

**PREPARATORY COMMITTEE  
FOR THE  
WORLD TRADE ORGANIZATION**

**RESTRICTED**

PC/M/3

7 July 1994

(94-1418)

**PREPARATORY COMMITTEE FOR THE  
WORLD TRADE ORGANIZATION**

**MINUTES OF MEETING**

**Held on 27 June 1994**

1. The Preparatory Committee for the World Trade Organization (WTO) held its third meeting at the level of Heads of Delegations under the Chairmanship of Mr. Peter D. Sutherland.

A. **Review of Work done under the Sub-Committees**

(a) **Sub-Committee on Trade and Environment**

2. Mr. Lampreia (Brazil), Chairman of the Sub-Committee, reporting on the Sub-Committee's work thus far, said that it was pursuing its work in the context of the terms of reference and work programme contained in the Ministerial Decision on Trade and Environment (MTN.TNC/45(MIN), Annex II). One formal meeting of an organizational nature had been held on 11 May, and two informal meetings had subsequently been held to discuss which elements of the work programme would constitute the initial focus of the Sub-Committee's work. A second formal meeting was planned for 12 July. The Sub-Committee was of the view that it was working on a continuum basis, and that the substance of the work programme it had initiated would continue beyond the life-span of the Preparatory Committee. This had been made clear by the Ministerial Decision, which directed the first meeting of the General Council of the WTO to establish a Committee on Trade and Environment which would essentially carry on with the substance of the Sub-Committee's work.

3. The Committee took note of the report by the Chairman of the Sub-Committee.

(b) **Sub-Committee on Services**

4. Mr. Marhuser (Sweden), Chairman of the Sub-Committee, reporting on the work of the Sub-Committee thus far, recalled that at the meeting of the Preparatory Committee on 31 May, its Chairman had reported on the proceedings of the first meeting of the Sub-Committee held on 19 May, and on its work programme and priorities for the rest of the year. As regards developments in the three Negotiating Groups - on Basic Telecommunications, Movement of Natural Persons and Maritime Transport Services - which had been set up pursuant to the Decisions taken by Ministers at Marrakesh, all three Groups had held their first meetings in May, and would meet again on 11, 12 and 13 July, respectively. He had been holding consultations regarding the appointment of Chairpersons for these Groups, on the basis of which he had proposed the following appointments: Mrs. Bautista (Philippines) as Chairperson of the Negotiating Group on Movement of Natural Persons; Mr. Kenyon (Australia) as Chairman of the Negotiating Group on Maritime Transport Services; and Mr. MacMillan (United Kingdom) as Chairman of the Negotiating Group on Basic Telecommunications. These appointments had been proposed in a written procedure under which they would be confirmed unless objections were received in writing by the end of that day. No objections had yet been received and he was confident that these appointments would be confirmed. Agreement had also been reached on the participation of observers in the Negotiating Groups. He informed the Committee that he was about to start consultations on the establishment of a Negotiating Group on Financial Services, which was

likely to be constituted in the autumn, and recalled that the Ministerial Decision on Financial Services, unlike the other Decisions to which he had referred, had not established a negotiating group. With regard to the Sub-Committee on Services itself, one of its first priorities was to complete a report on outstanding questions relating to the scope of the Agreement on Services. He had held a first informal meeting on this subject and another such meeting would take place shortly before the summer break. The Sub-Committee was scheduled to meet on 15 July.

