

**PREPARATORY COMMITTEE
FOR THE
WORLD TRADE ORGANIZATION**

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**PREPARATORY COMMITTEE FOR THE
WORLD TRADE ORGANIZATION**

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DRAFT REPORT TO THE WTO

Revision

1. The following report of the Preparatory Committee for the World Trade Organization (WTO) to the WTO has been prepared in pursuance of paragraph 8(b)(iv) of the Marrakesh Ministerial Decision Establishing the Preparatory Committee (MTN/TNC/45(MIN), Annex IV).

2. In carrying out its task, the Preparatory Committee held [...] meetings during the period 29 April to [...] December 1994. The minutes of these meetings and of those of the Sub-Committees, contained in documents PC/M/1-[...], PC/BFA/M/1-[...], PC/IPL/M/1-[...], PC/SCS/M/1-[...] and PC/SCTE/M/1-[...], will remain the record of the Committee's work after the entry into force of the WTO Agreement.¹ Adoption of this report, which sets out the action taken by the Committee under its Ministerial mandate as outlined in paragraph 8 of the Marrakesh Ministerial Decision Establishing the Preparatory Committee and matters referred to the WTO for further action, will constitute approval by the Members of that action taken and of that referral.

3. The following subjects are included in the report:

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A. Introduction

(a) Establishment of the Preparatory Committee and its subsidiary bodies

(i) Preparatory Committee

4. The Preparatory Committee for the World Trade Organization (WTO) was established on 14 April 1994 by the Marrakesh Ministerial Decision Establishing the Preparatory Committee for the World Trade Organization (MTN/TNC/45(MIN), Annex IV).

5. In accordance with paragraph 4 of the Ministerial Decision, the Committee took decisions by consensus.

(ii) Subsidiary Bodies

6. The Ministerial Decision Establishing the Preparatory Committee provided for the establishment of Sub-Committees on Services (paragraphs 3 and 8(c)(ii)) and on Budget, Finance and Administration (paragraphs 3 and 8(a)(i)). At its first meeting, the Preparatory Committee established a Sub-Committee on Institutional, Procedural and Legal Matters (PC/M/1, paragraph 2).

7. The Ministerial Decision on Trade and Environment separately provided for a Sub-Committee on Trade and Environment to be set up under the Preparatory Committee "pending the first meeting of the General Council of the WTO" (MTN/TNC/45(MIN), Annex II).

8. In organizing their work, further *ad hoc* decisions were taken by the Sub-Committees mentioned below:

- The Sub-Committee on Services established an Interim Group on Financial Services (PC/SCS/M/2, paragraph 13) and monitored the activities of the Negotiating Groups on Maritime Transport, Basic Telecommunications and Movement of Natural Persons, which had been established under the relevant Ministerial Decisions adopted by the Trade Negotiations Committee on 15 December 1993 and contained in the Final Act embodying the results of the Uruguay Round Negotiations.
- The Sub-Committee on Institutional, Procedural and Legal Matters established four informal contact groups on Agriculture, TRIPS including TRIMs, Anti-Dumping and Subsidies, also charged with the question of Safeguards, and Textiles.
- The Sub-Committee on Budget, Finance and Administration established working groups to deal with specific parts of its mandate.

(b) Membership and Observers

(i) Membership

9. In keeping with paragraph 2 of the Decision Establishing the Preparatory Committee, membership of the Committee was open to all Signatories of the Final Act of the Uruguay Round of Multilateral Trade Negotiations and to any contracting party to the GATT 1947 eligible to become an original member of the WTO in accordance with Article XI of the WTO Agreement. In terms of paragraph 3 of the same Decision, membership of the Sub-Committees was open to all members of the Committee.

(ii) Observers

10. The Committee decided (PC/M/1, paragraphs 14 and 15) to follow the practice adopted by the Uruguay Round Trade Negotiations Committee and to invite as observers the representatives of the so-called associated governments, i.e., States or separate customs territories that were currently negotiating accession to the GATT 1947, and representatives of the United Nations, UNCTAD, IMF and the World Bank.

