

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED
MTN.TNC/W/131
21 January 1994
Special Distribution
(UR-94-0045)

Trade Negotiations Committee

INFORMAL MEETING OF HEADS OF DELEGATION

20 January 1994

Statement by the Chairman

Introductory Remarks

Let me begin by wishing all delegations a happy and successful New Year. Indeed, I hope that our work during 1994 will have as successful an outcome as we achieved on 15 December.

We must now proceed to implement the binding commitments undertaken by participants at the TNC meeting on 15 December. The purpose of today's meeting is to begin our preparations for the Marrakesh Ministerial meeting, to define the work we must do between now and Marrakesh and to begin to sketch out the tasks that we will need to consider after Marrakesh.

Since the beginning of the year, I have had the opportunity to consult with a wide number of delegations on the tasks to be accomplished. In the light of these consultations, I thought it would be useful if I were today to outline how these issues present themselves and to put forward suggestions that seem to me to respond to the concerns of the delegations as they emerged during my consultations.

First of all, the guiding principle shared by everyone is that we must ensure that the Marrakesh Ministerial meeting goes smoothly in order to enable Ministers to confirm and endorse the agreements reached on 15 December and to launch the process of ratification of the WtO Agreement. There thus seems to be general acceptance that we should avoid complications and not seek to negotiate new issues between now and Marrakesh. Following Marrakesh, an Interim Committee will need to work on implementation of the specific steps necessary to give effect to the results of the Uruguay Round.

Between now and Marrakesh

As I see it, there are three principal tasks to be accomplished prior to Marrakesh:

- completion of a legal drafting process
- finalization of schedules and verification to ensure that they reflect what was agreed on 15 December and that they are in the proper legal form
- preparation of the Ministerial decisions to be adopted at Marrakesh

Let me comment on each of these in the light of my consultations to date.

Legal Drafting Process

Legal drafting will consist of the minimum rectifications necessary to ensure consistency and elimination of contradictions, including consistency between the official linguistic versions of the texts. It will not entail any changes of substance. If a question should arise as to whether a proposed change raises a question of substance, in the absence of consensus on the matter, the default text will be the text negotiated and approved on 15 December.

My consultations with delegations have indicated that given the technical and minimalist nature of the exercise, it would be best if the Secretariat were to manage the legal drafting process and no group drafting process should be established. Of course, delegations who may have noted particular points of legal drafting should feel free to communicate these points to the Secretariat. I have asked Mr. A. Hoda and Mr. R.H. O'Toole to supervise the process, which will be led by the Legal Affairs Division of the Secretariat in close consultation with the relevant operational divisions. When the Secretariat has completed its work, it is intended to circulate the proposed rectifications to delegations and, for the purposes of transparency and verification, to convene an open meeting of interested delegations in order to explain, as necessary, the reasons for the proposed rectifications and to verify that no change of substance is entailed. The texts thus finalized would be placed before the Heads of Delegation for their formal approval and would then become the definitive legal texts to be signed and ratified by the eligible participants.

Finalization and Verification of Schedules

The substantive negotiations on market access in goods concluded on 15 December. We agreed that no adjustments entailing a withdrawal of an offer or elements of offers would be permitted. We did agree, however, to leave open the possibility for offers, particularly in textiles and clothing, to be improved by participants and for minor adjustments that will have absolutely no substantive impact on the overall and bilateral balances. We also decided to put in place a process whereby the final offers agreed by participants with their trading partners would be incorporated in draft final schedules to be submitted to the Secretariat no later than 15 February 1994 and circulated to all participants. I wish strongly to reiterate the need for all delegations, without exception, to adhere to this date. Meetings would then be held with a view to verifying that the draft final schedules reflected accurately the agreed results of the negotiations. I envisage that this process, which will be supervised by Mr A Hoda, will need to be completed quickly but at the very latest by Friday, 25 March 1994 in order to enable the schedules to be finalized in the correct legal form and to be annexed to the Final Act.

Similarly, there will be a process of verification in the area of services, that is, the checking of the technical accuracy and clarity of the schedules of commitments in services and of the lists of the MFN exemptions to ensure that they reflect what was agreed in the negotiations and that they conform to the agreed guidelines on presentation. Meetings have already been convened to begin on 8 February 1994 and the process will have to be completed rapidly but certainly no later than 25 March 1994 in order to enable the finalized schedules and MFN exemptions to be annexed in the correct legal form to the Final Act.

