-Developed Countries, and formally elected its new Chairman. At the meeting of the Committee on 23 April, the new Chairman of the Sub-Committee on Least-Developed Countries was formally elected, and the UNDP was granted observer status.

At the meeting of the Sub-Committee on Least-Developed Countries on 1 December 1997, the progress of work in relation to the follow-up activities to the High-Level Meeting on Integrated Initiatives for Least-Developed Countries was reviewed. At its meeting on 23 April, the Sub-Committee received an update by the Secretariat on the follow-up to the High Level Meeting on Integrated Initiatives for Least-Developed Countries. In the debate, special stress was put on the importance of technical assistance and market access for least-developed countries.

IX. COMMITTEE ON BALANCE-OF-PAYMENTS RESTRICTIONS (Chairman: Mr. P. Jenkins - United Kingdom)

The Balance-of-Payments Committee has met only twice since I reported on its activities on 10 December 1997.

On 17 December the Committee completed consultations with the Slovak Republic, and adopted the conclusions contained in WT/BOP/R/40. The Slovak Republic has since notified the Committee of a reduction on its import surcharge from 5 per cent to 3 per cent on 1 April 1998, in accordance with the undertaking it gave during the consultations.

On 11 and 12 February the Committee completed consultations with Nigeria which had been suspended on four previous occasions. The Committee was unable to come to agreed conclusions on a Nigerian proposal to eliminate a small number of BOP restrictions over a period of five years. I have therefore produced a report on the consultations (WT/BOP/R/41), which records the different views expressed in the Committee, in accordance with paragraph 13 of the BOP Understanding.

X. WORKING GROUP ON THE RELATIONSHIP BETWEEN TRADE AND INVESTMENT (Chairman: Mr. K. Jirapaet - Thailand)

The first meeting in 1998 of the Working Group took place on 30-31 March 1998. At this meeting, the Working Group continued its consideration of items I-III of the Checklist of Issues Suggested for Study, which is annexed to the Group's 1997 report, and started work on item IV of this Checklist by discussing the factual aspects of the first indent of that item. New submissions have been received since December 1997 from Bolivia; Australia; the United States; Switzerland; the European Community and its member States; Costa Rica; Hong Kong, China; Japan; Cuba; and Canada, and from UNCTAD and the OECD. The Working Group has also recently received background notes by the Secretariat on bilateral, regional, plurilateral and multilateral agreements, the availability of

statistics on foreign direct investment and foreign affiliates trade, and outward foreign direct investment from developing countries.

XI. WORKING GROUP ON THE INTERACTION BETWEEN TRADE AND COMPETITION POLICY (Chairman: Mr. F. Jenny - France)

The Working Group held its fourth meeting on 11-13 March 1998. As agreed at its November 1997 meeting, the Working Group took up item III of the Checklist of Issues attached to the Group's 1997 report, starting with a general discussion of the interaction between trade and competition policy and a consideration of the first indent of the item, namely the impact of the anti-competitive practices of enterprises and associations on international trade. It also had a further discussion of item II of the Checklist, namely the stocktaking and analysis of existing instruments, standards and activities regarding trade and competition policy, taking up the three indents of that item in the following order: existing WTO provisions; bilateral, regional, plurilateral and multilateral agreements and initiatives; and national competition policies, laws and instruments as they relate to trade. Written submissions on these items were received from Peru (two submissions); Australia; European Community and its member States (two submissions); Argentina; Hong Kong, China; Norway; United States (two submissions); Japan; Poland; Canada (two submissions); Czech Republic; and the Republic of Korea. A non-paper was presented by Turkey. With regard to the relationship of trade and competition policy to development and economic growth, one of the points under item I of the Checklist, the Working Group agreed to request the Secretariat to prepare a paper drawing together the work done on this issue, taking account of the work done in UNCTAD and other IGOs and the discussions in the Working Group. With regard to requests for observer status, the Working Group agreed to revert to requests made by SELA and the Organization of the Islamic Conference at its next meeting. At its forthcoming meetings, the Working Group will continue with the work programme as annexed to its 1997 report to the General Council.

XII. WORKING GROUP ON TRANSPARENCY IN GOVERNMENT PROCUREMENT (Chairman: Mr. W. Corrales Leal - Venezuela)

The first meeting in 1998 of the Working Group took place on 19-20 February 1998. At that meeting, the Working Group continued its detailed discussion of transparency-related provisions in existing international instruments on government procurement and national procedures and practices on the basis of an informal note by the Chair listing the issues that have been raised, together with the points made on these issues at the Group's November 1997 meeting. The Working Group took up in turn each of the headings to this note, which correspond to those used in the Secretariat note "Synthesis of the Information Available on Transparency-Related Provisions in Existing International Instruments on Government Procurement Procedures and National Practices", with the addition of a heading on technical cooperation and special and differential treatment. The Working Group will resume its discussion of these topics at its next meeting on the basis of an updated version of the Chairman's note. Written submissions have been received since November 1997 containing factual information on national procedures and practices in Hong Kong, China; the Czech Republic; Uruguay; and Australia. Australia, the United States, and the APEC Government Procurement Expert Group through its Chair, have also made contributions relating to elements of transparency in government procurement.