11. The Sub-Committees were left free to decide on the question of observership. The Sub-Committee on Budget, Finance and Administration decided not to invite observers. The Sub-Committees on Services and on Institutional, Procedural and Legal Matters followed the practice of the Preparatory Committee. The Sub-Committee on Trade and Environment invited the following organizations in addition to the four organizations mentioned in paragraph 10 above: EFTA, FAO, ITC, OECD, UN Commission on Sustainable Development, UNDP, and UNEP.

12. Certain international organizations were associated on an *ad hoc* basis with the work of the bodies established under Sub-Committees. The Contact Group on Agriculture established by the Sub-Committee on Institutional, Procedural and Legal Matters invited the FAO, the Codex Alimentarius Commission, the International Office of Epizootics, and the International Plant Protection Convention. The Contact Group on TRIPS invited the WIPO, and the Contact Group on Textiles invited the ITCB.

(c) Chairmanship of the Preparatory Committee and its subsidiary bodies

(i) Preparatory Committee: Mr. Peter D. Sutherland

(ii) Subsidiary Bodies:

- Budget, Finance and Administration: Mr. A. Szepesi (Hungary)
Mr. Szepesi was assisted in his task by Mr. P. Gosselin, (Canada) Chairman of the GATT 1947 Committee on Budget, Finance and Administration
- Services: Mr. C. Manhusen (Sweden)
- Institutional, Procedural and Legal Matters: Mr. K. Kesavapany (Singapore)
- Trade and Environment: Mr. L. Lampreia (Brazil)

(d) Derestriction of documents of the Preparatory Committee and its subsidiary bodies

13. The Preparatory Committee adopted the Decision in document PC/4 providing for the future derestriction of documents pertaining to the Committee and its subsidiary bodies.

B. Report on the individual items of the mandate of the Preparatory Committee
(Paragraph 8 of the Decision Establishing the Preparatory Committee²)

(a) Administrative, budgetary and financial matters³

(i) the Headquarters Agreement provided for in Article VIII:5 of the WTO Agreement

14. On 22 July, the Committee approved Geneva, Switzerland, as the seat of the WTO (PC/M/4, Annex 1) subject to a satisfactory conclusion of the negotiation of a Headquarters Agreement with the Swiss Authorities.

15. Negotiations on a Headquarters Agreement with the Swiss authorities started in September 1994 and were carried out by a team composed of ten members - the Chairman of the Sub-Committee on Budget, Finance and Administration, the Chairman of the GATT Committee on Budget, Finance and Administration, Argentina, France, Indonesia, Japan, Morocco, Pakistan, Trinidad and Tobago, Zambia and four representatives of the Secretariat. The negotiations covered three areas: the physical facilities for the WTO (donation of the Centre William Rappard, the new conference room, car parks); the accommodation for the LLDCs; and the privileges and immunities for both the WTO and the Missions and their respective staff.

[TO BE COMPLETED]

(ii) financial regulations, including guidelines for the assessment of WTO Members' budget contributions, in accordance with the criteria set out in Article VII of the WTO Agreement

16. As stipulated in Article VII:2 of the WTO Agreement "the financial regulations [of the WTO] shall be based, as far as practicable, on the regulations and practices of GATT 1947" which, in accordance with decisions of the CONTRACTING PARTIES to GATT 1947, are based on the Financial Regulations and Rules of the United Nations.

[TO BE COMPLETED]

17. With regard to guidelines for budget contributions by Members of the WTO, the Preparatory Committee agreed (PC/BFA/M/1) that, in principle, the assessment should reflect shares in international trade in goods, services and intellectual property, but that, pending further study, the calculation of assessments for the 1995 budget of the WTO should follow existing practice under the GATT 1947. Changes to reflect the above-mentioned decision in principle would be introduced no later than one year after the creation of the WTO.

²Paragraph 8 reads: "The Committee shall perform such functions as may be necessary to ensure the efficient operation of the WTO immediately as of the date of its establishment, including the functions set out below"

³The introductory paragraph 8(a) reads: "To prepare recommendations for the consideration of the competent body of the WTO, or, to the extent necessary, take decisions or, as appropriate, provisional decisions in advance of the establishment of the WTO, with respect to the recommendations submitted to it by the Chairman of the Sub-Committee on Budget, Finance and Administration referred to in paragraph 3 above, in cooperation with the Chairman of the GATT Committee on Budget, Finance and Administration, assisted by proposals from the Secretariat on:"

- (iii) the budget estimates for the first year of operation of the WTO

18. On 8 December, the Preparatory Committee, meeting on the occasion of the Implementation Conference, [approved] the Budget Estimates for 1995, as recommended by the Sub-Committee on Budget, Finance and Administration in document PC/W/8, W.50/11 and Corr.1.