Preparation of the Ministerial Decisions to be taken at Marrakesh

We will also need to identify more precisely what decisions are to be taken by Ministers at the Marrakesh meeting itself. In this context, it seems to me that the decisions should focus primarily on those steps that are needed rapidly to implement the agreements negotiated to a conclusion on 15 December. Thus, for example, I would envisage that Ministers might address the following issues:

- Decide on the implementation date and the entry into force of the WTO. Consultations with delegations since 15 December have revealed significant growing support for early ratification and entry into force so that the new organization could be established formally on 1 January 1995. This would probably entail an implementation conference, as envisaged in paragraph 3 of the Final Act, to be held in late 1994 and which would take the formal decision to bring the Agreement establishing the WTO definitively into force.
- Decide to establish the Interim Committee and agree its functions, tasks and method of operation.
- Decide how to handle the issues arising in regard to the various categories of countries that may wish to become original members of the WTO. This may have implications for a number of the existing working parties of the GATT dealing with new accessions and the linkages to be established from the new obligations resulting from the Uruguay Round.
- Decide on how to implement the results of the Uruguay Round, including trade and the environment and the follow-up work required in areas such as telecommunications, maritime transport and financial services.
- Endorse the need for urgent reinforcement of the existing administrative, budgetary and staff resources of the GATT necessary to implement the results of the negotiations and to establish the WTO on a proper footing so that it can be fully operational by the time the WTO Agreement enters into force. In this context, it will be necessary to put in place the arrangements for the WTO to function as a fully independent international institution. It will mean, for example, that we will have to decide formally on the site of the WTO and to reach a Headquarters Agreement with the host country that will enable the WTO to function in the best possible conditions. We will also need to align the working conditions of the WTO with those of the other Bretton Woods institutions in order to replace the present unsatisfactory ad hoc arrangements under which the GATT has functioned on a de facto basis as part of the UN common system. In addition, it will be necessary to make new provision for staffing and budgetary resources to enable the GATT/WTO Secretariat to service adequately the new areas of activity resulting from the Uruguay Round. Thus, for example, we will need to strengthen significantly our expertise in areas such as intellectual property, financial services, telecommunications, maritime transport, agriculture, stronger economic research and analysis, technical assistance to developing countries etc. It is already evident to me that the budgetary provisions agreed last year for 1994 will not be adequate to prepare effectively for the tasks that now fall to the Secretariat. Accordingly, I will be consulting urgently with the Chairman of the Contracting Parties, the Chairman of the Council and the Chairman of the Budget Committee in order to find solutions that will enable us remedy this situation even in advance of the Marrakesh meeting.

My consultations with delegations since the beginning of the year have indicated a very clear preference that the Marrakesh Ministerial meeting should focus primarily on implementation of the Uruguay Round results decided on 15 December and that we should not attempt unrealistically by 15 April to negotiate new agreements or mandates in areas which were not envisaged in the course of our deliberations on 15 December. It will, of course, be open to Ministers in their individual statements to indicate their wishes for new areas of activity to be taken up by the WTO. These ideas

could then be discussed within the Interim Committee and later by the new organs of the WTO when it has been established.

Administrative Preparations for Marrakesh Meeting

Following the decision by the TNC on 15 December to accept the kind invitation from the Government of Morocco to hold the Ministerial meeting on 12-15 April 1994 in Marrakesh, we have had the pleasure of a visit from a senior Moroccan delegation to Geneva. I have established within the Secretariat a task force, headed by Mr. J. Chabert, to prepare the logistical aspects of the meeting, to assist the Secretariat and delegations on these issues and to liaise with the Moroccan authorities in the course of the extensive preparatory work that will be necessary. Information on the detailed arrangements at Marrakesh will be communicated in due course to delegations. Delegations who have particular concerns on these administrative matters related to Marrakesh should bring them to the attention of Mr. Chabert and the members of his task force.

Some delegations have already made enquiries about inscription on the speakers' list at the Ministerial meeting. I would ask that all such requests be communicated to the Secretary of the TNC who will note preferences, without commitment at this stage. It may also be useful to advise capitals that oral statements by Ministers might be kept to a pre-agreed time limit, say 5 minutes, with, of course, the possibility for more extensive written statements to be circulated and included in the official record of the meeting.

A further issue that I would draw to your attention is that there are likely to be requests from various regional intergovernmental organizations to attend the Marrakesh Ministerial meeting as observers. Unless I hear to the contrary, I propose to respond positively to requests of this nature. I do not envisage that such observers would have the right to speak but they could, if they wish, circulate written statements for inclusion in the record.

The Marrakesh meeting will be an occasion for Ministers to endorse the commitments their governments have already undertaken on 15 December when the Final Act was approved on the basis set out in my statement to the TNC. It will also be an occasion to begin to implement the results of the Uruguay Round and to take the specific steps necessary to establish the WTO.

I envisage that in addition to adoption by the TNC at Ministerial level of such decisions as are considered necessary, a Minister from each country present would formally endorse the Uruguay Round results already approved on 15 December by signing the Final Act, embodying the legal rectifications and finalized schedules. In addition, the Agreement establishing the WTO would be open for signature either on a fully binding basis (as a number of countries wish to do at Marrakesh) or subject to ratification, for example in the case of those countries which require subsequent formal approval by parliaments or by other procedures. The formal signature ceremony would take place on Friday, 15 April 1994.

Process

I envisage that supervision of the preparatory process for the Marrakesh Ministerial meeting will rest with this informal group of Heads of Delegation. It will meet as frequently as necessary to carry out this task.