

**PREPARATORY COMMITTEE
FOR THE
WORLD TRADE ORGANIZATION**

RESTRICTED

PC/M/5

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PREPARATORY COMMITTEE FOR THE
WORLD TRADE ORGANIZATION

MINUTES OF MEETING

Held on 22 September 1994

1. The Preparatory Committee for the World Trade Organization (WTO) held its fifth meeting under the Chairmanship of Mr. Peter D. Sutherland.
2. The Chairman welcomed Burkina Faso, Grenada and Togo as the 113th, 114th and 115th members of the Preparatory Committee. He then recalled that the Committee had established the period of 6-15 December as the target date for the Implementation Conference. Keeping in view the obvious logistical considerations and the minimum preparation time needed in capitals to ensure the WTO's entry into force on 1 January 1995, he was convinced that the Implementation Conference should be held at the earliest possible date in December. The precise date and agenda would have to be fixed by the Committee at its meeting scheduled for 25 October. He would be consulting delegations on these questions. He felt it important also to recall the three basic assumptions behind the Committee's work programme: (i) the completion of all work under the Committee's mandate during the period 22 November - 5 December; (ii) the conclusion of work in the Sub-Committees relevant to action by the Preparatory Committee in terms of its mandate before, or at the very latest, during this same period; and (iii) completion of ratification processes in capitals as soon as possible after the summer break and, in any case, before the Implementation Conference. These assumptions should be kept in view in planning all of the work ahead, whether in the Sub-Committees or elsewhere. The serious time constraints under which all were working were more than obvious. He urged delegations to keep up the pace and, indeed, to accelerate it further to ensure that the substantial amount of work that still needed to be done was concluded in the eight or nine weeks available. To achieve this end, it was essential to proceed with clearly defined priorities concentrating on decisions that were absolutely necessary to bring the WTO into force as scheduled. All bodies, including the Preparatory Committee, would, of course, need to be ready to meet at short notice, when needed.
3. The Committee took note of the statement.
 - A. Review of Work Done under the Sub-Committees
 - (i) Sub-Committee on Budget, Finance and Administration
4. Mr. Szepesi (Hungary), Chairman of the Sub-Committee, said that the work programme of the Sub-Committee had been intense in the period preceding the summer break. It had dealt with several key issues, such as the choice of the seat for the WTO, the creation of 21 new posts, guidelines for the assessment of contributions on WTO Members and the selection of consultants for the Management Review, as well as the adoption of their mandate. The work programme in the autumn would be at least as heavy. At its meeting on 16 September, the Sub-Committee had agreed that, in addition to the negotiations of the Headquarters Agreement and the involvement in the Management Review, it would consider the following issues: budget estimates for 1995, the WTO contracts of employment policy, salaries and pensions, future relations between the WTO and the ITC, the basis for contributions of WTO Members as from 1996, and the transfer of assets and liabilities from ICITO/GATT to WTO.

For some of the more administrative and technical issues, the Sub-Committee would have the support of a working group chaired by Mr. Gosselin (Canada), Chairman of the GATT Budget Committee. The composition of this working group would broadly correspond to that of the GATT Budget Committee.

5. As a contribution to the Management Review, a policy debate would take place the following week, which would cover the following topics: economic research and analysis, technical cooperation, in-house expertise as against the use of other competent organizations, and media relations. On all these topics the Secretariat was circulating short "issue papers" that would identify points for consideration. As for the Management Review, interviews with Members of the Sub-Committee and with the Secretariat staff were being conducted in parallel. Together with Mr. Gosselin, he would have weekly meetings with the consultants, who would make brief oral progress reports to the Sub-Committee every second week. A draft report and the final report would be submitted respectively by mid-November and mid-December.

6. With regard to the negotiation of a Headquarters Agreement with the Swiss authorities, the Sub-Committee had agreed, following informal consultations, on the composition of the negotiating team comprised of representatives of Members and the Secretariat staff. The team would, of course, report and seek advice and instructions from the Sub-Committee on a regular basis. Providing a brief outline of the Sub-Committee's work programme in the period ahead, he said that the policy debate was scheduled for 29 September; after completion of the preparatory work within the negotiating team and consultations with Members of the Sub-Committee, the discussions with the Swiss authorities on the Headquarters Agreement would begin in early October, with a view to completing them by the end of October or early November. The latter were target dates rather than deadlines, as the ultimate priority remained reaching a good agreement. Other meetings would be arranged to allow the Sub-Committee to monitor the progress in the negotiations of the Headquarters Agreement and the Management Review. The Sub-Committee would present proposals to the Preparatory Committee on each issue for the final decision.