5. The Committee took note of the report by the Chairman of the Sub-Committee.

(c) Sub-Committee on Budget, Finance and Administration

6. Mr. Szepesi (Hungary), Chairman of the Sub-Committee, reporting on the work of the Sub-Committee thus far, said that it had met on a number of occasions and that various informal consultations had also been held. Furthermore, Mr. Gosselin (Canada), Chairman of the GATT Budget Committee, was heading an informal working group on guidelines for the assessment of WTO members' budget contributions. With regard to the seat for the WTO, the consideration of the offers of the Federal Republic of Germany and Switzerland, proposing Bonn and Geneva respectively as the site of the WTO, had started as scheduled. The two offers had been distributed simultaneously to members of the Sub-Committee on 15 June. Representatives of the two governments and cities concerned had made formal presentations of their offers to the Sub-Committee in the previous week. Following these presentations, and in accordance with a procedure approved by the Sub-Committee, he would hold consultations, together with Mr. Gosselin, in order to determine an emerging view. All members of the Sub-Committee would be consulted, and he indicated that the first round of these informal consultations would take place during the first part of the following week. Delegations would shortly be advised by the Secretariat about the timing of the consultations. It was imperative that delegations participated in these consultations with clear instructions and views from their authorities regarding their preference for the WTO seat. He would report to the Sub-Committee on the results of these consultations, hopefully with a recommendation on the seat and on the mandate to be given for the negotiation of a headquarters agreement. The objective remained to have the issue of the seat settled by the Preparatory Committee before the summer break. The Sub-Committee would therefore aim to approve its recommendation not later than 15 July. He added that a short while earlier, he had received a communication from the municipal authorities of Bonn inviting a representative group of 10 or 15, or even more, permanent representatives to visit Bonn in the near future. Consultations would need to be held on that initiative very soon.

7. As regards guidelines for the assessment of WTO members' budget contributions, he had, as he had mentioned earlier, asked Mr. Gosselin to head an informal working group, the composition of which was comparable to that of the GATT Budget Committee. Mr. Gosselin had informed him that several consultations had already taken place, and that discussion had primarily centred on the basis for the calculation of assessments. Consideration was being given to the question of whether and how trade in services and trade aspects of intellectual property rights, in addition to the current GATT practice of using data for trade in goods, could be taken into account. Other issues that had been discussed included, inter alia, the question of how to deal with the Agreements in Annex 4 of the WTO Agreement, and with the expected parallel existence of the WTO and GATT for an initial period. Some other areas such as minimum contributions, arrears related to the GATT and the treatment of eventual arrears in the WTO would be examined at a later stage. It was his expectation that the Chairman of the informal working group would make a full report to the Sub-Committee, hopefully with appropriate recommendations, before the end of July.

8. The Sub-Committee had started to study the question of the organizational structure and initial staffing requirements of the WTO Secretariat. The GATT Secretariat had put forward a proposal in this regard, which had been introduced and considered in informal meetings. He drew attention to

the fact that this proposal might have implications already in 1994, i.e. in the GATT budget for the current year. He was continuing consultations with delegations and hoped to be in a position in the near future to obtain the views of members, thus enabling the Sub-Committee to propose some preliminary decisions in this important area. The Sub-Committee would soon have to proceed to the examination of other related issues, such as staff conditions of service. Examination of budget estimates for 1995 would follow after the summer break, when other key elements, such as the site of the WTO, would also be known.

9. Finally, with regard to the other tasks relating to the financial regulations, the transfer of the property, including financial assets, of the ICITO/GATT to the WTO, and the transfer and the terms and conditions of the transfer of the GATT staff to the WTO Secretariat, it was his intention to take up these matters once further progress had been made in the areas he had mentioned earlier. As regards the relationship between the International Trade Centre (ITC) and the WTO, it had been agreed that more time should be given to the new Executive Director of the ITC not only to settle into the ITC, but also to get acquainted with the situation before taking up this question.

