

# Success in Singapore



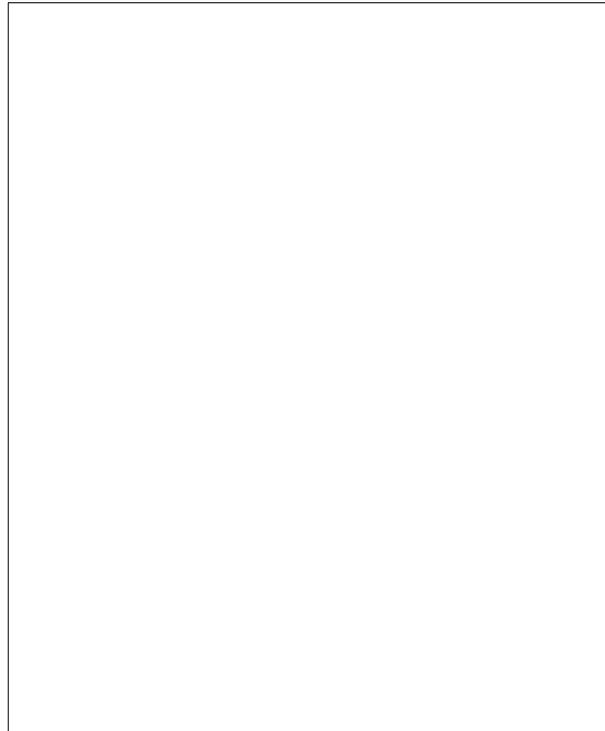
*WTO Director-General Renato Ruggiero and the Chairman of the Conference, Singapore's Trade and Industry Minister Yeo Cheow Tong, who described the first WTO Ministerial as "an outstanding event in all respects".*

**W**e have delivered, we have accomplished the task set upon us," said Chairman Yeo Cheow Tong to the applause of delegations as he gavelled to close the first WTO Ministerial Conference held on 9-13 December 1996 in Singapore. The Trade and Industry Minister of Singapore said that the Conference has been "an outstanding event in all respects".

At the close of the first WTO Ministerial Conference, the Ministers:

- » Adopted the Singapore Ministerial Declaration, which reaffirms WTO members' support of the multilateral trading system and sets out the WTO work programme for the next few years;
- » Adopted a Comprehensive and Integrated WTO Plan of Action for the Least-Developed Countries; and
- » Took note of the report of the General Council and endorsed the WTO bodies' recommendations contained in the report.

The Conference also provided an opportunity for 28 members to negotiate an Information Technology Agreement (ITA) aimed at eliminating tariffs in the \$500-billion trade in computer products by the year 2000.



*Prime Minister Goh Chok Tong called on Ministers to seize the opportunity of sustaining the trade-liberalization momentum.*

## **Prime Minister opens Conference**

"The decision by WTO Ministers to hold their historic meeting here in the heart of the Asia-Pacific is a significant recognition of the dynamism of this region," Singapore's Prime Minister Goh Chok Tong said in opening the Conference on 9 December. "Countries in the region are active supporters of the WTO process because they have experienced first-hand the benefits of maintaining a conducive global trading environment which is free, transparent, inclusive and stable," he added.

*Continued on page 2*

# Singapore

(Continued from page 1)

Lauding the GATT/WTO role in raising world merchandise trade from \$50 billion in 1947 to \$5.6 trillion in 1995, Mr Goh reminded the Ministers that “trade liberalization requires commitment and sustained effort”. He said that the Uruguay Round Agreements has the potential to increase global income by \$500 billion by 2005 “but only if the Agreement is implemented in its entirety.” The Prime Minister stressed that the WTO “must bear direct relevance to the business communities and to workers and consumers worldwide...by ensuring that commitments to reduce tariff and non-tariff structures are strictly honoured, the WTO will show itself as an organization of substance to the man-in-the street”.

“The challenge to all WTO Members is to ensure that these Ministerial Conferences are more than symbolic and ceremonial occasions,” said Mr Goh. He added: “This week you have a unique opportunity to take tangible steps to enhance the WTO’s growing stature as an effective institution and to sustain the positive momentum of global trade liberalization.”

The Prime Minister said that “if the WTO system is to be held together, it is critical that it is not polarized by an North-South divide...rather, every effort should be made to ensure that there are equal opportunities to benefit from the process of global trade liberalization”. He also called for ways to expedite the existing accession applications, noting that some of them are significant economic players like China and the Russian Federation.

“We have come a long way in this business of achieving freer world trade...There remains much more to do to realize our shared vision of a better, more prosperous world. I hope delegates will take the broader and long-term perspective during the discussions and display the admirable spirit of goodwill, compromise and consensus,” Mr Goh concluded.

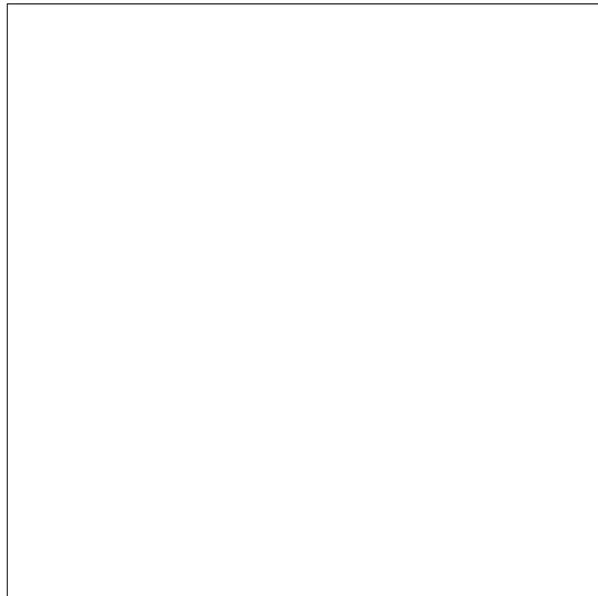
## The Ministerial Declaration

The comprehensive Singapore Ministerial Declaration (*see pages 7-11*), Mr Yeo observed in his concluding remarks (*see page 13*), has “a number of very significant components which provide the necessary balance of interests”.

This “balance” was reached in a whirlwind of intensive consultations with delegations, lasting well into the night, conducted by Mr Yeo and the WTO Director-General, Mr Renato Ruggiero, during the five-day meeting.

The basis of the Declaration was a draft brought by Mr Ruggiero to Singapore—the product of informal meetings of heads of delegation in Geneva, which he had been chairing since April 1996. While general agreement was reached on many issues, it was left to Ministers in Singapore to resolve the remaining ones, including those relating to textiles, labour standards, investment and competition policy. The Geneva process of informal meetings of heads of delegation thus continued in Singapore, but this time held among Ministers and chaired by Mr Yeo.

The first breakthrough came on the opening day of the Ministerial when two members withdrew their reservations over the section on textiles and clothing. In the run-up to



*Reminders of past GATT Ministerial Meetings adorned the entrance of the cavernous plenary hall of Singapore’s Convention and Exhibition Centre.*

## Next WTO Ministerial in Geneva

The Ministers agreed to hold their next Conference in 1998 in Geneva, the headquarters of the WTO. They invited the General Council to fix the date and duration of the Conference.

The Conference elected the following officers who will hold office until the end of the 1998 Ministerial:

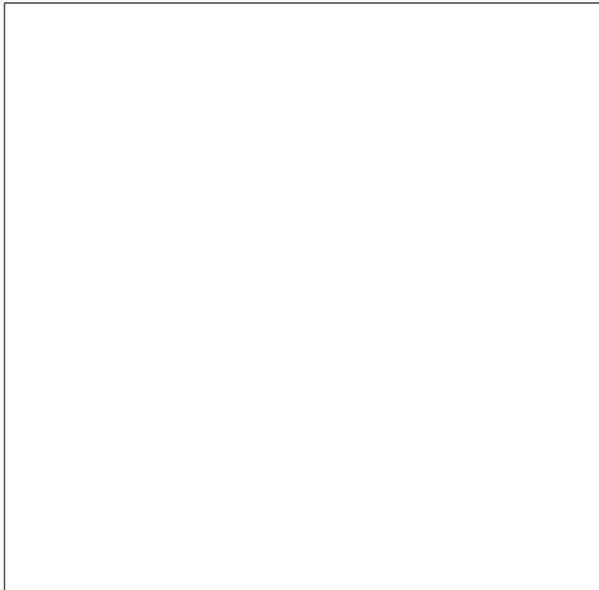
- » **Chairman:** Mr Jean-Pascal Delamuraz, President of the Swiss Confederation and Minister of Public Economy;
- And as **Vice-Chairmen,**
- » Mr Juan Mauricio Wurmser, Minister for Economy and Foreign Trade of Guatemala;
- » Mr Jae Yoon Park, Minister for Trade, Industry and Energy of Korea; and
- » Mr Nathan Shamuyarira, Minister for Industry and Commerce of Zimbabwe. □

Singapore, developing textile-exporting countries had raised their concerns over the implementation of the WTO textiles agreement.

The Ministers subsequently reached consensus on a number of “new issues”. They agreed to establish working groups to, respectively:

- » examine the relationship between trade and investment;
- » study issues raised by members relating to the interaction between trade and competition policy, including anti-competitive practices; and
- » conduct a study on transparency in government procurement practices, taking into account national policies.

On another new subject—trade facilitation—the Ministers directed the Council for Trade in Goods to undertake exploratory and analytical work, drawing on the work of other relevant international organizations, on the simplifica-



*Malaysia's Minister of International Trade and Industry, Dato' Seri Rafidah Aziz said that the WTO can help alleviate social problems by focusing on enhancing trade growth.*

tion of trade procedures in order to assess the scope for WTO rules in this area.

Finally, agreement on the most contentious issue—core labour standards—paved the way for the adoption of the Singapore Ministerial Declaration on 13 December. The Ministers renewed their commitment of the observance of internationally recognized core labour standards, and affirmed their support to the International Labour Organization (ILO) as the competent body to set and deal with these standards. They noted that increased trade, by fostering economic growth, contribute to the promotion of these standards, and rejected the use of these standards for protectionist purposes.

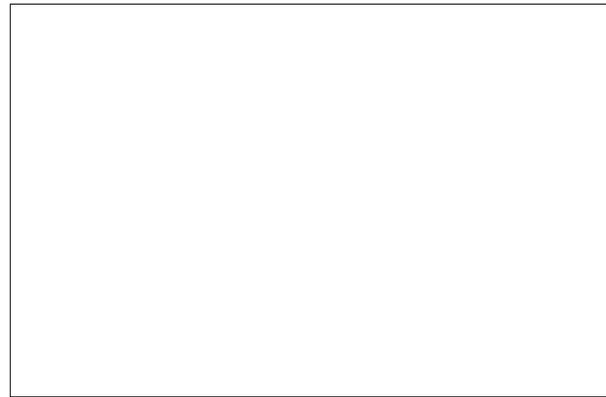
Assisting the least-developed countries was a major priority of the Ministers. They adopted a Plan of Action for these countries, and agreed to organize a WTO meeting with UNCTAD and the International Trade Centre as soon as possible in 1997, with the participation of other agencies and least developed countries, “to foster an integrated approach to assisting these countries in enhancing their trading opportunities.”

The Declaration also took note of the extensive reports of various WTO bodies, and in this regard:

- » Noting that the post-Marrakesh market access negotiations in trade in services had been difficult and the results below expectations, the Ministers pledged to conclude successfully the negotiations on basic telecommunications in February 1997 and to resume financial services negotiations in April 1997;
- » Mandated the Committee on Trade and Environment to continue its work in examining complementarities between trade liberalization, economic development and environmental protection;
- » The Ministers reaffirmed the primacy of the multilateral trading system and renewed their commitment to ensure that regional trade agreements are complementary to it and consistent with their rules;



*US Trade Representative Charlene Barshefsky urged elimination of tariffs on information-technology products.*



*European Commission Vice-President, Sir Leon Brittan, is welcomed by Minister Yeo and Director-General Ruggiero..*

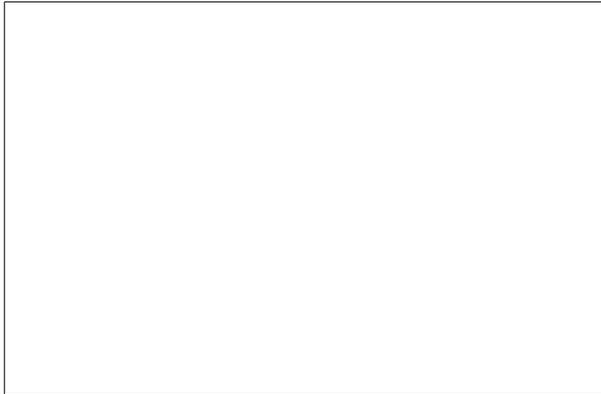
- » For the 28 governments negotiating their membership, the Ministers promised to work to bring them expeditiously into the WTO system. At the same time, they called on these governments to contribute to the process by accepting WTO rules and by offering meaningful market access commitments.