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

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

8. Mr. Kesavapany (Singapore), Chairman of the Sub-Committee, said that at the first meeting of the Sub-Committee since the summer break, on 14 September, he had tried to impart a sense of urgency to all, considering that less than nine weeks remained until mid-November, which he looked upon as a target for the completion of all the work that could reasonably be achieved in the context of the Sub-Committee. A number of working documents had been made available at the meeting, in particular on rules of procedure for the Ministerial Conference and the General Council, on guidelines for observer status in the WTO, and on transitional arrangements. Because these documents had been circulated only very shortly before the meeting, it had been agreed to postpone substantive discussion on these matters until the next meeting of the Sub-Committee, scheduled for 26 and 27 September.

9. At the 14 September meeting, he had also put forward what he considered to be a reasonable approach to developing arrangements of one kind or another with the other international organizations that were specifically mentioned in the WTO Agreement and with which the WTO Agreement envisaged effective cooperation. His suggestion was to prioritize the work in this area and aim at making maximum progress. Separately, delegations had been asked to give considered thought to how the question of the composition of the Textiles Monitoring Body, which the Preparatory Committee had referred to the Sub-Committee, should be handled. He was also giving urgency to the question of transitional arrangements because he believed that this would be the number one issue for the Sub-Committee. It had been generally agreed that work on terms of reference and rules of procedure for WTO bodies,

as well as on transitional arrangements, should be a priority, and he was confident that progress could be made in all these areas. He intended to keep the momentum going in order to make maximum progress, and hoped to be able to report positive developments at the next meeting of the Preparatory Committee.

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

(iii) Sub-Committee on Services

11. Mr. Manhusen (Sweden), Chairman of the Sub-Committee, said that the Sub-Committee had held its third meeting on 21 September. He recalled that at the 22 July meeting of the Preparatory Committee, he had stated that some of the issues relating to the scope of the GATS had been resolved. Subsequently, there had been further informal consultations on the outstanding issues, namely measures relating to social security, measures relating to the settlement of disputes under bilateral investment agreements and measures relating to the entry and temporary stay of certain categories of natural persons such as seasonal agricultural workers, university and school teachers under exchange programmes and working holidays and young workers programmes. Although some progress had been made towards resolving those issues, further work needed to be done before specific conclusions were reached. He would therefore be organizing further consultations on this subject. As regards guidelines for notification, he said that in preparation for the entry into force of the GATS, the Sub-Committee had started work on the preparation of guidelines for notifications under different provisions of the Agreement. A first discussion had taken place at the 21 September meeting on the basis of a note by the Secretariat. The objective of this exercise was to produce a set of guidelines that the Sub-Committee would propose in its final report. As regards negotiations on the Movement of Natural Persons, the Negotiating Group on this subject had held its second meeting on 22 September. The Sub-Committee on Services would hold its next meeting on 21 October, and the next meetings of the Negotiating Groups on Maritime Transport Services and Basic Telecommunications would take place in the weeks of 17 and 24 October, respectively.

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

(iv) Sub-Committee on Trade and Environment

13. The Chairman, presenting the Sub-Committee's report on behalf of its Chairman, Mr. Lampreia (Brazil), said that the Sub-Committee had held its third formal meeting on 15-16 September 1994, the focus of which had been the third set of issues of the work programme of the Ministerial Decision on Trade and Environment, in particular "the relationship between the provisions of the multilateral trading system and: (a) charges and taxes for environmental purposes; (b) requirements for environmental purposes relating to products, including standards and technical regulations, packaging, labelling and recycling". A spirit of positive engagement had characterized the discussion, which had been analytical and substantive. Delegations had addressed the issues in sub-item one and sub-item two, and, on the second day, a few delegations had presented some initial reactions and comments to the discussion of the first day. Delegations had been invited to raise other items for discussion, and in this context, the Chairman had reminded them that the Sub-Committee was mandated to provide an input to the Preparatory Committee on arrangements for relations with inter-governmental and non-governmental organizations (NGOs), referred to in Article V of the WTO Agreement. Discussion had ensued on this question and most delegations had seemed favourable to the idea of exploring possible ways and means to satisfy NGO demands for increasing interaction, transparency and openness in the Sub-Committee's work. It had been agreed that the Chairman would consult informally on this issue as well as on the expansion of the list of inter-governmental organization observers, and on the issue of domestically prohibited goods. The next meeting of the Sub-Committee would be held on 26-27 October, and would focus on the first set of issues of the work programme.

namely "the relationship between the provisions of the multilateral trading system and trade measures for environmental purposes, including those pursuant to multilateral environmental agreements". The Secretariat would consult with delegations to determine the appropriate date for another meeting at the end of November or early December.

14. The Committee took note of the report of the Chairman of the Sub-Committee.

B. Paragraph 8(b)(i) of the Decision Establishing the Preparatory Committee

15. The Chairman recalled that he had provided a detailed report on this subject at the 22 July meeting of the Committee. Since then, the Secretariat had received draft schedules on goods and services from Mali and the United Arab Emirates, and had been informed that other schedules - notably those of some least-developed participants - would shortly be submitted. As soon as these were received, the Secretariat would conduct a further process of verification of all the schedules still on the table. Meanwhile, technical assistance continued to be actively provided to facilitate early action by the governments concerned. He recalled that at its 22 July meeting, the Preparatory Committee had agreed that, during the period up to the entry into force of the WTO Agreement, the time-limit for approval of additions or rectifications and modifications introduced in schedules attached to the WTO Agreement should be thirty days. Under these procedures, the Secretariat had so far received and circulated two notifications of additional commitments, and nine rectifications in respect of schedules.