[TO BE COMPLETED]

- (iv) the transfer of the property, including financial assets, of the ICITO/GATT to the WTO

[TO BE COMPLETED]

- (v) the transfer and the terms and conditions of the transfer of the GATT staff to the WTO Secretariat

[TO BE COMPLETED]

- (vi) the relationship between the International Trade Centre and the WTO

[TO BE COMPLETED]

- (vii) other budgetary, financial or administrative matters

19. At its meeting on 22 July, the Preparatory Committee mandated the Sub-Committee on Budget, Finance and Administration to decide on matters relating to the organizational structure, including a management review. The creation of twenty-one (21) additional posts for 1994 was decided [PC/BFA/M/..., paragraph...] and a Management Review was entrusted to the Management Consulting firm Deloitte and Touche, which submitted its report on [...] December 1994. The Preparatory Committee will forward the report and the conclusions therein for consideration and action as appropriate early in 1995 by the relevant WTO bodies.

- (b) Institutional, procedural and legal matters

- (i) examination of and approval of the schedules submitted to it in accordance with the "Decision on Acceptance of and Accession to the Agreement Establishing the World Trade Organization" and proposals regarding terms of accession in accordance with paragraph 2 of that Decision

- (1) Work on Market Access Schedules

20. The Preparatory Committee established a process (PC/M/2, paragraphs 17 to 24) to implement its mandate under this sub-paragraph. As agreed by the Committee, the Chairman informed the GATT 1947 Council of Representatives and the existing Working Parties on Accession to GATT 1947, including the Working Party on China's status as a contracting party, of the details of the process, requesting them to take action as appropriate. [...] schedules were examined under the respective procedures on goods and services. Of these, [...] schedules were deemed to have been verified and approved by the Committee.

21. The process could not be completed in respect of the following Uruguay Round participants [...] and of States and separate customs territories [...] whose requests for acceptance of and accession to the WTO Agreement were still under examination in working parties established under the GATT

1947. These cases, along with the records of all the work done so far, will be forwarded to the WTO for action, as appropriate.

[TO BE COMPLETED]

(2) Requests for Accession under Article XII of the WTO Agreement

22. The Committee took note of Croatia's request to accede to the WTO Agreement under paragraph XII thereof and in keeping with Croatia's request, instructed the Working Party previously established to examine Croatia's request for accession to the GATT 1947 to conduct the necessary work and report to the Committee (PC/M/4, paragraph 40).

23. The Committee took note of Sudan's request to accede to the WTO Agreement under paragraph XII thereof and agreed to establish a Working Party to examine that request (PC/M/6, paragraph 33).

[TO BE COMPLETED]

24. The Committee took note of a statement by the Chairman of the Council of Representatives of the GATT 1947 on the "Management of Accession Negotiations" in document PC/2, which will be forwarded to the WTO.

- (ii) proposals concerning terms of reference for the bodies of the WTO, in particular those established in Article IV of the WTO Agreement, and the rules of procedure which they are called upon to establish for themselves, bearing in mind paragraph 1 of Article XVI

(1) Terms of reference

25. Following an examination by the Sub-Committee on Institutional, Procedural and Legal Matters, the Preparatory Committee decided that no particular work was needed in respect of bodies whose mandates were sufficiently well defined by the respective WTO Agreements. The terms of reference for certain WTO bodies, i.e., the Committees on Agriculture, on Budget, Finance and Administration (the terms of reference in this case are accompanied by a provision on membership), on Balance-of-Payments Restrictions (BOP) and on Trade and Development (CTD), and on Market Access, were agreed by the Preparatory Committee and are contained in documents PC/IPL/1, 2, 3, 4 and 5, respectively. These terms of reference, along with the statement or understanding read out by the Chairman of the Sub-Committee on Institutional, Procedural and Legal Matters also agreed for some of these Committees at the time of the adoption of their terms of reference and which are reproduced in the minutes of the relevant meetings (Agriculture - PC/IPL/M/6, paragraphs 23 and 24; BOP - PC/IPL/M/7, paragraph 2; and CTD - PC/IPL/M/9, paragraphs 2, 3 and 4), will be forwarded to the WTO.