The Ministers also welcomed two trade liberalization initiatives by a number of members: tariff elimination on an m.f.n. basis in information technology products; and the addition of over 400 products to their lists of tariff-free products in pharmaceuticals.

### **Ministerial statements**

The plenary sessions of the Conference provided the opportunity for Ministers to review WTO activities during its first two years, based on the report of the General Council (*see page 5*) and an overview of the world trading system by the WTO Director-General (*see page 6 and previous FOCUS*). They also voiced out national concerns with respect to the Organization's current and possible future agenda.

Ministers from least-developed countries expressed disappointment that their economies have not received the promised benefits of the Uruguay Round, and that, on the contrary, their small share in world trade has continued to shrink. Bangladesh' Minister for Commerce and Industry Tofael Ahmed called for a comprehensive plan of action that would involve, among others, removal of tariffs and non-tariff barriers on LLDC exports, more technical assistance, and



*Part of the 1,600-strong press contingent that covered the Ministerial Conference.*

implementation of aid and compensatory measures contained in the Marrakesh Declaration. Tanzania's Minister of Industries and Trade A.O. Kigoda, speaking on behalf of the WTO members (also Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland, Zambia and Zimbabwe) of the Southern African Development Community, underlined the importance of maintaining various preferential trade agreements, in particular the Lomé Convention with the EC. He expressed appreciation that some of their concerns have been addressed in the WTO Plan of Action for LLDCs and welcomed the joint initiatives by the WTO, UNCTAD and the ITC in Africa.

Many Ministers supported positive trade actions to assist the LLDCs. Sir Leon Brittan, Vice-President of the European Commission, said the European Union is ready to commit itself to open further its market to imports from all least developed countries, and called on other members, including developing countries, to make a similar pledge. Netherlands's Foreign Trade Minister Auneka Van Dok-Van announced a 4 million guilder (\$2.5 million) contribution to the WTO technical cooperation trust fund. The Swiss Confederation's President Jean-Pascal Delamuraz called for the integration of developing countries in the multilateral system through increased participation in world trade, especially for the least-developed countries.

A number of Ministers urged support for their initiatives. Acting US Trade Representative Charlene Barshefsky, emphasizing that "the global economy will not wait for us", called the successful conclusion of negotiations in information technology, basic telecommunications services and financial services so that "we can build the infrastructure for a more interconnected global economy of the 21st century". She also called for a WTO agreement on transparency in government procurement and "a modest work programme" to address the concerns of working people who fear that trade liberalization will lead to distortion. Canada's Minister for International Trade Arthur C. Eggleton said that foreign direct investments is now growing faster than trade, and a major contributor to growth, development and job creation, which was why Canada has taken the lead for start of work to develop a better understanding of the relationship between trade and investment. Sir Leon Brittan, Vice-President of the European Commission, said that "trade is now

*Continued on page 21*

## **WTO to celebrate 50th anniversary of the multilateral trading system**

**N**oting that the 50th anniversary of the multilateral trading system will occur early in 1998, the Ministers instructed the General Council to consider how this historic event can best be commemorated.

GATT, the predecessor of the WTO and which established the first set of multilateral rules on international trade, entered into force on 1 January 1948.

Director-General Renato Ruggiero, in his address to the Ministerial Conference, suggested a high-profile celebration of the event. "It would be a unique occasion not just to celebrate one of the major international success stories of our time but also to look ahead into the fast-moving prospects of the new century," he said.

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## **Press Reactions**

### **Road from Singapore**

*For a meeting originally called with no real purpose in mind, last week's ministerial conference of the World Trade Organization in Singapore produced a surprisingly positive outcome. Not only did WTO members avoid ill-tempered public disagreement. They hammered out an important accord to eliminate information technology tariffs and made useful progress in negotiations to open basic telecommunications markets. The conference made two other contributions. It widened debate about the WTO's role beyond the limited horizons of the trade negotiating community in Geneva. It also helped to identify some priorities for the future. At the least, those achievements imply a wide recognition of the importance of the multilateral system. They are also a tribute to the diplomatic skills of Mr Renato Ruggiero, the WTO Director-General. **Financial Times editorial, 16 December 1996***

### **The WTO's Successful Debut**

*All in all, then, the WTO meeting was a success, and not only because free trade ended up mostly on the winning side of the ledger. More than any other world grouping, the WTO offers a glimpse of how governments world-wide perceive the different interest groups in their society—consumers, taxpayers, companies, unions, etc.—and to which group they assign priority. This was an added dividend to the more substantive accomplishments. **Wall Street Journal editorial, 16 Dec. 1996***

### **Pros and Cons of WTO**

*The Ministerial meeting of the WTO has proved that it is very different from its predecessor, GATT. For one thing, GATT was toothless whereas WTO has teeth... Secondly, GATT negotiating rounds took place once in a decade or so. But at Singapore, just two years after the conclusion of the Uruguay Round, the WTO virtually concluded an information technology agreement, and launched studies in investment, competition policy, transparency in government procurement and trade facilitation.... The WTO serves a major purpose as a rule-making body for trade liberalisation. It should not be expanded into a sort of world government covering every economic subject under the sun, and then using the threat of trade sanctions to bring about a new world order. **The Economic Times (New Delhi) editorial, 20 Dec. 1996***

*William Rossier*

## *Spirit of cooperation key to WTO success*

*On the opening day of the Ministerial Conference, Ambassador William Rossier of Switzerland, as Chairman, introduced the report of the General Council. Excerpts from his speech:*

As you are all aware, the setting up of a new international organization necessarily calls for the working out of institutional arrangements. Despite the efforts made, it was not possible to complete this work in 1995. In the course of 1996, the General Council managed to put the finishing touches to the WTO's institutional arrangements, with the exception of a single issue to which I shall return later.

Thus, the General Council adopted a number of decisions aimed at furthering cooperation with the intergovernmental and non-governmental international organizations concerned by the work of the WTO. The General Council also took steps to make the WTO's activities more transparent.

Meeting as the Dispute Settlement Body, the General Council has helped to ensure effective implementation of the Dispute Settlement Understanding. And meeting as the Trade Policy Review Body, the General Council has ensured greater transparency and better understanding of trade policies and practices, encouraging members to observe more closely the rules, disciplines and undertakings set out in the Agreements.

Since the entry into force of the WTO Agreement, major resources have been devoted to bringing new members into the WTO. Four States have concluded their accession negotiations, namely Ecuador, Bulgaria, Mongolia and Panama.

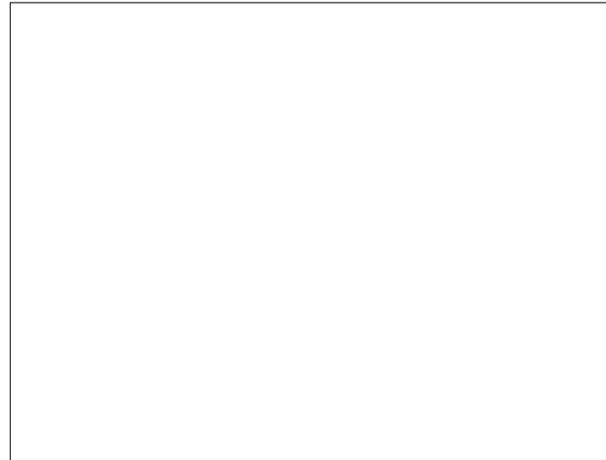
In addition, the General Council has established 28 working parties to examine the applications for accession. These applications come from developing economies, including least-developed countries, but above all from economies in transition. Some other States have indicated that they intend to apply for accession shortly.

The WTO has thus advanced on its way towards universality. Every effort should be made by Members to accelerate these negotiations and to determine the individual terms of accession as expeditiously as possible.

Owing to the increasing influence of regional trade agreements on trade relations among WTO Members, the General Council has set up a new working body both to improve the organization of work in this area and also to provide a forum within the WTO in which the consequences for the multilateral trading system of the growing number of regional trade agreements and regional initiatives may be examined. This Committee is already hard at work.

There is one issue, however, on which the General Council was unable to complete its work, namely, the salaries, pensions and other conditions of service of the Organization's staff. It is regrettable that this was not possible despite the intensive efforts made. As a result, the Director-General has not yet been able to "appoint the members of the staff of the Secretariat". Pursuant to its own decision, the General Council will have to reach a conclusion on this issue by the end of June 1997.

The preparations for the Singapore Ministerial Conference were naturally another major focus of the work of the General Council during 1996. The General Council's con-



*Ambassador Rossier said a major focus of the General Council in 1996 was preparing for the Singapore Conference.*

cern was to ensure that the Organization's first Ministerial Conference should have the best possible basis for reviewing the activities of the WTO.

As early as April, the General Council had made its preparatory arrangements for the Ministerial Conference, geared to two main areas:

- » The Organization's various working bodies were requested to prepare reports on their activities with a view to the Ministerial Conference, on the basis of their tasks under the Uruguay Round Agreements; and
- » the Director-General was invited to chair informal meetings of Heads of Delegation in order to prepare for the Ministerial Conference.

For Ministers, there are two elements of the report before you which have a particular status:

- » The General Council proposes that the Ministerial Conference should adopt the WTO Plan of Action for the Least-Developed Countries. This Plan of Action was drawn up by the Committee on Trade and Development;
- » Pursuant to the mandate given by Ministers at Marrakesh, the report of the Committee on Trade and Environment is submitted to the Ministerial Conference for its consideration.

I wish to take this opportunity to express here my sincere gratitude to the Chairpersons of the WTO working bodies for their effort, their determination and their competence. We were able to achieve what we did achieve thanks to the spirit of cooperation which the delegations themselves displayed at all times in their work. It is thanks to this spirit that, by consensus, during the first two years of its existence the WTO has really been the outstanding instrument of international economic cooperation that its Members intended that it should be at Marrakesh. And finally, last but not least, I wish to thank most warmly the Director-General of the WTO, Mr Renato Ruggiero, for his decisive action and for the spirit of close and constant cooperation he has imparted to our relations throughout this year of work by the General Council and the WTO as a whole. □

*Renato Ruggiero*

## *Singapore: Opening a new chapter*

*Excerpts from the speech of the WTO Director-General, Mr Renato Ruggiero, at the opening of the Conference:*

**T**his is a very important meeting. If the completion of the Uruguay Round in Marrakesh closed an important chapter of economic history, this first Ministerial Conference in Singapore opens a new one. This is not a new chapter just because our organization has a new name or new sectors of responsibility or a new dispute settlement procedure. It is a new chapter in the sense that we have brought together 127 countries in a single undertaking and under a set of fundamental rules shared by all. It is a new chapter in the sense that our world of deepening integration and interdependence is demanding a new unity of vision.

The unity of industrialized, developing, least-developed and transition economies is the most valuable asset of this organization. It is because of this unity that membership in this organization is proving so attractive to the 28 candidates for accession, who include some of the world's largest economies as well as some of the smallest.

This unity is still a fragile one, however. We have to do all we can not just to maintain it but to strengthen it. This first Ministerial meeting has to send a very clear message to that effect. It can do so first of all by reaching agreement on the few issues which are still outstanding in terms of the Ministerial Declaration. Though they are few in number, their political sensitivity is undeniable.

### *A period of transition*

We meet at a time which is one of transition in the trading system, from many points of view.

Firstly, because the process of global economic integration is moving on rapidly, and has indeed gone past the point of no return. We can see the meaning of globalization everywhere in our daily lives. Our task in the WTO is to accompany this process with rules and disciplines which are internationally agreed and accepted and able to be applied.

Secondly, our system is changing because the world economy is changing. Information, know-how, ideas—these are the new forces that are driving the global economy forward. This new economy will be different from the old because knowledge is both a resource and a product—the new capital of economic growth, but capital which can be made accessible to all. In the economy of the twenty-first century, knowledge, like water, will be an essential resource. Our challenge is to extend and widen the global aqueducts—to help to irrigate parched soil. For example, by liberalizing telecommunications we can help put a telephone in every village—something that can make the difference between life and death. By liberalizing information technologies we can educate our people on a scale unimaginable ten or twenty years ago, empowering them to compete in the global economy. This is the human dimension of globalization. This is why liberalization is the wellspring of progress for all the world's peoples.

A world trading system which has the support of a knowledgeable and engaged global community will be in a far stronger position to manage the forces of globalization for

everyone's benefit. This is why the presence here of so many representatives of non-governmental organizations, the business sector, and the media is so important. This Conference will, I am sure, send a clear message to them and to the world beyond. It should be a firm message about our determination to fight the marginalization of people and regions,

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*By liberalizing telecommunications we can help put a telephone in every village—something that can make the difference between life and death...*

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and about the power of trade to promote the growth which allows governments to address problems of distribution. It should be a positive message about the relationship between trade and environmental policies. And it should be a reaffirmation that, since a basic purpose of our efforts is to raise living standards worldwide, trade liberalization helps create a more favourable climate for the observance of core labour standards.