10. The Committee took note of the report by the Chairman of the Sub-Committee.

(d) Sub-Committee on Institutional, Procedural and Legal Matters

11. Mr. Kesavapany (Singapore), Chairman of the Sub-Committee, reporting on the work of the Sub-Committee thus far, said that on the basis of the mandate granted to it by the Preparatory Committee, the Sub-Committee had prioritised the various aspects of its work as follows: work on terms of reference and rules of procedure for all WTO bodies; relations between the WTO and other international organizations; transitional arrangements; and preparation of the report of the Preparatory Committee. To facilitate discussion on the first three items, the Sub-Committee had requested the Secretariat to prepare background papers on each. On 22 June, the Sub-Committee had met informally to exchange views on the Secretariat's paper on the first item, and to discuss related matters. Following the discussion, the Secretariat had been requested to prepare a follow-up paper in which standard terms of reference for WTO bodies and a common set of rules of procedure applicable to all such bodies would be suggested. With regard to the terms of reference, it was agreed that these should be as reflected in the various agreements contained in the Final Act. As regards rules of procedure, the intention was to compile them into a WTO handbook of rules which all bodies could use. The paper that the Secretariat would produce would also identify the need, if any, for specific arrangements to be devised for particular WTO bodies and agreements. On the question of specific arrangements, he informed the Committee that on matters relating to agriculture, an informal open-ended contact group had been established. This group, which would function under the aegis of the Sub-Committee, would submit periodic progress reports. The Sub-Committee would examine and decide on the need for similar contact groups to be established in other areas that required advance work to be done in order that the Uruguay Round Agreements concerned were ready for implementation from the first day of the entry into force of the WTO or immediately thereafter. He had been approached by several delegations with a view to setting up two other contact groups to deal with matters relating to TRIPs and Anti-dumping and Subsidies, and was holding consultations on this matter. Work on the second and third parts of the Sub-Committee's mandate, namely the WTO's relations with other international organizations and transitional arrangements, would commence as soon as the background papers by the Secretariat were ready. With regard to the report of the Preparatory Committee, this would be undertaken at the very end of the Preparatory Committee process.

12. Turning to another issue, he said that he had been directed by the Sub-Committee to refer the question of the composition of the Textiles Monitoring Body to the Chairman of the Preparatory Committee with a view to having the Committee consider whether this task might be allocated to the Sub-Committee, and that he had done so through a letter dated 21 June. The Sub-Committee awaited

a decision by the Committee before including this matter in its programme of work. As regards observers at the formal meetings of the Sub-Committee, invitations would be extended to all those organizations that presently attended Preparatory Committee meetings. Further requests for observer status would be dealt with on a case-by-case basis. In this regard, he had received a request from the FAO, which would be presented to the Sub-Committee at its next meeting for consideration. In conclusion, the Sub-Committee planned to advance its work to the maximum extent possible before the summer break. The next formal meeting of the Sub-Committee would be held in the week starting 4 July, and another in the third week of July. The Sub-Committee hoped to make a further progress report to the Committee before the summer break.

13. The Committee took note of the report by the Chairman of the Sub-Committee.

B. Paragraph 8(c)(iv) of the Decision establishing the Preparatory Committee

14. The Chairman said that, as just indicated by the Chairman of the Sub-Committee on Institutional, Procedural and Legal Matters in his report to the Committee, the latter had addressed a communication to him which had referred to the inter-relationship between the work undertaken by the Sub-Committee in respect of terms of reference and rules of procedures for WTO bodies and the task under paragraph 8(c)(iv) of the Committee's mandate, namely to make proposals concerning the composition of the Textiles Monitoring Body. He proposed that the Sub-Committee on Institutional, Procedural and Legal Matters be asked to take up, on behalf of the Preparatory Committee, the work pertaining to paragraph 8(c)(iv).

15. The Committee so agreed.

C. Paragraph 8(b)(i) of the Decision establishing the Preparatory Committee

16. The Chairman, reporting on progress in the implementation of the Committee's Decision of 31 May concerning paragraph 8(b)(i) of its mandate, said that as regards the submission, negotiation and verification of the goods and services schedules of least-developed countries and states or separate customs territories which had joined GATT 1947 or which might become contracting parties between now and the entry into force of the WTO, the Secretariat was actively providing technical assistance to such countries or customs territories, including ad hoc missions to capitals, to facilitate the submission of draft schedules in goods and services. These countries or customs territories were being assisted in the actual preparation of their schedules. For them, and also for those whose schedules were provisionally attached to the Marrakesh Protocol, the Secretariat stood ready to do all that was possible to accelerate the bilateral and plurilateral processes concerning the negotiation and finalization of schedules, including their technical verification. In view of the time constraints, he strongly recommended that the governments concerned take the steps necessary to ensure that the work in Geneva that he had just outlined, commenced without any further delay.