(2) Rules of procedure

26. As approved by the Preparatory Committee, the rules of procedure for the Ministerial Conference, the General Council, the Trade Policy Review Body and the Dispute Settlement Body, including guidelines for observer status for governments of States or separate customs territories, are contained in document PC/IPL/9. These will be forwarded to the WTO for further action, as appropriate.

(3) Notification formats and procedures

27. Additional working procedures concerning notification formats and requirements were developed in informal, open-ended Contact Groups established to deal with particular aspects of WTO Agreements which required attention to ensure that the WTO became fully operational from the entry into force of the WTO or as soon as possible thereafter, and by the GATT 1947 Committee on Technical Barriers to Trade. The Preparatory Committee approved the reports and the recommendations emanating from these groups, as contained in the following documents for:

- Agriculture, PC/IPL/12, attachment to the report.
- Sanitary and Phyto-Sanitary Measures, PC/IPL/6, paragraphs 1, 2, 3 and 4.
- Anti-Dumping, PC/IPL/11, Annex 7.
- Subsidies, PC/IPL/11, Annexes 1 to 6.
- TRIPS, PC/IPL/7, paragraph 9.
- TRIMs, PC/IPL/8, paragraphs 2, 4 and 5.
- Technical Barriers to Trade, PC/IPL/10.

28. These recommendations will be forwarded to the WTO to be noted and implemented, as appropriate.

(4) Standing Appellate Body

[TO BE COMPLETED]

(5) Ethical Code of Conduct

[TO BE COMPLETED]

(iii) recommendations to the General Council of the WTO on appropriate arrangements with respect to relations with other organizations referred to in Article V of the WTO Agreement

29. On the issue of observer status for international intergovernmental organizations, the draft guidelines in document PC/IPL/W/14 will be forwarded to the WTO as a possible basis for future work.

30. The Committee took note of formal requests for observer status in the WTO received by the Chairman of the Committee from the following organizations: EBRD, EFTA, FAO, Gulf States Cooperation Council (GCC), OECD, ITCB, SELA, UNIDO and the World Tourism Organization, and agreed to forward these requests to the WTO.

31. As regards appropriate arrangements with respect to relations with other international intergovernmental and non-governmental organizations referred to in Article V of the WTO Agreement, the Sub-Committee on Institutional, Procedural and Legal Matters agreed to focus first on organizations having functional links with the WTO arising specifically from their mention in various WTO Agreements. Those were identified as the following: the IMF, World Bank, WIPO, Customs Cooperation

Council (since renamed World Customs Organization (WCO)), the Codex Alimentarius Commission, the International Office of Epizootics, and the Secretariat of the International Plant Protection Convention; and one non-governmental organization, namely the ISO. The Preparatory Committee saw no grounds for formal institutional links between the WTO and the United Nations, although the need for the establishment of cooperative ties between the two organizations was underscored; this latter aspect could be taken up by the WTO. The Committee felt that the WTO should establish arrangements with UNCTAD for effective cooperation at an early stage.

32. A work programme aimed at establishing close cooperation and mutually supportive relations between the WTO and the WIPO was initiated (PC/IPL/7, paragraphs 5, 6 and 7). It is recommended that, during 1995, pending the conclusion of these arrangements, WIPO be invited to attend meetings of the WTO's TRIPS Council in an observer capacity (PC/IPL/7, paragraph 8).

33. The Preparatory Committee took note of the interest of the OECD, SELA and the World Tourism Organization to conclude formal cooperation arrangements with the WTO and agreed to transmit this matter to the WTO.

34. A number of non-governmental organizations (NGOs) have expressed their interest in following the WTO's work in specific areas. The approach to this question would take into account the deliberations taking place in the Sub-Committee on Trade and Environment as described in paragraphs 48 and 49.

35. Discussions were held on the questions of (a) formalising, in writing, the understanding that the International Chamber of Commerce (ICC) and the International Federation of Inspection Agencies (IFIA) will, for the time being, be the organizations which are to constitute jointly the independent entity under Article 4 of the Agreement on Preshipment Inspection, and (b) clarifying the status of that independent entity to enable Article 4 of the PSI Agreement to be implemented. Proposals in this respect will be prepared by the Secretariat, in consultation with interested delegations and with the IFIA and the ICC, for consideration and action by the WTO (PC/IPL/M/6, and PC/IPL/M/10).