### *A complex agenda*

Our agenda, at this conference and beyond, is a very complex one. We have to arrive at an equilibrium which respects the common desire to emphasize the implementation of what has already been agreed. Implementing the 27,000 pages of agreements undertaken by all the Members of this organization in the few years ahead is a major endeavour, and one that we have only just begun. It would be wrong to imagine that implementation does not also mean keeping up the liberalizing momentum.

The continuation of this virtuous circle is in your hands as you guide the WTO's work programme—which has already in large part been agreed. And beyond this, you have the challenge of agreeing on liberalization in information technology products and of giving the momentum to the negotiations on basic telecommunications that will help ensure their successful conclusion by the 15 February deadline. In the light of what I said a moment ago, the importance of these agreements cannot be overestimated. These are sectors where we are truly trading into the future. Other major priorities for 1997 are to conclude the equally vital negotiations in financial services, and to combine our strong commitment with that of the candidates to conclude—or make real progress towards concluding—some of the major accession negotiations. I also sincerely urge all member governments to find a rapid and positive solution to one outstanding implementation issue of great importance—the formal establishment of the WTO Secretariat as a separate entity, in line with the decisions taken at Marrakesh.

Lastly, I would hope to see from all the Ministers present at this meeting, as a signal of your intention to hold a high-profile celebration of the 50th anniversary of the multilateral trading system, which falls at the beginning of 1998. It would be a unique occasion not just to celebrate one of the major international success stories of our time but also to look ahead into the fast-moving prospects of the new century. □

# SINGAPORE MINISTERIAL DECLARATION

*Adopted on 13 December 1996*

## *Purpose*

1. We, the Ministers, have met in Singapore from 9 to 13 December 1996 for the first regular biennial meeting of the WTO at Ministerial level, as called for in Article IV of the Agreement Establishing the World Trade Organization, to further strengthen the WTO as a forum for negotiation, the continuing liberalization of trade within a rule-based system, and the multilateral review and assessment of trade policies, and in particular to:

- » assess the implementation of our commitments under the WTO Agreements and decisions;
- » review the ongoing negotiations and Work Programme;
- » examine developments in world trade; and
- » address the challenges of an evolving world economy.

## *Trade and Economic Growth*

2. For nearly 50 years Members have sought to fulfill, first in the GATT and now in the WTO, the objectives reflected in the preamble to the WTO Agreement of conducting our trade relations with a view to raising standards of living worldwide. The rise in global trade facilitated by trade liberalization within the rules-based system has created more and better-paid jobs in many countries. The achievements of the WTO during its first two years bear witness to our desire to work together to make the most of the possibilities that the multilateral system provides to promote sustainable growth and development while contributing to a more stable and secure climate in international relations.

## *Integration of Economies: Opportunities and Challenges*

3. We believe that the scope and pace of change in the international economy, including the growth in trade in services and direct investment, and the increasing integration of economies offer unprecedented opportunities for improved growth, job creation, and development. These developments require adjustment by economies and societies. They also pose challenges to the trading system. We commit ourselves to address these challenges.

## *Core Labour Standards*

4. We renew our commitment to the observance of internationally recognized core labour standards. The International Labour Organization (ILO) is the competent body to set and deal with these standards, and we affirm our support for its work in promoting them. We believe that economic growth and development fostered by increased trade and further trade liberalization contribute to the promotion of these standards. We reject the use of labour standards for protectionist purposes, and agree that the comparative advantage of countries, particularly low-wage developing countries, must in no way be put into question. In this regard, we note that the WTO and ILO Secretariats will continue their existing collaboration.

## *Marginalization*

5. We commit ourselves to address the problem of marginalization for least-developed countries, and the risk of it for certain developing countries. We will also continue to work for greater coherence in international economic policy-making and for improved coordination between the WTO and other agencies in providing technical assistance.

## *Role of WTO*

6. In pursuit of the goal of sustainable growth and development for the common good, we envisage a world where trade flows freely. To this end we renew our commitment to:

- » a fair, equitable and more open rule-based system;
- » progressive liberalization and elimination of tariff and non-tariff barriers to trade in goods;
- » progressive liberalization of trade in services;
- » rejection of all forms of protectionism;
- » elimination of discriminatory treatment in international trade relations;
- » integration of developing and least-developed countries and economies in transition into the multilateral system; and
- » the maximum possible level of transparency.

## *Regional Agreements*

7. We note that trade relations of WTO Members are being increasingly influenced by regional trade agreements, which have expanded vastly in number, scope and coverage. Such initiatives can promote further liberalization and may assist least-developed, developing and transition economies in integrating into the international trading system. In this context, we note the importance of existing regional arrangements involving developing and least-developed countries. The

expansion and extent of regional trade agreements make it important to analyze whether the system of WTO rights and obligations as it relates to regional trade agreements needs to be further clarified. We reaffirm the primacy of the multilateral trading system, which includes a framework for the development of regional trade agreements, and we renew our commitment to ensure that regional trade agreements are complementary to it and consistent with its rules. In this regard, we welcome the establishment and endorse the work of the new Committee on Regional Trade Agreements. We shall continue to work through progressive liberalization in the WTO as we are committed in the WTO Agreement and Decisions adopted at Marrakesh, and in so doing facilitate mutually supportive processes of global and regional trade liberalization.

## *Accessions*

8. It is important that the 28 applicants now negotiating accession contribute to completing the accession process by accepting the WTO rules and by offering meaningful market access commitments. We will work to bring these applicants expeditiously into the WTO system.

## *Dispute Settlement*

9. The Dispute Settlement Understanding (DSU) offers a means for the settlement of disputes among Members that is unique in international agreements. We consider its impartial and transparent operation to be of fundamental importance in assuring the resolution of trade disputes, and in fostering the implementation and application of the WTO agreements. The Understanding, with its predictable procedures, including the possibility of appeal of panel decisions to an Appellate Body and provisions on implementation of recommendations, has improved Members' means of resolving their differences. We believe that the DSU has worked effectively during its first two years. We also note the role that several WTO bodies have played in helping to avoid disputes. We renew our determination to abide by the rules and procedures of the DSU and other WTO agreements in the conduct of our trade relations and the settlement of disputes. We are confident that longer experience with the DSU, including the implementation of panel and appellate recommendations, will further enhance the effectiveness and credibility of the dispute settlement system.

## *Implementation*

10. We attach high priority to full and effective implementation of the WTO Agreement in a manner consistent with the goal of trade liberalization. Implementation thus far has been generally satisfactory, although some Members have expressed dissatisfaction with certain aspects. It is clear that further effort in this area is required, as indicated by the relevant WTO bodies in their reports. Implementation of the specific commitments scheduled by Members with respect to market access in industrial goods and trade in services appears to be proceeding smoothly. With respect to industrial market access, monitoring of implementation would be enhanced by the timely availability of trade and tariff data. Progress has been made also in advancing the WTO reform programme in agriculture, including in implementation of agreed market access concessions and domestic subsidy and export subsidy commitments.

## *Notifications and Legislation*

11. Compliance with notification requirements has not been fully satisfactory. Because the WTO system relies on mutual monitoring as a means to assess implementation, those Members which have not submitted notifications in a timely manner, or whose notifications are not complete, should renew their efforts. At the same time, the relevant bodies should take appropriate steps to promote full compliance while considering practical proposals for simplifying the notification process.

12. Where legislation is needed to implement WTO rules, Members are mindful of their obligations to complete their domestic legislative process without further delay. Those Members entitled to transition periods are urged to take steps as they deem necessary to ensure timely implementation of obligations as they come into effect. Each Member should carefully review all its existing or proposed legislation, programmes and measures to ensure their full compatibility with the WTO obligations, and should carefully consider points made during review in the relevant WTO bodies regarding the WTO consistency of legislation, programmes and measures, and make appropriate changes where necessary.

## *Developing Countries*

13. The integration of developing countries in the multilateral trading system is important for their economic development and for global trade expansion. In this connection, we recall that the WTO Agreement embodies provisions conferring differential and more favourable treatment for developing countries, including special attention to the particular situation of least-developed countries. We acknowledge the fact that developing country Members have undertaken significant new commitments, both substantive and procedural, and we recognize the range and complexity of the efforts that they are making to comply with them. In order to assist them in these efforts, including those with respect to notification and legislative requirements, we will improve the availability of technical assistance under the agreed guidelines. We have also agreed to recommendations relative to the decision we took at Marrakesh concerning the possible negative effects of the agricultural reform programme on least-developed and net food-importing developing countries.

### *Least-Developed Countries*

14. We remain concerned by the problems of the least-developed countries and have agreed to:
- » a Plan of Action, including provision for taking positive measures, for example duty-free access, on an autonomous basis, aimed at improving their overall capacity to respond to the opportunities offered by the trading system;
  - » seek to give operational content to the Plan of Action, for example, by enhancing conditions for investment and providing predictable and favourable market access conditions for LLDCs' products, to foster the expansion and diversification of their exports to the markets of all developed countries; and in the case of relevant developing countries in the context of the Global System of Trade Preferences; and
  - » organize a meeting with UNCTAD and the International Trade Centre as soon as possible in 1997, with the participation of aid agencies, multilateral financial institutions and least-developed countries to foster an integrated approach to assisting these countries in enhancing their trading opportunities.

### *Textiles and Clothing*

15. We confirm our commitment to full and faithful implementation of the provisions of the Agreement on Textiles and Clothing (ATC). We stress the importance of the integration of textile products, as provided for in the ATC, into GATT 1994 under its strengthened rules and disciplines because of its systemic significance for the rule-based, non-discriminatory trading system and its contribution to the increase in export earnings of developing countries. We attach importance to the implementation of this Agreement so as to ensure an effective transition to GATT 1994 by way of integration which is progressive in character. The use of safeguard measures in accordance with ATC provisions should be as sparing as possible. We note concerns regarding the use of other trade distortive measures and circumvention. We reiterate the importance of fully implementing the provisions of the ATC relating to small suppliers, new entrants and least-developed country Members, as well as those relating to cotton-producing exporting Members. We recognize the importance of wool products for some developing country Members. We reaffirm that as part of the integration process and with reference to the specific commitments undertaken by the Members as a result of the Uruguay Round, all Members shall take such action as may be necessary to abide by GATT 1994 rules and disciplines so as to achieve improved market access for textiles and clothing products. We agree that, keeping in view its quasi-judicial nature, the Textiles Monitoring Body (TMB) should achieve transparency in providing rationale for its findings and recommendations. We expect that the TMB shall make findings and recommendations whenever called upon to do so under the Agreement. We emphasize the responsibility of the Goods Council in overseeing, in accordance with Article IV:5 of the WTO Agreement and Article 8 of the ATC, the functioning of the ATC, whose implementation is being supervised by the TMB.

### *Trade and Environment*

16. The Committee on Trade and Environment has made an important contribution towards fulfilling its Work Programme. The Committee has been examining and will continue to examine, *inter alia*, the scope of the complementarities between trade liberalization, economic development and environmental protection. Full implementation of the WTO Agreements will make an important contribution to achieving the objectives of sustainable development. The work of the Committee has underlined the importance of policy coordination at the national level in the area of trade and environment. In this connection, the work of the Committee has been enriched by the participation of environmental as well as trade experts from Member governments and the further participation of such experts in the Committee's deliberations would be welcomed. The breadth and complexity of the issues covered by the Committee's Work Programme shows that further work needs to be undertaken on all items of its agenda, as contained in its report. We intend to build on the work accomplished thus far, and therefore direct the Committee to carry out its work, reporting to the General Council, under its existing terms of reference.

### *Services Negotiations*

17. The fulfillment of the objectives agreed at Marrakesh for negotiations on the improvement of market access in services—in financial services, movement of natural persons, maritime transport services and basic telecommunications—has proved to be difficult. The results have been below expectations. In three areas, it has been necessary to prolong negotiations beyond the original deadlines. We are determined to obtain a progressively higher level of liberalization in services on a mutually advantageous basis with appropriate flexibility for individual developing country Members, as envisaged in the Agreement, in the continuing negotiations and those scheduled to begin no later than 1 January 2000. In this context, we look forward to full MFN agreements based on improved market access commitments and national treatment. Accordingly, we will:

- » achieve a successful conclusion to the negotiations on basic telecommunications in February 1997; and
- » resume financial services negotiations in April 1997 with the aim of achieving significantly improved market access commitments with a broader level of participation in the agreed time frame.

With the same broad objectives in mind, we also look forward to a successful conclusion of the negotiations on Maritime Transport Services in the next round of negotiations on services liberalization. In professional services, we

shall aim at completing the work on the accountancy sector by the end of 1997, and will continue to develop multilateral disciplines and guidelines. In this connection, we encourage the successful completion of international standards in the accountancy sector by IFAC, IASC, and IOSCO. With respect to GATS rules, we shall undertake the necessary work with a view to completing the negotiations on safeguards by the end of 1997. We also note that more analytical work will be needed on emergency safeguards measures, government procurement in services and subsidies.