17. With regard to the cases of states or separate customs territories whose requests for accession to GATT 1947 were being examined by working parties established by the CONTRACTING PARTIES to GATT 1947, and who might also wish to accept the WTO or accede to it, he noted that, at its meeting on 21 June, the GATT Council had taken note of the Committee's Decision of 31 May in respect of paragraph 8(b)(i). The Chairmen of the various accession working parties had also been separately informed of the Committee's Decision and had been requested to take action as appropriate. As members might be aware, the Working Party on the Accession of Slovenia to GATT 1947 had concluded its examination of Slovenia's accession request on 22 June. Slovenia had requested that the Working Party should reconvene to carry out the work under paragraph 8(b)(i). The Working Party would meet for this purpose after the GATT Council had considered and acted upon the Draft Protocol of Slovenia's Accession to GATT 1947.

18. A number of other governments had expressed their intention to seek original membership in the WTO. These governments were now in the process of providing information on their current trade régimes in respect of areas such as services, TRIPS and TRIMs. They would, of course, also have the additional task of preparing and submitting draft Uruguay Round schedules on goods and services for examination and approval by the Committee through the processes that the Committee had put in place on 31 May. He would provide regular reports on developments in this area to enable the Committee to maintain an effective supervisory role.

19. The representative of Sweden noted that his delegation, on behalf of the Nordic countries, had raised the question of the management of accession negotiations at the meeting of the GATT Council on 21 June. As his delegation had stated on that occasion, the multilateral trading system was on its way to becoming global in the real sense of the word. A number of requests for accession had already been made, and more were forthcoming. The Nordic countries believed that the accession process should not be hampered by administrative or resource problems, and viewed this as a matter of management and technical assistance. The Nordic countries were not in any way implying that a candidate country should be allowed to enter the GATT or the WTO on any lower level of commitments than those required to guarantee the rule and effectiveness of the trading system. Their countries did not have answers to the questions they had raised, and believed that it was important to discuss these matters, and that there should be cooperation between the GATT Council and the Preparatory Committee. They had proposed a process of consultations to consider the accession issue with the aim of formulating some kind of action plan. While his delegation would not go into details at the present meeting, it would be willing to discuss with the Chairman and with other delegations how one might proceed.

20. In response, the Chairman suggested that one would have to await the results of the consultations being conducted on this matter by the Chairman of the GATT Council. He noted that as of the Marrakesh Ministerial Meeting, in strictly legal terms only states or separate customs territories that became contracting parties to GATT 1947 prior to the date of entry into force of the WTO and whose GATT 1994 goods schedules and GATS commitments had been examined and approved by the Preparatory Committee would be eligible for original membership. Those that were not able to fulfil these requirements would have to accede to the WTO under Article XII of the WTO Agreement.

21. The Committee took note of the statements.

D. Ratification

22. The Chairman said he believed even more strongly than before that the central task for governments - and, therefore, for the Committee - was that of ensuring timely ratification so as to achieve maximum possible participation in the WTO when it entered into force. The overall picture at present continued to be positive. Most administrations were completing basic domestic requirements such as the translation of texts into national languages and the identification of possible changes needed in domestic legislation as a result of the WTO agreements. As provided for by the Final Act, the Secretariat had been making certified treaty texts available to governments. Many governments had been scheduling Parliamentary sessions on Uruguay Round Implementing Legislation in the period leading up to the Geneva summer break or immediately thereafter. All reports from the Secretariat's contacts with delegations and capitals - and his own recent visit to Washington - had confirmed that 1 January 1995 remained firm in governments' calendars. He would review the situation in respect of ratification again at the next meeting of the Committee.

23. The Committee took note of the statement.

E. Organizational Matters

24. The Chairman said that a number of delegations had brought to his attention the question of the scheduling and frequency of formal and informal meetings. As activity picked up and intensified, particularly after the summer break, it would be important that the work programme take account of the constraints of delegations. A well coordinated approach would be necessary to avoid overlapping meetings to the extent possible and to ensure constructive participation by delegations and the Secretariat. He and the Chairmen of the Sub-Committees would be in regular contact to ensure coordination. As an immediate step, he had asked the Secretariat to circulate an indicative schedule of meetings as it currently stood. At the Committee's next meeting, he hoped to give members an updated version of that schedule containing information on meetings proposed after the summer break, and planned to provide the Committee with regular updates.

25. The Committee took note of this information.