[TO BE COMPLETED]

(c) Matters related to the entry into force of the WTO Agreement and to the activities of the WTO within the Committee's scope and functions

(i) Convening and preparing the Implementation Conference

36. On 22 July, the Preparatory Committee set 6 to 15 December 1994 as the target period for the Implementation Conference. It also agreed that the Conference would be composed of a meeting of the Preparatory Committee at Senior Officials level to be followed immediately thereafter by the CONTRACTING PARTIES to GATT 1947 meeting in a Special Session. (PC/M/4, paragraph 43-45)

37. On 25 October, the Committee set the date of 8 December 1994 for holding the Implementation Conference. The Committee also agreed the provisional agenda for the Conference proposed by the Chairman (PC/M/6, paragraph 6). The minutes of the Preparatory Committee meeting on the occasion of the Implementation Conference are contained in PC/M/[...].

[TO BE COMPLETED]

- (ii) Initiating the work programme arising from the Uruguay Round results as set out in the Final Act, such as overseeing, in the Sub-Committee on Services referred to in paragraph 3 of the Decision Establishing the Preparatory Committee, negotiations in specific services sectors, and also undertaking work resulting from Decisions of the Marrakesh meeting

(1) Services

38. The Preparatory Committee's mandate in the area on trade in services was conducted by the Sub-Committee on Services. The Sub-Committee on Services held [six] meetings during the period 19 May 1994 to [...] December 1994 and addressed the following matters:

I. Overseeing on-going negotiations

39. The Negotiating Group on Basic Telecommunications held four meetings in 1994. The Group approved a questionnaire on regulatory issues and market structure (TS/NGBT/W/3). The majority of governments participating in the negotiations have communicated their responses to the questionnaire for further discussion and examination. Discussions, based on a Note prepared by the Secretariat (TS/NGBT/W/2) are also under way on technical and conceptual issues related to the conduct of negotiations and the scheduling of commitments on basic telecommunications. The participants have been urged to put forward initial offers by March or April 1995.

40. The Negotiating Group on Maritime Transport Services held three meetings in 1994. The Group approved a questionnaire on maritime transport services (S/NGMTS/W/2). 15 January 1995 was agreed as the deadline for the submission of responses to the questionnaire. Discussions in the Group on a draft schedule on maritime transport services have confirmed the general view that would be a useful way of approaching the scheduling of commitments in this sector.

41. The Negotiating Group on Movement of Natural Persons held three meetings in 1994. Preliminary multilateral discussions were held on horizontal commitments in this area. To facilitate work, the Secretariat prepared an informal note dated 15 September 1994 which analyzed the nature of the various possible types of horizontal commitments. The Group heard preliminary reports from certain delegations on bilateral consultations aimed at improving the level of commitments in this area.

42. The Interim Group on Financial Services established by the Sub-Committee on Services on 15 July 1994 (PC/SCS/M/2, paragraph 13) was mandated to monitor progress in the negotiations under paragraph 1 of the Decision on Financial Services adopted at Marrakesh until the entry into force of the WTO Agreement and the establishment of the Committee on Trade in Financial Services. The Interim Group has, so far, held two meetings. Participants stressed their commitment to achieving a broad, MFN-based package of liberalization commitments and reported on preliminary bilateral consultations and negotiations.

II. Issues relating to the scope of the GATS

43. To deal with certain unresolved issues raised during the final stages of the Uruguay Round negotiations, the then Chairman of the Uruguay Round Group on Negotiations in Services had provided participants with an additional period up to 15 December 1994 to consult on such matters and report the results to the Council for Trade in Services under the WTO for appropriate action (Chairman's statement dated 14 December 1993 (MTN.GNS/W/260)). The Sub-Committee on Services agreed

it would provide the forum for such discussions and prepare a report to the WTO's Council for Trade in Services. A report by the Sub-Committee to the Council for Trade in Services on the issues relating to the scope of the GATS is contained in document PC/SCS/[...].