### ***ITA and Pharmaceuticals***

18. Taking note that a number of Members have agreed on a Declaration on Trade in Information Technology Products, we welcome the initiative taken by a number of WTO Members and other States or separate customs territories which have applied to accede to the WTO, who have agreed to tariff elimination for trade in information technology products on an MFN basis as well as the addition by a number of Members of over 400 products to their lists of tariff-free products in pharmaceuticals.

### ***Work Programme and Built-in Agenda***

19. Bearing in mind that an important aspect of WTO activities is a continuous overseeing of the implementation of various agreements, a periodic examination and updating of the WTO Work Programme is a key to enable the WTO to fulfill its objectives. In this context, we endorse the reports of the various WTO bodies. A major share of the Work Programme stems from the WTO Agreement and decisions adopted at Marrakesh. As part of these Agreements and decisions we agreed to a number of provisions calling for future negotiations on Agriculture, Services and aspects of TRIPS, or reviews and other work on Anti-Dumping, Customs Valuation, Dispute Settlement Understanding, Import Licensing, Preshipment Inspection, Rules of Origin, Sanitary and Phyto-Sanitary Measures, Safeguards, Subsidies and Countervailing Measures, Technical Barriers to Trade, Textiles and Clothing, Trade Policy Review Mechanism, Trade-Related Aspects of Intellectual Property Rights and Trade-Related Investment Measures. We agree to a process of analysis and exchange of information, where provided for in the conclusions and recommendations of the relevant WTO bodies, on the Built-in Agenda issues, to allow Members to better understand the issues involved and identify their interests before undertaking the agreed negotiations and reviews. We agree that:

- » the time frames established in the Agreements will be respected in each case;
- » the work undertaken shall not prejudice the scope of future negotiations where such negotiations are called for; and
- » the work undertaken shall not prejudice the nature of the activity agreed upon (i.e. negotiation or review).

### ***Investment and Competition***

20. Having regard to the existing WTO provisions on matters related to investment and competition policy and the built-in agenda in these areas, including under the TRIMs Agreement, and on the understanding that the work undertaken shall not prejudice whether negotiations will be initiated in the future, we also agree to:

- » establish a working group to examine the relationship between trade and investment; and
- » establish a working group to study issues raised by Members relating to the interaction between trade and competition policy, including anti-competitive practices, in order to identify any areas that may merit further consideration in the WTO framework.

These groups shall draw upon each other's work if necessary and also draw upon and be without prejudice to the work in UNCTAD and other appropriate intergovernmental fora. As regards UNCTAD, we welcome the work under way as provided for in the Midrand Declaration and the contribution it can make to the understanding of issues. In the conduct of the work of the working groups, we encourage cooperation with the above organizations to make the best use of available resources and to ensure that the development dimension is taken fully into account. The General Council will keep the work of each body under review, and will determine after two years how the work of each body should proceed. It is clearly understood that future negotiations, if any, regarding multilateral disciplines in these areas, will take place only after an explicit consensus decision is taken among WTO Members regarding such negotiations.

21. We further agree to:

### ***Transparency in Government Procurement***

- » establish a working group to conduct a study on transparency in government procurement practices, taking into account national policies, and, based on this study, to develop elements for inclusion in an appropriate agreement; and

### ***Trade Facilitation***

- » direct the Council for Trade in Goods 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.

22. In the organization of the work referred to in paragraphs 20 and 21, careful attention will be given to minimizing the burdens on delegations, especially those with more limited resources, and to coordinating meetings with those of

relevant UNCTAD bodies. The technical cooperation programme of the Secretariat will be available to developing and, in particular, least-developed country Members to facilitate their participation in this work.

23. Noting that the 50th anniversary of the multilateral trading system will occur early in 1998, we instruct the General Council to consider how this historic event can best be commemorated.

\* \* \* \* \*

Finally, we express our warmest thanks to the Chairman of the Ministerial Conference, Mr. Yeo Cheow Tong, for his personal contribution to the success of this Ministerial Conference. We also want to express our sincere gratitude to Prime Minister Goh Chok Tong, his colleagues in the Government of Singapore and the people of Singapore for their warm hospitality and the excellent organization they have provided. The fact that this first Ministerial Conference of the WTO has been held at Singapore is an additional manifestation of Singapore's commitment to an open world trading system. □

## WTO Members

(128 as of 13 December 1996)

Angola, Antigua and Barbuda, Argentina, Australia, Austria, Bahrain, Bangladesh, Barbados, Belgium, Belize, Benin, Bolivia, Botswana, Brazil, Brunei Darussalam, Bulgaria, Burkina Faso, Burundi, Cameroon, Canada, Central African Republic, Chad, Chile, Colombia, Costa Rica, Côte d'Ivoire, Cuba, Cyprus, Czech Republic, Denmark, Djibouti, Dominica, Dominican Republic, Ecuador, Egypt, El Salvador, European Community, Fiji, Finland, France, Gabon, Gambia, Germany, Ghana, Greece, Grenada, Guatemala, Guinea Bissau, Republic of Guinea, Guyana, Haiti, Honduras, Hong Kong, Hungary, Iceland, India, Indonesia, Ireland, Israel, Italy, Jamaica, Japan, Kenya, Korea, Kuwait, Lesotho, Liechtenstein, Luxembourg, Macau, Madagascar, Malawi, Malaysia, Maldives, Mali, Malta, Mauritania, Mauritius, Mexico, Morocco, Mozambique, Myanmar, Namibia, Netherlands - For the Kingdom in Europe and for the Netherlands Antilles, New Zealand, Nicaragua, Niger, Nigeria, Norway, Pakistan, Papua New Guinea, Paraguay, Peru, Philippines, Poland, Portugal, Qatar, Romania, Rwanda, Saint Lucia, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Senegal, Sierra Leone, Singapore, Slovak Republic, Slovenia, Solomon Islands, South Africa, Spain, Sri Lanka, Suriname, Swaziland, Sweden, Switzerland, Tanzania, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, United Arab Emirates, United Kingdom, United States, Uruguay, Venezuela, Zambia, Zimbabwe. □

**Officers of the 1996 WTO Ministerial Conference:** *Chairman* - Singapore's Trade and Industry Minister Yeo Cheow Tong; *Vice-Chairmen* - Ireland's Trade and Industry Minister Enda Kenny, Uruguay's Foreign Affairs Minister Alvaro Ramos and Tunisia's Trade Minister Mondher Zenaïdi. □

## Comprehensive and Integrated WTO Plan of Action for the Least-Developed Countries

Adopted on 13 December 1996

### Preamble

1. The WTO *Decision on Measures in Favour of Least-Developed Countries* provides for WTO Members to adopt positive measures in favour of least-developed countries. Other WTO legal instruments contain additional provisions for, *inter alia*, enhancing their trading opportunities and their integration into the multilateral trading system. The implementation of these commitments remained a priority for WTO Members. Similar objectives have led to initiatives launched by other agencies—including the United Nations, the United Nations Conference on Trade and Development (UNCTAD), the International Trade Centre (ITC), the World Bank and the International Monetary Fund (IMF).
2. A comprehensive approach, bringing together national efforts and those of the international community, is required to achieve growth in least-developed countries through appropriate macroeconomic policies, supply-side measures and improved market access. Least-developed countries wishing to take advantage of the opportunities provided for in some WTO Agreements to attract foreign direct investment should be assisted.
3. This Plan of Action offers a comprehensive approach and includes measures relating to the implementation of the Decision in Favour of Least-Developed Countries, as well as in the areas of capacity-building and market access from a WTO perspective. It envisages a closer cooperation between the WTO and other multilateral agencies assisting least-developed countries. This is also in conformity with the Marrakesh *Declaration on the Contribution of the WTO to Achieving Greater Coherence in Global Economic Policymaking*, a central purpose of which is to contribute to the expansion of trade, sustainable growth and development of developing countries, including least-developed countries, through the closer cooperation of the WTO with the World Bank and the IMF.
4. The WTO Plan of Action will be applied in respect of the least-developed countries designated as such by the United Nations which are Members of the WTO.

## ***I. Implementation of the Decision on Measures in Favour of Least-Developed Countries***

5. While the *Decision on Measures in Favour of Least-Developed Countries* contains calls for action, the following could contribute to a more effective implementation.

(a) The WTO Members shall step up their efforts to improve the capacity of least-developed countries' to meet their notification obligations.

(b) An effective review every two years in the Committee on Trade and Development (in accordance with its terms of reference) on the basis of reports by the Chairpersons of the relevant WTO Bodies and other available information of the implementation of measures in favour of least-developed countries. This should coincide with the Ministerial Conferences.

(c) The WTO Bodies are invited to identify means to assist least-developed countries in implementing their WTO commitments.

(d) The Committee on Trade and Development will explore ways of ensuring greater disclosure of the application of the Uruguay Round provisions in favour of least-developed countries'; and, of increasing efforts to disseminate information relating to those provisions.

## ***II. Human and Institutional Capacity-Building***

6. In the Guidelines for WTO Technical Cooperation, least-developed countries are priority beneficiaries. The Members of the WTO shall ensure that this priority is assigned to least-developed countries, and in accordance with the Guidelines, the effectiveness of the technical cooperation will be continually evaluated against this priority.

7. With a view to assisting in the institutional capacity-building in the area of trade, the WTO shall work with other relevant agencies to develop a comprehensive approach and outline a division of labour, in particular with UNCTAD and the ITC, as well as with UNDP, the World Bank, IMF and Regional Banks. The Development Assistance Committee (DAC) of the OECD should also be involved. With regard to supply-side constraints, priority should be attached to export diversification and facilitating the implementation of commitments to allow least-developed countries to benefit from the new market opportunities deriving from the Uruguay Round. The WTO should cooperate with other relevant institutions in order to encourage a favourable investment climate.

8. Joint WTO/ITC training courses could be organized for public sector officials and the private sector.

9. The WTO should explore the availability of resources for the provision of technical assistance to least-developed countries by developing countries with successful experiences in trade.

10. The participation of least-developed countries' officials in WTO meetings would be financed by strictly voluntary contributions.

## ***III. Market Access***

11. The initiatives proposed below are presented as options to be examined by WTO Members in the light of the Singapore Ministerial Conference to improve the access to the markets of exports of least-developed countries. Further consideration should be given to additional multilateral action and coordination in this endeavour.

» Developed country Members, and developing country Members on an autonomous basis, would explore the possibilities of granting preferential duty-free access for the exports of least-developed countries. In both cases exceptions could be provided for.

» WTO Members should endeavour to make use, when possible, of the relevant provisions of the Agreement on Textiles and Clothing to increase market access opportunities for least-developed countries.

» Whenever provided for in the WTO Agreements, Members may decide to extend unilaterally and on an autonomous basis, certain benefits to least-developed countries' suppliers.

» WTO Members should pursue, on an autonomous basis, preferential policies and liberalization undertakings in order to further facilitate access to their markets for least-developed countries' exports, such as an early implementation of Uruguay Round undertakings.

## ***IV. Other Initiatives***

12. The Secretariat shall provide factual and legal information to assist acceding least-developed countries in drawing up their Memorandum on the Foreign Trade Regime, as well as their Schedules of Concessions for goods and Commitments in services.

13. In accordance with its mandate, the WTO shall endeavour to work jointly with other relevant multilateral and regional institutions to induce investment in least-developed countries as a result of new trade opportunities.

14. Individual Members may study the feasibility of binding preferential tariff rates in a WTO preferential scheme which would be applicable to least-developed countries only.

<sup>1</sup>For example, by improving the flow of information, in particular (a) from Members offering the benefits to Members potentially using them and (b) from all Members to the Committee.

*Concluding Remarks by the Chairman***“We have delivered”**

*Singapore's Trade and Industry Minister, Mr Yeo Cheow Tong, as Chairman, made the following concluding remarks at the end of the Ministerial Conference on 13 December:*

**T**he Singapore Ministerial Conference has been an outstanding event in all respects. Practically all the WTO Members and Observers have been represented by Ministers. I want to pay tribute to the application and devotion which all my colleagues have shown throughout the Conference. Due to the lack of time, I regret not having been able to consult with each of you at every stage. Our approach has been empirical. We shall need to improve the procedures to be applied in the next Ministerial Conference.

Unlike most of its GATT predecessors, this Conference is not about the start or completion of a major round of trade negotiations. Indeed, the Singapore Ministerial Conference represents an important point on a continuum in the growth and evolution of the multilateral trading system. The Ministerial Conference is not only the supreme executive body of the WTO but it is also the forum to provide political guidance and overall coherence for the new trading system which was established just under two years ago. In this sense, the Ministerial Conference, in institutional terms, is the cornerstone of the global trading system. It embodies, institutionally, the vision of Ministers at Marrakesh that the WTO should function as a common institutional framework, bringing all countries together from all corners of the world and from all levels of development.

Since we began our meeting here in Singapore on Monday, 129 speakers have given their assessments of the operation and functioning of the multilateral trading system. They have taken stock, on the one hand, of the WTO's activities in its first two years of existence and, on the other hand, have articulated the challenges ahead and how we could meet them.

***Expansion of the trading system***

Let me first highlight the basic fact that the establishment of the WTO, the first major international institution to be created in the post-Cold War era, has resulted in several important advantages for all. The biggest gain of the post-Marrakesh era is the existence and expansion of a trading system based on internationally agreed and enforceable rules and disciplines to both oversee and guarantee progress in international trade. The establishment of the WTO is deservedly seen as the outstanding international achievement of the decade to which all Member countries made substan-



*At the closing plenary session, Minister Yeo said the message the Singapore Conference has sent is one of confidence in the multilateral trading system as it approaches its fiftieth anniversary in 1998 and in its ability to promote growth and guarantee stability.*

tial contributions. It has been widely noted that the credibility and effectiveness of the new system rests on Member governments' full compliance with the rules, disciplines and commitments resulting from the Marrakesh Agreement.

The central focus of the WTO's work in 1995 and 1996 has been the implementation and follow-up of commitments. The Report of the General Council provides a full fledged panorama of the activities of each of the Councils and Committees dealing with trade in goods, services and trade-related aspects of intellectual property rights. It is broadly recognized that continual, day-to-day efforts are required by all Members to consolidate the Uruguay Round results and ensure full compliance which are essential to the proper functioning of the system. In systemic terms, the WTO's reinforced dispute settlement mechanism has proved its effectiveness and can be justly regarded as an outstanding success of the Organization's first two years.

Ministers have analyzed developments in international trade having regard to the Report submitted by the Director-General which confirms positive rates of growth and continued trade liberalization in many parts of the world.

***Labour standards***

The Ministerial Declaration which we have just adopted as a whole has a number of very significant components which provide the necessary balance of interests. All the issues reflected in the Declaration are equally important. Nevertheless, I feel compelled, because this is a commitment which I have made to you, to underline certain elements of the Declaration.

In the first place, with regard to paragraph 4—Core Labour Standards—we have agreed on a text which sets out a balanced framework for how this matter should be dealt with. The text embodies the following important elements:

First, it recognizes that the ILO is the competent body to set and deal with labour standards. Second, it rejects the use of labour standards for protectionist purposes. This is a very important safeguard for the multilateral trading system, and in particular for developing countries. Third, it agrees that the comparative advantage of countries, particularly low-wage developing countries, must in no way be put into question. Fourth, it does not inscribe the relationship between trade and core labour standards on the WTO agenda. Fifth, there is no authorization in the text for any new work on this issue. Sixth, we note that the WTO and the ILO Secretariats will continue their existing collaboration, as with many other intergovernmental organizations. The collaboration respects fully the respective and separate mandates of the two Organizations. Some delegations had expressed the concern that this text may lead the WTO to acquire a competence to undertake further work in the relationship between trade and core labour standards. I want to assure these delegations that this text will not permit such a development.

### ***Integrated approach on development***

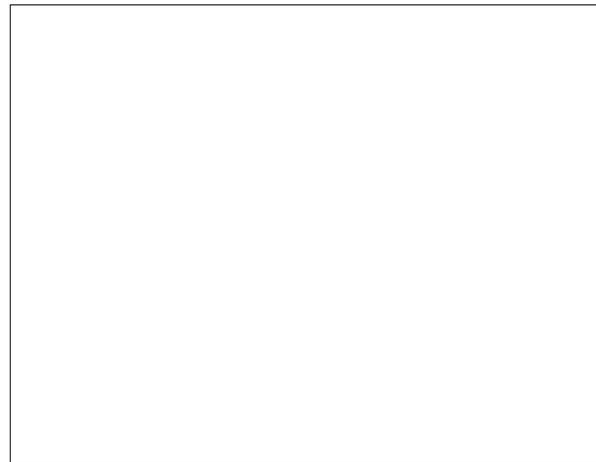
In a gesture of solidarity with the least developed countries, Ministers have recognized the need to pay special attention to the interests of the least developed countries in each of the new issues. They have further recognized the need to provide predictable and favourable market access conditions for least developed countries products, to foster the expansion and diversification of their exports to the markets of all developed countries; and in the case of relevant developing countries in the context of the Global System of Trade Preferences. In this regard Members will organize a meeting with UNCTAD and the International Trade Centre as soon as possible in 1997, with the participation of aid agencies, multilateral financial institutions and least developed countries to foster an integrated approach to assisting these countries in enhancing their trading opportunities.

During the Conference, a number of WTO Members have agreed to tariff elimination for trade in information technology products on an MFN basis. Ministers have welcomed this initiative which, in my opinion, represents an important step towards trade liberalization in one of the most dynamic sectors of trade in goods.

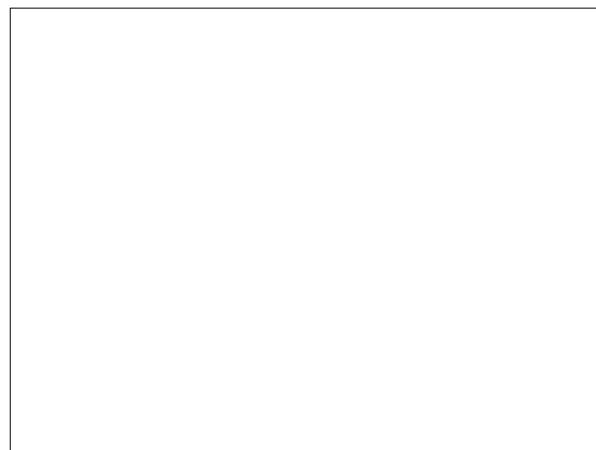
Overall, at this first Ministerial Conference, the survey of the achievements of the first two years of the WTO's existence and the discussion of the challenges we face in the future have made clear the importance of the issues that have been on the table. The Conference has provided a strong political message underlining opportunities in the new global economy while not ignoring the challenges that our economies face. The message this Conference has sent is one of confidence in the multilateral trading system as it approaches its fiftieth anniversary in 1998 and in its ability to promote growth and guarantee stability.

### ***Breaking new ground***

In all respects, this first WTO Ministerial Conference has broken new ground. We had an awesome responsibility but by building on the tremendous amount of work carried out in Geneva by the Director-General and our Ambassadors to whom I pay a warm tribute of recognition, and with enthusiasm, optimism and bonhomie we have accomplished the



*Singapore's Suntec Convention and Exhibition Centre provided a spacious and modern setting to the Conference.*



*The efficiency and hospitality of the Singaporeans impressed the more than 2,000 delegates to the Conference.*

task before us and set out the framework for the activities of the WTO in the next few years. I would also like to pay tribute to all the participants for their selfless cooperation in dealing with each other in an exemplary spirit of friendship and good will, thus making the Conference a success. We are also grateful to the observers whose presence has given to the Conference a genial touch of universality.

I am very proud to say that we have delivered. We have accomplished the task set upon us at the beginning of the Conference. We are now ready to carry out the tasks that the Ministers in their collective wisdom have entrusted to the WTO in pursuance of its mandate to liberalize trade and promote development, employment, stability and prosperity in all the Members.

To conclude, let me say that it has been a great honour for Singapore to host such an important ground-breaking Conference. We have endeavoured to make sure that physical arrangements have been well taken care of and that you have had a chance to experience a little bit of Singapore. While many of you may not have had the chance to partake of our hospitality outside this Conference, we hope you will come back again, and soon. □

## WTO Action Plan for least-developed countries

A major achievement of the Singapore Ministerial Conference was the adoption of the Plan of Action for Least-Developed Countries, which mandates the WTO, in coordination with other international organizations, to take an active role in assisting least-developed countries to overcome bottlenecks in their production capacity and diversify exports. It also called on developed countries, and developing countries on an autonomous basis, to explore the possibilities of granting duty-free access to least-developed countries.

All countries acknowledge the role played by international trade in economic growth and development. For the developing countries, experience has shown that those which aim at expanding their exports and adopting adequate and consistent national policies succeed in their economic objectives. They have been fully integrated into the changing world economy and are in a position to face the technological challenges.

Not all countries have pursued such a strategy, however. While the developing countries have almost doubled their share of international trade—a share that now stands at 25 per cent—and diversified their exports, participation in trade by the 29 least-developed country (LLDC) members of the WTO has fallen, from about 1.4 per cent in 1960 to under 0.4 per cent in 1995. This “marginalization” is also seen in foreign direct investment, for the LLDCs receive less than 2 per cent, whereas developing countries as a whole attract 37 per cent. These countries depend almost entirely on exports of a few commodities, minerals or tropical products, and they trade chiefly under regional preferential arrangements or generalized systems of preferences granted by developed countries. Special urgent measures are therefore needed to help them develop and diversify their trade, to draw benefit from the WTO trade system and to join the world economy on the eve of the twenty-first century.

### *The CTD*

The developing countries now represent four fifths of the WTO membership. The Committee on Trade and Development (CTD), assisted by the Sub-Committee on Least-Developed Countries, monitors all aspects of the participation of these countries in the multilateral system—in particular the implementation of special provisions contained in all the WTO Agreements and the technical assistance activities organized by the WTO Secretariat.

The CTD met four times in 1995 and met eight times in 1996, a faster pace reflective of the growing will of WTO Members to engage in constructive action and to propose that Ministers should adopt concrete recommendations in Singapore.

Aside from developing the Plan of Action for LLDCs submitted to Singapore, the CTD also elaborated guidelines for WTO's technical cooperation work, which were also approved by the Ministerial Conference. These guidelines, in particular, place emphasis on human resources and institutional and administrative capacity building in the developing countries, within WTO areas of competence, and the WTO's technical cooperation will be closely coordinated with that of other international organizations or bilateral institutions. □

### *Least-developed Countries and the WTO* (1 January 1997)

**WTO Members (29):** Angola, Bangladesh, Benin, Burkina Faso, Burundi, Central African Republic, Chad, Djibouti, Gambia, Guinea Bissau, Guinea, Haiti, Lesotho, Madagascar, Malawi, Maldives, Mali, Mauritania, Mozambique, Myanmar, Niger, Rwanda, Sierra Leone, Solomon Islands, Tanzania, Togo, Uganda, Zambia, Zaire.

**Observer (acceding) countries (4):** Cambodia, Nepal, Sudan, Vanuatu. □

### *Technical cooperation in the WTO*

Technical cooperation in the WTO Secretariat is guided by the fundamental objective of assisting recipient countries in their understanding and implementation of agreed international trade rules and achieving their fuller participation in the multilateral trading system. Technical cooperation activities are carried out on the basis of countries' needs, through a variety of instruments, including seminars, workshops and technical missions. Some of these activities are held at the WTO headquarters, while others take place directly in the country or region involved. Furthermore, training is provided through trade policy courses, which have been organized twice a year since 1955 for representatives of developing countries and, more recently, for economies in transition. The Secretariat assists developing countries to better identify their trade interests and supplies them with statistical data and trade information. In addition, technical assistance is also provided to countries in the process of accession to the WTO.

While activities are carried out in all regions, major efforts have been directed towards African countries, in particular least-developed countries. An important example of these efforts is the Integrated Technical Assistance Programme in Selected Least-Developed and Other African Countries, which is being carried out jointly by the WTO, UNCTAD and the ITC. Covered under this programme are Benin, Burkina Faso, Côte d'Ivoire, Ghana, Kenya, Tanzania, Tunisia and Uganda.

Technical cooperation activities are financed through the regular WTO budget, and also through voluntary contributions. In particular, Norway contributed \$2.5 million towards the WTO Trust Fund for technical cooperation, and the Netherlands signed in January 1997 an arrangement with the WTO for a contribution of 4 million Dutch Guilders (about \$2.3 million) towards technical cooperation activities for developing countries and economies in transition. Additional contributions have also been made by other members, for example towards the participation of the Ministers of Least-Developed countries in the Singapore Ministerial Conference. During the Conference, the host country, Singapore signed an agreement with the WTO for the organization of training programmes for developing countries. □

# The WTO Information Technology Agreement

Twenty-eight economies, accounting for well over 80 per cent of world trade in information technology products, agreed in Singapore to eliminate customs duties and other duties and charges on these products through annual reductions beginning on 1 July 1997 and concluding on 1 January 2000. The implementation of the agreement is contingent on the signing on of other participants—by 1 April 1997—that would result in raising the agreement’s coverage to approximately 90 per cent of world trade in information technology products.

The following participated in the Ministerial Declaration on Trade in Information Technology Products on 13 December 1996 in Singapore: Australia, Canada, European Communities (representing the 15 Member States), Hong Kong, Iceland, Indonesia, Japan, Korea, Norway, Singapore, Switzerland (on behalf of the customs union Switzerland and Liechtenstein), Chinese Taipei (in the process of acceding to the WTO), Turkey and the United States. At the Conference, a number of countries indicated their interest in joining the agreement at a later stage, including some major IT traders.