[TO BE COMPLETED]

III. Guidelines for notifications under the GATS

44. As requested by Members, the Secretariat prepared draft guidelines for notifications required under different provisions of the GATS. The guidelines were revised on the basis of discussions in the Sub-Committee. The guidelines, as agreed, are set out in document PC/SCS/W/8 for transmission to the Council for Trade in Services for consideration and action as appropriate.

IV. Working Party on Professional Services

45. The Secretariat was asked by Members of the Sub-Committee to establish contacts with the relevant specialized international bodies in preparation for the commencement of work by the Working Party on Professional Services upon the entry into force of the GATS. The Ministerial Decision on Professional Services establishing the Working Party identifies the accountancy sector as an area of priority. Accordingly the Secretariat initiated contacts with a view to developing relations with the International Federation of Accountants (IFAC). A report by the Secretariat on these and other contacts is contained in paragraph 22 of document PC/SCS/M/3.

46. The Preparatory Committee took note of the work done in the area of services and agreed to transmit it to the WTO for information and action, as appropriate.

(2) Trade and Environment

47. The Marrakesh Ministerial Decision on Trade and Environment (MTN.TNC/45(MIN), Annex II), directs the first meeting of the General Council of the WTO to establish a Committee on Trade and Environment open to all members of the WTO and, pending the first meeting of this body, establishes a Sub-Committee of the Preparatory Committee open to all members of the Preparatory Committee, to carry out work in this area.

48. The Sub-Committee held five formal meetings. In addition, the Chairman has held informal consultations on: the order in which the future Committee on Trade and Environment's work programme should be taken up; how best to address the seventh item of the work programme pertaining to the issue of exports of domestically prohibited goods; and observer status for intergovernmental and non-governmental organizations. Consultations on the latter issue have been carried out in the context of the Ministerial Decision to invite the Sub-Committee, and the WTO Committee on Trade and Environment when it is established, to provide input to the relevant bodies in respect of appropriate arrangements for relations with intergovernmental and non-governmental organizations referred to in Article V of the WTO.

49. With regard to appropriate arrangements for relations with non-governmental organizations the Preparatory Committee took note of a background note by the Secretariat in document PC/SCTE/W/2 on "Arrangements for relations with non-governmental organizations in the United Nations, its related bodies and selected other intergovernmental organizations". It also took note of a submission by a delegation in document PC/SCTE/W/6 on "NGO observation of the work of Committee on Trade and Environment". The Committee has agreed to transmit these two notes to the General Council for information. Informal consultations conducted by the Chairman of the Sub-Committee have led to

a certain amount of progress on this issue. The Preparatory Committee has [agreed] that informal consultations will need to be continued in the context of WTO Committee on Trade and Environment.

[TO BE COMPLETED]

50. Following a general exchange of views on the work programme, Members agreed to focus initially on the first, third and sixth items of the work programme, building where possible on the work of the Group on Environmental Measures and International Trade (EMIT) under the GATT 1947. It was also agreed that delegations would be free to address other items of the work programme with a view to ensuring that work should progress flexibly and constructively. The Secretariat prepared several background papers, at the request of Members, to assist discussions.

51. Under the first item of its work programme - the relationship between the provisions of the multilateral trading system and trade measures for environmental purposes, including those pursuant to multilateral environmental agreements - the Sub-Committee focused on the use of trade measures for environmental purposes, particularly those applied in the context of multilateral environmental agreements and those applied specifically to non-parties to those agreements. Delegations began reviewing the potential advantages and disadvantages of *ex ante* and *ex post* approaches to establishing the relationship of these measures to the provisions of the multilateral trading system, and are looking forward to Secretariat papers on the issue including one requested from the Secretariat on the effectiveness and necessity of using trade measures in this context.

52. Under the third item of the work programme - the relationship between the provisions of the multilateral trading system and: (a) charges and taxes for environmental purposes; (b) requirements for environmental purposes relating to products, including standards and technical regulations, packaging, labelling and recycling - delegations began reviewing the use of environmental taxes in particular in the context of GATT disciplines on border tax adjustment, and extended further their examination of environmental regulations and standards, notably those related to eco-labelling, on the basis of the extensive work that had already been undertaken on this subject by the EMIT Group.