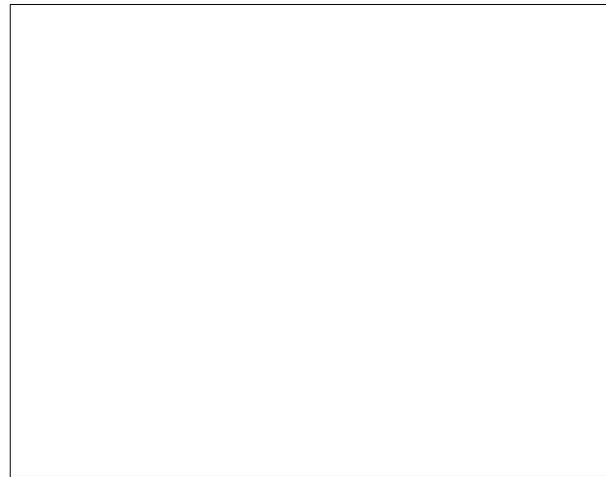
## A \$500-billion market

Recent efforts to liberalize trade in information technology products have gained ground as more countries become aware of the vast market potential in this sector. Exports of ITA products amounts to more than \$500 billion annually. Trade in this sector is now larger than world exports of agricultural products. It is currently the fastest growing industry and concerns a wide range of items.

Seven countries make up the bulk of imports and exports in this sector: Japan, the United States, the European Union, Singapore, Korea, Malaysia and Chinese Taipei. Talks to eliminate duties on all information technology products, by the year 2000, were held throughout 1996 by Canada, the EU, Japan and the US. In late September 1996, these countries expressed hope that by bringing the IT Agreement to the WTO Ministerial Conference in Singapore in December 1996, they could encourage other importers and exporters to make similar commitments and eliminate all tariffs. □

### ITA Deadlines

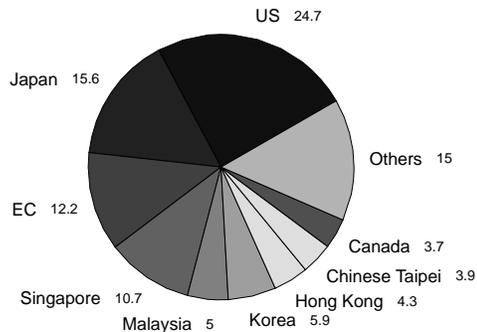
Date	Action
31 January 1997	Finalization of technical discussions on product coverage.
1 March 1997	Participants to provide documentation detailing the duty treatment to be incorporated in the schedules of concessions.
	Determination of "participant" in the ITA by those Members or acceding Members who deposit their documentation as stated above.
1 April 1997	Review and approval of schedules of concessions.
	Review of state of acceptances to determine implementation.
30 September 1997	Participants to consider classification issues.



*In Singapore, consultations by the "Quad" Ministers (Canada, EC, Japan and US) with each other and with other Ministers produced the ITA breakthrough.*

### Leading Traders in ITA Products, 1995

(Percentage of world exports and imports)



### Product Coverage

The ITA covers five main categories of products:

- » **Computers** (including printers, scanners, monitors, hard-disk drives, power supplies, etc.);
- » **Telecom products** (including telephone sets, fax machines, modems, pagers, etc.);
- » **Semiconductors** (including chips and wafers);
- » **Semiconductor manufacturing equipment;**
- » **Software** (e.g. diskettes and CD-ROMs); and
- » **Scientific instruments.**

In addition, the Agreement covers other products such as cash registers, computer network equipment and certain photocopiers but not electronic consumer goods. □

## Ministerial Declaration on Trade in Information Technology Products

Singapore, 13 December 1996

*Ministers,*

*Representing* the following Members of the World Trade Organization (“WTO”), and States or separate customs territories in the process of acceding to the WTO, which have agreed in Singapore on the expansion of world trade in information technology products and which account for well over 80 per cent of world trade in these products (“parties”):

Australia	Norway
Canada	Separate Customs Territory of Taiwan, Penghu, Hinmen and Matsu
European Communities	Singapore
Hong Kong	Switzerland <sup>1</sup>
Iceland	Turkey
Indonesia	United States
Japan	
Korea	

*Considering* the key role of trade in information technology products in the development of information industries and in the dynamic expansion of the world economy;

*Recognizing* the goals of raising standards of living and expanding the production of and trade in goods;

*Desiring* to achieve maximum freedom of world trade in information technology products;

*Desiring* to encourage the continued technological development of the information technology industry on a world-wide basis;

*Mindful* of the positive contribution information technology makes to global economic growth and welfare;

*Having agreed* to put into effect the results of these negotiations which involve concessions additional to those included in the Schedules attached to the Marrakesh Protocol to the General Agreement on Tariffs and Trade 1994, and

*Recognizing* that the results of these negotiations also involve some concessions offered in negotiations leading to the establishment of Schedules annexed to the Marrakesh Protocol,

*Declare* as follows:

1. Each party’s trade regime should evolve in a manner that enhances market access opportunities for information technology products.

2. Pursuant to the modalities set forth in the Annex to this Declaration, each party shall bind and eliminate customs duties and other duties and charges of any kind, within the meaning of Article II:1(b) of the General Agreement on Tariffs and Trade 1994, with respect to the following:

(a) all products classified (or classifiable) with Harmonized System (1966) (“HS”) headings listed in Attachment A to the Annex of this Declaration; and

(b) all products specified in Attachment B to the Annex of this Declaration, whether or not they are included in Attachment A;

through equal rate reductions of customs duties beginning in 1997 and concluding in 2000, recognizing that extended staging of reductions and, before implementation, expansion of product coverage may be necessary in limited circumstances.

3. Ministers express satisfaction about the large product coverage outlined in the Attachments to the Annex of this Declaration. They instruct their respective officials to make good faith efforts to finalize plurilateral technical discussions in Geneva on the basis of these modalities, and instruct these officials to complete this work by 31 January 1997, so as to ensure the implementation of this Declaration by the largest number of participants.

4. Ministers invite the Ministers of other Members of the WTO, and States or separate customs territories in the process of acceding to the WTO, to provide similar instructions to their respective officials, so that they may participate in the technical discussions referred to in paragraph 3 above and participate fully in the expansion of world trade in information technology products.

Annex:

Modalities and Product Coverage

Attachment A: list of HS headings

Attachment B: list of products

<sup>1</sup>On behalf of the customs union Switzerland and Liechtenstein..

## Negotiations resume on basic telecoms

The political push given by Ministers in Singapore to the services negotiations has manifested itself in the submission of new and revised offers at the meeting of the Group on Basic Telecommunications on 15 January, providing momentum for the conclusion of the negotiations, as scheduled, on 15 February 1997. Canada, Singapore and Switzerland submitted revised offers while Bolivia introduced a new offer. In addition, Ghana, Bulgaria, South Africa and Jamaica announced their intention to present draft offers by the end of the month.

Switzerland said its revised offer covered the full opening of the Swiss market by 1 January 1998. Canada said its revised offer included the liberalization of the use of submarine cables and global mobile satellites, and that it was considering further improvements.

On bilateral negotiations held before the meeting, the European Communities and the United States reported that those they had participated in were fruitful. "The recent bilaterals leave us confident that we will succeed in securing a deal by February 15," the United States said.

Further bilateral negotiations are expected to take place ahead of the Group's next meeting scheduled for 31 January.

### *The Singapore push*

The Singapore Ministerial Declaration emphasizes the importance of completing the negotiations on basic telecommunications by the deadline of 15 February 1997. On the margins of the Conference, Ministers held informal consultations to advance the negotiations. Ten countries in Singapore said they intended to submit shortly new or improved offers on telecoms.

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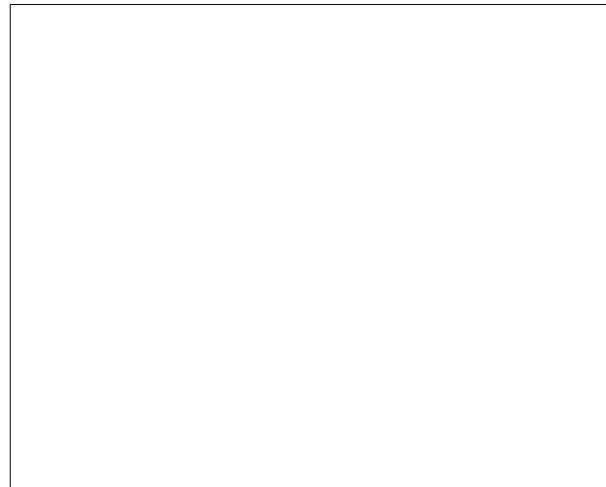
### *At stake is access to a market that the ITU estimates to be worth \$513 billion in 1994...*

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Negotiations began in May 1994, with 30 April 1996 set as the deadline for conclusion. But by the April deadline, agreement could not be reached and the talks were extended. The commitments offered at that stage were frozen and the talks were extended to 15 February 1997. New offers tabled in November 1996 by the United States, European Communities and Slovak Republic breathed new life into the negotiations.

Offers from 49 participants (counting the EC as 15) are on the table to open or keep open markets on a range of telecoms sectors, such as normal voice telephones, data transmission and satellite services. The offers would become international legal commitments under the General Agreement on Trade in Services (GATS). In many cases, they represent liberalisation and deregulation policies introduced in countries all over the world. Once agreed the commitments would be binding. These participants include all the major markets and account for some 90% of world telecoms revenue. The objective of the negotiations is both to improve the content of the existing offers, and to have more countries make commitments.

At stake is access to a market that the International Telecommunications Union estimates to be worth \$513 billion in 1994. Equally important are the interests of tele-



*In Singapore, the Swiss Confederation President and incoming Chairman of the WTO Ministerial Conference, Mr Jean-Pascal Delamuraz, was among those who announced revised or new offers to push the telecom negotiations forward.*

communications users: financial institutions now transferring \$2.3 trillion or more electronically every day, companies conducting business, educational and research institutions exchanging data and information, users of the rapidly expanding Internet, individuals phoning their families and friends or sending e-mail, and so on. Telecommunications are now a vital part of almost all business transactions. The telecoms markets will survive failure in the WTO talks. But success could have a considerable impact on the costs, prices and efficiency of the sector and of all other industries, and on investors' confidence about competitive opportunities.

### *Background*

The present negotiations are about new or improved commitments to open up or keep open basic telecoms markets. The principles defining how this is to be achieved have already been agreed. They are set out in the GATS and its annex on telecommunications, both documents resulting from the Uruguay Round.

The GATS created for the first time ever a set of rules for all trade in services—an area of international trade that had not been covered by the rules and disciplines of what was then the GATT multilateral trading system. The telecommunications annex deals with the right of a service supplier to link up with or to use public telecoms networks (once market access is committed for that service, for example as a result of the present negotiations). It also requires participating countries to make their regulations transparent, including clear statements of prices charged for use of networks.

### *Current position*

A successful conclusion to the present negotiations would mean a considerable improvement over the situation at the end of the Uruguay Round. But even since the end of the round, market-opening commitments on telecoms have been in force because when the Round ended in 1994, 67 governments agreed to attached to the GATS 56 sets of lists of commitments (the "schedules")—the EC, at that time

## What are basic telecoms?

There is no standard international definition for “basic telecommunications”. At the outset of the WTO negotiations, participants agreed to set aside the different definitions they use domestically, and negotiate all telecommunications services except those considered to be “value-added” or “enhanced”. Such services may involve storage and retrieval such as electronic mail or on-line information and database retrieval, or those that involve some types of conversion of the information being transmitted.

The market access commitments being negotiated cover not only cross-border supply of telecommunications but also opportunities for foreign firms to set up operations in the host country (“commercial presence”). That includes

owning and operating telecoms networks and infrastructure.

Among the services being negotiated are: voice telephone services; data transmission services; telex; telegraph; facsimile (fax); private leased circuit services; cellular mobile telephone services; mobile data transmission; personal communications systems.

Participants have recently agreed that commitments on any of these services would mean that any form of technology could be used (including traditional wire-based networks, fibre optic cables, cable TV infrastructure, radio systems or satellites) unless there is a written indication that a certain technology is explicitly excluded from a commitment. □

with 12 members, submitted a single set. It is those commitments that are now in force, and most major telecommunications markets are included. However, the commitments mainly cover value-added or enhanced telecommunications services. Even the countries that could have made commitments on basic telecommunications at the time chose to wait for the outcome of the extended basic telecoms talks.

When the April 1996 deadline for the post-Uruguay Round talks expired, agreement could not be reached. Some countries, notably the US, were dissatisfied with the number of countries that had submitted offers and with the quality of the offers on the table. Difficulties also remained on satellite services and international services.

As part of their decision to extend the negotiations beyond April 1996 to 15 February 1997, participants agreed that all of the offers currently on the table would be maintained in order to preserve the economic value of the offers. The month from 15 January 1997 to the new deadline would be an opportunity to re-examine the offers and to amend, improve or withdraw them. Consultations started in July 1996. The objective is for the commitments still to take effect from 1 January 1998, preserving the original target date for implementing the results of the post-Uruguay Round talks.

### Recent developments

Aside from the quality of offers the following topics, some of them related, have dominated recent negotiations: satellite services, international services, countries’ domestic regulations.

On **satellite services**, the aim of the discussions has largely been to clarify a number of technical issues such as standardizing the schedules of commitments, how to handle existing services that are covered by separate international treaties—such as the INTELSAT and INMARSAT communications satellites—and how to deal with frequency allocations for radio links and similar questions. Proposed solutions for these are already being discussed. One of the objectives is to avoid turning the allocation of radio frequencies or related licensing procedures into trade barriers.

On **international services**, one of the objectives has been to ensure that the negotiations promote competition without creating the opportunity for monopoly operators in one country to distort prices when they gain access to another

country’s open markets. Some participants suggested that distortions of this kind could arise if a foreign monopoly were to use its access to another market in order to engage in “one-way bypass of international accounting rate payments”—i.e. a monopoly using its facilities in an open market to take its own telecoms traffic off the accounting rates system, while its competitors are unable to do likewise. Negotiators want to solve this without having one set of policies for trading partners with monopolistic systems and another set for those with competitive systems — that would

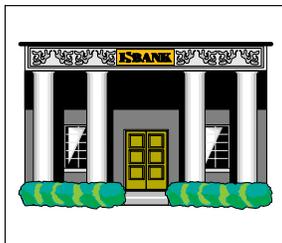
Draft Telecom Offers (As of 16 January 1997)
<b>Draft offers (29):</b> Argentina, Australia, Brazil, Chile, Colombia, Côte d'Ivoire, Czech Rep., Dominican Rep., Ecuador, Hong Kong, Hungary, Iceland, India, Israel, Japan, Korea, Mauritius, Mexico, Morocco, New Zealand, Norway, Pakistan, Peru, Philippines, Poland, Thailand, Turkey, Venezuela.
<b>Revised draft offers (6):</b> EC, Slovak Rep., US, Canada, Singapore, Switzerland.
<b>New draft offer (1):</b> Bolivia.
<b>Promised new draft offers (4):</b> Bulgaria, Ghana, Jamaica, South Africa.
<b>Total submitted offers:</b> 49 (the EC counting as 15).

violate the GATS non-discrimination principle known as most-favoured nation treatment. Some participants suggest that the problem may be temporary, particularly as global liberalization of telecommunications continues, and if progress can be achieved in other international organizations on reforming the “accounting rates” system of calculating payments for international calls.

How countries’ **regulations** might be handled has also been discussed at length. These regulations include licensing, interconnection, competition safeguards, transparency, independence of regulatory bodies, radio frequency and numbering, standards and type approval, tariffs (i.e. charges for calls, etc.), rights of way and planning, and universal service objectives. Participants are concerned that in some cases these regulations could undermine the market access and national treatment commitments. Negotiations have produced a text that deals with a number of ways of disciplining regulations. In their offers, participants have included some or all of these disciplines. □

## Financial services negotiations to resume in April

The Singapore Ministerial Declaration calls for the resumption of the WTO financial services negotiations in April 1997 "with the aim of achieving significantly improved market access commitments with a broader level of participation in the agreed time frame".



Negotiations on financial services in the WTO are due to end in December 1997. Participants hope to improve upon the package of market-opening commitments agreed in July 1995, and to apply these commitments equally, without discrimination, among all their trading partners. This would continue the process of progressive liberalisation that is one of the stated objectives of the GATS.

The present package, involving about 30 countries, already represents an improvement over the commitments in financial services made in Marrakesh in 1994 at the end of the Uruguay Round. The objectives of resumed talks are to make further progress, to bring the United States into the improved package, and for all countries to make their commitments non-discriminatory. At the same time, some technical issues such as definitions of types of financial services have to be sorted out, although no deadline has been set for completing work on these.

### Background

Financial services—banking, securities business, insurance, asset management, etc.—is one of three service sectors whose market-opening negotiations were not completed during the Uruguay Round. Like the other two (basic telecommunications and maritime transport), it is a large and important sector in its own right and it is essential for the smooth and efficient functioning of all trade in goods and services.

The sector is estimated to involve \$1.2 trillion per day in foreign exchange transactions. International financing extended by banks around the world reporting to the Bank for International Settlements is estimated at \$6.4 trillion, including \$4.6 trillion net international lending. Total world banking assets are put at more than \$20 trillion, insurance premiums at \$2 trillion, stock market capitalization at over \$10 trillion and market value of listed bonds at around \$10

trillion. In addition, practically every international trade deal in goods or services requires credit, capital, foreign exchange and insurance. For negotiators, financial services also have their own special characteristics and requirements.

Participants in the negotiations want to see more competition in the sector both to allow their companies greater opportunities abroad, and to encourage greater efficiency. Developing countries need the capital and financial infrastructure for their development. But governments also have to ensure that the system is sound and stable because of the economic shocks that can be caused if exchange rates, interest rates or other market conditions fluctuate excessively. They also have to avoid economic crisis caused by banks' failures. Therefore government intervention in the interests of prudential safeguards is an important condition underpinning financial market liberalisation.

During the Uruguay Round, the basic principles for negotiating and implementing liberalisation were agreed. The GATS deals with principles applied to all service sectors. A special GATS annex handles some of the issues arising from the special characteristics of financial services. For example, governments, central banks or other authorities have to implement effective monetary policy. They have to regulate the sector prudently in order to protect investors and depositors and to avoid financial crises, and sometimes to ensure confidentiality. The annex guarantees their rate to take prudential measures for these purposes. Many countries included financial services in their tables (or "schedules") of individual market-opening commitments in services, signed at the end of the round.

But the negotiations were incomplete and participants decided to continue talks in order to improve the financial services market-opening package. At the end of the extended negotiations, the United States concluded that offers submitted by many of its important trading partners were inadequate. The US therefore announced that its own offers would not apply to newcomers to its markets or to new activities of foreign financial companies operating in the US.

In the light of the US position, the remaining participants agreed to a proposal from the European Communities to implement their best offers until 1 November 1997. The most favoured nation principle of non-discrimination between trading partners would also apply to all WTO members. During a period of 60 days after that date, governments

### What are financial services?

During the Uruguay Round, participants listed the following activities as financial services:

- » **Insurance and related services:** life and non-life insurance services; reinsurance and retrocession; insurance intermediation, such as broking and agency services; services auxiliary to insurance.
- » **Banking and other financial services** (excluding insurance): acceptance of deposits; lending of all types including consumer credit, mortgage credit, factoring and financing of commercial transactions; financial leasing; all payment and money transmission services;

guarantees and commitments; trading in money market instruments, foreign exchange, derivatives, exchange rate and interest rate instruments such as swaps and forward rate agreements, securities, other negotiable instruments and other assets such as gold; participation in issues of new securities; money broking; asset management such as portfolio management or pension fund management; settlement and clearing services for financial assets; provision and transfer of financial information and financial data processing; advisory and other auxiliary financial services. □

would again have an opportunity to change or withdraw their commitments. The principles of this agreement are set out in the "Second Protocol to the GATS".

Altogether, 29 participants (counting the EC as one) agreed to sign the protocol. They all submitted revised tables of market access commitments, and 13 of them also submitted revised lists of exemptions from the most favoured nation principle. In addition, three—Colombia, Mauritius and the United States—also submitted revised commitments or MFN exemption lists, or both, but they did not participate in the protocol. Including the countries that made commitments in the original Uruguay Round package and new members, 81 schedules from 95 members (this time, counting the EC as 15 members) have been submitted in financial services (as of 1 December 1996). This is more than in any other services sector except for tourism.

### *What has been committed?*

Because the commitments vary so widely, it is difficult to

summarize in precise terms what they mean. But there are some common trends. In many countries, more foreign banks, securities firms and insurance companies are being allowed to operate, although various conditions may be attached and numbers can be limited. More banking, securities and insurance services can be conducted across borders by companies set up in one country supplying services to customers in another. More asset management and other financial services can be provided by wholly or partly foreign owned companies. That also means that companies ready to provide services abroad now have more opportunities to do so. For those already present in overseas markets, many find the conditions under which they do business to be improved and that they can offer more new services.

As a result, developing countries can benefit from inflows of capital and financial expertise brought in by foreign investors. Emerging markets will grow in both volume and scope as foreign investment is attracted to those markets. □

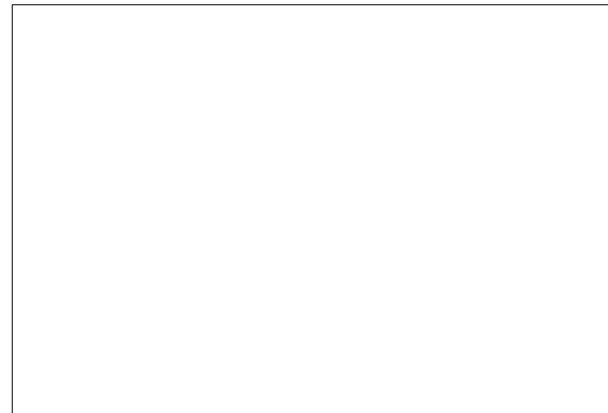
## Singapore

*(Continued from page 4)*

a domestic political issue for all of us", thus "concerns about environment, about labour standards and other apparently domestic political issues are now the legitimate concern of the WTO because they are concerns of our constituents".

Many Ministers objected to the inclusion of core labour standards in the WTO work programme. Malaysia's Minister of International and Trade Industry, Dato' Seri Rafidah Aziz, said that the WTO cannot be "a multipurpose organization that can be called upon to debate and address...social issues...and the various social ills of the world", which she said are best dealt with in other competent organizations. She said the WTO "should focus on trade and the promotion of world trade...the ensuing economic growth resulting from enhanced trade of WTO Members would assist to alleviate the social and socio-economic problems, including contributing towards better working conditions for their workforce". Brazil's Minister for External Relations Luiz Felipe Lampreia said that the issue of labour standards belonged to the ILO and that the Ministerial Conference "should not envisage any follow-up of this issue within the WTO". Pakistan's Minister of Commerce, Dr. Muhammad Zubair Khan, said that while his country was committed to improving their observance in the ILO, the issue should not be injected into the WTO because "there is no proven relationship between trade and the observance of core labour standards". He suggested that labour standards could be improved through trade liberalization, especially in labour-intensive sectors of interest to developing countries.

On the subject of regional trade agreements, a number of Ministers stressed that they complemented the multilateral trading system. Chile's Minister of Economic Affairs Alvaro Garcia said his country continued to open up its economy, multilaterally as a first priority and also through bilateral or plurilateral agreements based on open regionalism "in the firm belief that such initiatives strengthen the multilateral trading system". Canada's Minister Eggleton said that as a member of both NAFTA and the WTO, his country's vision



**Singapore-WTO Agreement.** *Foreign Affairs Minister S. Jayakumar and Mr Ruggiero, on 12 December 1996, brief the press after signing a memorandum of understanding on holding regional training seminars for developing country officials in Singapore in the near future.*

of the future is "not one of impenetrable trading fortresses, but one of free trade across all regions". Japan's Foreign Affairs Minister Yukihiko Ikeda said that in addition to lowering its average industrial tariff to 1.5% after the Uruguay Round, Japan has accelerated in April 1996 tariff reductions, on an m.f.n. basis, on 697 industrial products as part of its liberalization measures under APEC. He underlined WTO's function in formulating multilateral disciplines "to ensure the smooth flow of trade against the background of deepening economic interdependence and globalization"

Regarding the WTO's future agenda, some Ministers pushed for more trade liberalization. Australia's Deputy Prime Minister Tim Fischer said his country would be looking to the 1998 Ministerial to endorse its proposal for comprehensive negotiations on industrial tariffs in 1999/2000. Sir Leon Brittan hoped that "this week's decisions should make it possible for us to launch in due course the further broad-based round of talks, which could properly be called the Millennium Round, that I personally believe we can start by the end of the century". □

## Ministers underscore importance of ATC implementation for developing countries

Trade Ministers in Singapore confirmed their commitment to the “full and faithful implementation of the provisions of the Agreement on Textiles and Clothing (ATC)”. They stressed the importance of integrating trade in textiles products into GATT 1994’s strengthened rules and disciplines because of its “systemic significance for the rule-based, non-discriminatory trading system and its contribution to the increase in export earnings of developing countries”.

The Singapore Ministerial Declaration, among other things:

- » Attached importance to the implementation of the ATC to ensure an effective transition to GATT 1994 by way of progressive integration;
- » Stated that ATC safeguard provisions should be used as sparingly as possible and noted concerns regarding the use of other trade distortive measures and circumvention;
- » Reiterated the importance of fully implementing ATC provisions relating to small suppliers, new entrants and least-developed country members, as well as those relating to cotton-producing exporting members;
- » Reaffirmed that all members shall take action as may be necessary to abide by GATT 1994 rules and disciplines so as to achieve improved market access for textiles and clothing products;
- » Called on the Textiles Monitoring Body (TMB) to achieve transparency in providing rationale for its findings and recommendations; and
- » Emphasized the responsibility of the WTO Council for Trade in Goods in overseeing the functioning of the ATC, whose implementation is being supervised by the TMB.