53. Under the sixth item of the work programme - the effect of environmental measures on market access, especially in relation to developing countries, in particular to the least developed among the, and environmental benefits or removing trade restrictions and distortions - delegations highlighted for further examination issues such as the effects of tariff escalation, non-tariff barriers and trade distorting subsidies on the environment, export diversification and its relationship to environmental protection, market opportunities for environmentally friendly products particularly from developing countries, and the importance of technology transfer and technical and financial assistance in pursuit of sustainable development. Many noted this is a cross-cutting issue related to other items of the work programme, including transparency and charges, taxes and product requirements which serve environmental purposes.

54. Informal consultations led to agreement in the Sub-Committee on two other issues:

- (a) work on the issue of exports of domestically prohibited goods should be taken up early in 1995, and will be assisted by a background paper being prepared by the Secretariat.
- (b) the list of intergovernmental organizations invited to observe the work of the Sub-Committee was extended to include UNEP, FAO, ITC, UNDP, the UN Commission on Sustainable Development, OECD and EFTA. It was agreed that further requests for observer status from such organizations should be taken up on a case-by-case basis, taking into account the general criteria and conditions for observership for intergovernmental organizations to be approved by the Sub-Committee on Institutional, Procedural and Legal Matters.

55. The Preparatory Committee took note of the work done as well as the programme set out for the future, and agreed to transmit it to the WTO for information and action, as appropriate.

56. The Preparatory Committee further invited the first meeting of the General Council of the WTO to establish a Committee on Trade and Environment, open to all members of the WTO, with the terms of reference and programme of work as contained in the Ministerial Decision on Trade and Environment (MTN.TNC/45(MIN), Annex II), and transmitted to the WTO Committee the working documents and reports of the Sub-Committee on Trade and Environment.

- (iii) Discussing suggestions for the inclusion of additional items on the agenda of the WTO's work programme

57. Suggestions for the inclusion of additional items on the agenda of the WTO's work programme were made by delegations at the Ministerial Meeting of the Uruguay Round Trade Negotiations Committee at Marrakesh from 12 to 14 April 1994. The Chairman, Mr. Sergio Abreu Bonilla (Uruguay), listed these suggestions in his concluding remarks on 15 April 1994 (MTN.TNC/45(MIN), page 12, sixth paragraph). The Preparatory Committee took up this matter at its first meeting on 29 April (PC/M/1, paragraph 8).

[TO BE COMPLETED]

- (iv) Making proposals concerning the composition of the Textiles Monitoring Body in accordance with the criteria set out in Article 8 of the Agreement on Textiles and Clothing

[TO BE COMPLETED]

- (v) Convening the first meeting of the Ministerial Conference or the General Council of the WTO, whichever meets first, and preparing the provisional agenda thereof

[TO BE COMPLETED]

C. Transitional Arrangements⁴

[TO BE COMPLETED]

⁴The subject of "Transitional Arrangements" was included by consensus in the mandate of the Committee at its meeting on 31 May 1994 (PC/M/2, paragraph 6 and 7).

D. Points for Action

Note: This section will be revised and completed in the light of developments in the Preparatory Committee and its subsidiary bodies, in particular the Sub-Committees on Budget, Finance and Administration and on Institutional, Procedural and Legal Matters.

58. The following matters are being hereby forwarded to the WTO for information and implementation, as appropriate.

(a) Administrative, Budgetary and Financial:

- (1) The 1995 Budget: paragraph 18

(b) Institutional, Procedural and Legal :

- (1) Market Access Schedules: paragraphs 20 and 21
- (2) Terms of reference of WTO bodies: paragraph 25
- (3) Notification formats and procedures: paragraphs 27

59. The following matters are being hereby forwarded to the WTO for further consideration and action as appropriate.

(a) Institutional, Legal and Procedural:

- (1) Accessions: paragraphs 22, 23 and 24
- (2) Management of accession negotiations: paragraph 24
- (3) Rules of procedure: paragraphs 26
- (4) Observer status for intergovernmental organizations: paragraphs 29 and 30
- (5) Arrangements with intergovernmental and non-governmental organizations: paragraphs 31, 32, 33 and 34

(c) Services:

- (1) Scope of the GATS: paragraph 43
- (2) Guidelines for GATS notifications: paragraph 44
- (3) Overall work on Services: paragraph 46

(d) Trade and environment:

- (1) Overall work on Environment: paragraphs 55
- (2) Establishment of Committee on Trade and Environment: paragraph 56