### Fundamental change

International textiles and clothing trade is going through fundamental change under the 10-year transitional programme, which began in 1 January 1995, and is set out in the ATC.

Textiles remains one of the hardest-fought issues in the GATT and WTO. For many developing countries it was the prospect of ending the quota system that encouraged them to agree to negotiate the new issues of intellectual property, services and investment in the Uruguay Round. In the run-up to the 1996 Singapore Ministerial Conference, textiles again became a focus of attention for many members. Detailed discussions were held in the WTO’s Goods Council about ATC implementation and related issues.

Up to the end of the Uruguay Round, textiles quotas were negotiated bilaterally and governed by the Multifibre Arrangement (MFA). This contained rules for the imposition of selective quantitative restraints when surges in imports caused, or threatened to cause, market disruption. The quotas incorporated annual growth rates, the standard rate being 6%, although the actual rates varied considerably. The MFA was a major departure from the basic GATT rules, and particularly the principle of non-discrimination. It has now been replaced by the ATC and the ten-year liberalization programme. All quotas, as well as their growth rates, existing

### Impact of the Uruguay Round

World trade in textiles and clothing is substantial and rising. It amounted to US\$311 billion in 1995, accounting for 6.3 per cent of all merchandise exports. Textiles trade increased by 17 per cent, and clothing by 13 per cent.

According to an estimate in 1994 by what was then the GATT Secretariat, the removal of quotas and a reduction in tariffs could add 18 per cent to the value of trade in *textiles* (excluding clothing) by 2005. Liberalization under the WTO would increase the value of *clothing* trade by as much as 69 per cent. This growth is a major factor behind the estimated 14-37 per cent expansion in exports calculated to accrue to developing and transitional economy countries as a result of the Uruguay Round. □

under the MFA on 31 December 1994 were carried over into the WTO agreement, but their levels will automatically increase during the 10-year transition period.

The ATC says that the sector will be integrated into GATT 1994 in four steps (marking the beginning and end of three periods). On 1 January 1995 members were required to integrate no less than 16% of the total volume of 1990 imports; on 1 January 1998 a further 17% will be integrated, followed by 18% on 1 January 2002 and the remainder (maximum 49%) when the ATC itself is to disappear, on 1 January 2005. Each member chooses what products to integrate, provided they cover at least one product of each of the four groupings—tops and yarns, fabrics, made-ups and clothing. As products are integrated into GATT, any quotas imposed on them will be removed. Through the staged integration process, the textiles and clothing products covered by the provisions of the ATC will progressively shrink, and the number of quotas will diminish, until the ATC’s own elimination on 1 January 2005.

The task of supervising the details of the agreement’s implementation is given to the TMB, consisting of a chairman and 10 members. WTO members agreed in January 1995 on a formula for appointing the 10 members. Once appointed, TMB members are expected to serve in their personal capacities, not as representatives of their countries.

### Issues

In mid-1996, when Pakistan, the United States, European Communities and others presented papers to the WTO Goods Council. Pakistan, acting also on behalf of the WTO members from the Association of Southeast Asian Nations (ASEAN), Hong Kong, India, and Korea, identified ten issues the group wanted discussed. Overall, this Asian group said the developed importing members were not living up to the liberalizing spirit of the agreement and that the interests of developing countries were not being served. Industrialized members countered that they had fully met the commitments that they had made and argued that some

## Phasing out quotas, growth rates for remaining quotas: the ten-year schedule for integrating the sector into GATT rules

Step	% of products to be integrated at start of stage (based on 1990 trade)	Expansion of growth rate for remaining quotas	Example of quota growth (to be applied annually), based on 6% rate under former MFA
<b>Step 1:</b> 1 January 1995 (to 31 December 1997)	16%	Existing growth rate x 16%	7%
<b>Step 2:</b> 1 January 1998 (to 31 December 2000)	17%	Resulting growth rate of step 1 x 25%	8.7%
<b>Step 3:</b> 1 January 2002 (to 31 December 2004)	18%	Resulting growth rate of step 2 x 27%	11.05%
<b>Step 4:</b> Full integration into GATT (and final elimination of quotas) (1 January 2005)	49%	Remaining quotas are eliminated.	

exporting countries retained high import barriers. The most debated points were the following:

### Quotas and integration

Developing countries said the importing countries were using the four-step schedule to postpone until the last day the integration of the bulk of commercially meaningful items. According to the exporters, this meant that for most of the 10-year period they would gain little. They cited the fact that the integration programmes of 1 January 1995 saw only one quota actually removed.

The importers said the emphasis on removal of quotas painted an incomplete picture because gradual liberalization was already taking place through the increased growth rates of the quota levels that remained in force. Some have argued that in some cases the accelerated growth would make the quotas so large as to be non-binding before the end of the transition period.

### Market access

The US, the EC and other importing members complained that existing high tariffs, newly raised applied tariffs, and non-tariff barriers prevented them from expanding their exports to many developing country markets. The developing countries argued their tariff schedules conformed with commitments agreed in the Uruguay Round, and that no complaints had been made in the relevant WTO bodies. They opposed linking market access and quota phaseout.

### Safeguards

The agreement's special transitional safeguard provisions were intended for situations where surging imports of specific products cause serious damage (or pose a threat of damage) to the domestic industry of the importing country. In this sector, safeguard actions can be aimed at imports of specific products from specific countries, unlike the regular safeguards provisions of the WTO applied to other goods. In 1995, the first year of the agreement, the United States invoked the safeguard provisions 24 times against 14 exporting developing countries. The developing countries say that



*Textiles, as in GATT, remains a much-debated issue in the WTO. (ILO Photo)*

this clause should be applied as sparingly as possible and that it had been invoked on fragile grounds. The United States countered that its use of safeguards had complied with the agreed rules and procedures. Since mid-1995 the US had applied only one new measure.

### Circumvention

Developed countries expressed the concern that effective implementation of the agreement depended on exporting members adopting effective measures to prevent circumvention of the agreement and that closer cooperation was needed in this area. The developing countries said the agreement already provided sufficient procedures for dealing with circumvention and that they fully implemented these.

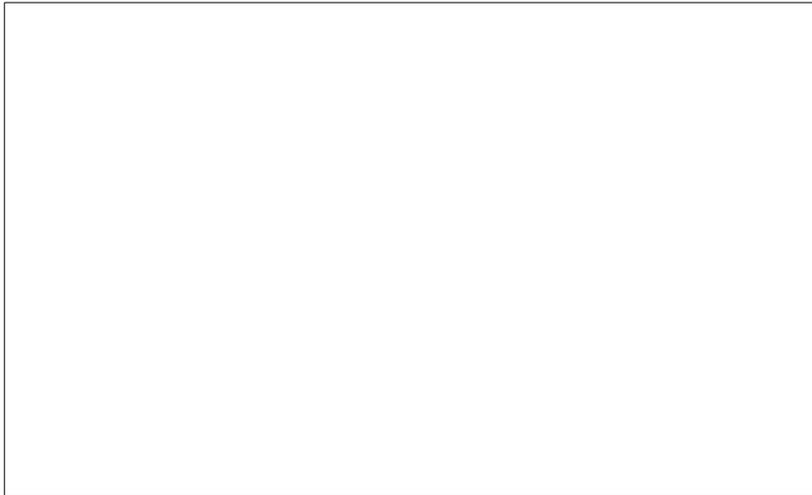
### Rules of origin

In mid-1996, the United States changed the rules it uses to identify where a textiles or clothing product comes from. Some developing countries complained this affected their trade negatively, and that the United States had not been properly observing principles laid down in the textiles agreement and in the WTO's Rules of Origin Agreement pending harmonization of origin rules. The United States noted that it had held and was holding the necessary consultations in accordance with the ATC, that the changes conform with WTO agreements, and that members were free to challenge the changes in the appropriate forum.

### The TMB

Concerns were expressed by some exporting members that, to retain the confidence of all members, there was a particular need to make the TMB's work more transparent, notably in explaining the reasons behind its decisions, and to ensure its members really participate in their personal capacities rather than representatives of their countries so as to ensure impartiality. A number of delegations stressed that overall responsibility for overseeing the functioning of the textiles agreement and the work of the TMB lay with the Goods Council, which includes all members.

The other points discussed related to **bilateral arrangements** (under the transitional safeguard), the treatment of **small suppliers** and **least-developed country members**, the particular interests of **cotton-producing exporting countries**, use of **trade measures for non-trade purposes**, and the **relationship between restrictions and regionalism**. □



IMF Managing Director Michel Camdessus and WTO Director-General Renato Ruggiero exchange copies of the cooperation agreement. At left is Ambassador William Rossier of Switzerland, Chairman of the WTO General Council.

## WTO-IMF agreement

A far-reaching globalization of economic activity has resulted in an ever-growing interdependence among different areas of economic policy. Trade and financial policies and developments are increasingly interlinked within countries and in the way they affect other countries. Therefore, given their responsibilities in these areas, the International Monetary Fund (IMF) and the WTO moved on 9 December 1996 in Singapore to strengthen their relations when WTO Director-General Renato Ruggiero and IMF Managing Director Michel Camdessus signed an Agreement for future cooperation and collaboration.

The Agreement lays the basis for carrying forward the WTO's Ministerial mandate to achieve greater coherence in global economic policy by cooperating with the IMF as well as with the World Bank; a cooperation agreement between the WTO and the World Bank was also recently finalized. Reflecting the synergies in the work and responsibilities of the IMF and the WTO, it provides channels of communication to ensure that the rights and obligations of Members are integral to the thinking of each organization. Finally, in keeping with enhanced cooperation, the Agreement accords observer status to the IMF and WTO in certain of each other's decision-making bodies.

The benefits of the Agreement include better access for both organizations to each other's information and

data. Now that the institutional footing has been put in place, it is expected that work will start soon to address issues related to achieving better coherence in global economic policy making, an area where the WTO, the IMF and the World Bank each have distinctive roles. □

### HK in Gov't Procurement

The WTO Committee on Government Procurement, on 5 December, approved the accession of Hong Kong to the Agreement on Government Procurement (1994) on the terms negotiated. The Agreement will enter into force for Hong Kong 30 days after the date it deposits its instrument of accession with the WTO Director-General.

The Committee Chairman, Mr Harald Ernst (Switzerland), welcomed the decision as sending a positive signal to on the importance of the further opening of government procurement markets. □

## AGENDA

The following is a tentative schedule of WTO meetings:

February	
3	Working Party on Subsidy Notifications
4-5	Textiles Monitoring Body
6	Committee on Rules of Origin
7	GENERAL COUNCIL
10	Group on Basic Telecommunications
10-12	Textiles Monitoring Body
11	Working Party (WP) on Estonia
14	Committee on Technical Barriers to Trade; Committee on Trade in Civil Aircraft
15	Group on Basic Telecommunications
17	Committee on Trade and Development
18	WP on Preshipment Inspection; WP on State Trading Enterprises; Council for Trade in Services
19-21	Ctee. on Regional Trade Agreements
20	WP on Seychelles
21	Committee on Market Access
24	Ctee. on Government Procurement
25	Dispute Settlement Body
26	Council for TRIPS; WP on Latvia
27-28	Textiles Monitoring Body

### WTO FOCUS

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## NEW WTO PUBLICATIONS

CD-ROM:  
Results of the Uruguay Round

This unique CD-ROM contains all the legal texts and countries' market-opening commitments that were the result of the 1986-94 Uruguay Round of trade talks, in English, French and Spanish (the WTO's official languages). It also includes a computer application to help users search for information and compare countries' commitments.

This material covers 30,000 pages of legal text and tables of commitments. It includes the new General Agreement on Tariffs and Trade (dealing with trade in goods), the General Agreement on Trade in Services, the trade-related intellectual property rights agreement the new WTO dispute settlement system and related documents.

Price: Swiss Francs 1,000

The WTO  
Annual Report  
1996

This new publication combines two of the most popular series published under the WTO and its predecessor, GATT - International Trade: Trends and Statistics and GATT Activities. It also includes a report on trade policy developments and an annual review by the WTO Director-General, Mr. Renato Ruggiero.

The 1996 two-volume report has a special section on "Trade and Foreign Direct Investment". It provides a comprehensive view of the current state of the multilateral trade system and a compilation of trade statistics for 1995/96. A CD-ROM will be available soon.

Available in English, French and Spanish SF 75.-

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Governments meet to consider  
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EXIT





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The logo of the World Trade Organization, featuring a stylized globe composed of several white, curved, parallel lines of varying lengths, arranged to suggest a sphere. The text "WORLD TRADE ORGANIZATION" is written in white, uppercase letters around the top and sides of the globe.

Singapore - WTO Joint  
Training Programme  
For Developing Countries  
Signing Ceremony  
December 1996



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S. JAYAKUMAR

RENATO RUGGERO