16. Regarding cases of States or customs territories whose requests for membership of the WTO were under examination by GATT working parties, he informed members that the Working Party on Slovenia, having concluded its work on Slovenia's Accession to GATT 1947, would meet the following week to begin examination of that government's request for acceptance of the WTO, in line with the Preparatory Committee's Decision of 31 May. The Working Party on Ecuador had met in the week of 19 September and had made good progress on the establishment of Ecuador's Protocol of Accession to GATT 1947. The Working Parties on Mongolia's Accession to GATT 1947 and on Panama's Accession to GATT 1947 were scheduled to meet in October. Consultations were being held to co-ordinate dates and work programmes of other Working Parties.

17. On ratification, he recalled that at every meeting of the Preparatory Committee, he had reviewed the overall position in this regard. Together with the Secretariat, he had been in regular contact with the capitals of all 125 participants - big and small, developed and developing - urging them to conclude ratification as quickly as possible, and was continuing to monitor the situation closely. Timely ratification by Members was clearly the top-most item on the agenda. The collective work of all would come to nothing if governments allowed the time schedule to slip. As of the present, 26 out of 125 participants had either ratified or concluded domestic ratification processes. He stressed that October was a critical period for making a substantial breakthrough in improving the present number. The Preparatory Committee meeting scheduled for 25 October was a watershed in a sense as it would fix the precise date and agenda for the Implementation Conference. As he had stated earlier, for a number of reasons the Conference should be held in very early December. These decisions would be quicker and easier if governments and the outside world could clearly perceive ratification to be gathering momentum. He believed that it was indeed gathering momentum, notwithstanding the fact that the number 26 - of governments having already ratified - seemed to have been repeated over a period of time without alteration.

18. He recalled that he had recently written to Ministers along lines relating to the importance of ratification. Several very helpful, and rather detailed, replies had already been received, for which he wished to thank the governments concerned. Almost without exception, these responses had indicated a very positive view of the likelihood of the successful completion of the ratification processes within the countries concerned. The overall assessment that one should draw from these contacts was that

things were definitely moving in the right direction. Governments were increasingly keen to bring the WTO into effect on 1 January 1995 and ratification processes in capitals were being accelerated all around the world to this end. Having said this, however, he wished also to say that this positive picture was still more the result of governments' stated intentions rather than concrete results. There seemed to be two broad categories: first, governments for whom ratification was a purely executive act or whose legislative processes were very near conclusion; and second, governments which felt that their legislative processes might even take them into late November. For reasons he had mentioned, the second category posed obvious and grave risks to the orderly conduct of the agreed programme of work. The governments in question had been repeatedly warned of the dangers involved. As to the first category, he could only stress again the need for governments, in a position to do so, to ratify now without waiting for others to act. There was a leadership question involved. Ratification was a shared responsibility and each government had to contribute.

19. The representative of the European Communities said that the present meeting offered yet again an opportunity to take stock of the ratification process and for the Chairman to remind all the signatories of the Final Act of their commitments. It was the Chairman's duty to express concern in regard to ratification, although his delegation had detected more optimism than concern in the former's statement. As far as the Community was concerned, he recalled a statement by the European Council in Corfu, Greece, on 24-25 June, calling on "the Community Institutions and Member States to do everything necessary to complete ratification in time to ensure entry into force before 1 January 1995". Nothing had changed since that date, and the Community's determination had not weakened. The Community was confident that the process would be completed in due time.

20. The representative of Brazil said that on 29 June, his country's President had forwarded to its Congress an official translation in the Portuguese language of the Agreements resulting from the Uruguay Round, accompanied by a communication underlying the importance the Executive attached to an early approval of those agreements. Regarding the legislative process itself, he said that Brazil's Congress had already started the process of reviewing the texts, and hoped that the Agreements would be ratified before the end of 1994.

21. The representative of Japan said that shortly after the opening, on September 30, of an Extraordinary Session of the Diet, his Government would submit the WTO Agreement as well as approximately ten Bills necessary to implement that Agreement to the Diet. His Government expected to obtain the approval of the Diet during that Session, given the repeated commitment expressed by his country's Prime Minister for a speedy ratification which would enable the WTO to enter into effect on 1 January 1995.

22. The representative of Canada expressed satisfaction that the Chairman had detected a sense of optimism among the participants as regards ratification. In the case of Canada, its Parliament had resumed work on 19 September. His Government intended to introduce legislation implementing the WTO Agreement in Parliament during the month of October, and he was confident that it would be passed by both Houses and that Canada would be in a position to notify a formal acceptance of the WTO Agreement to the Secretariat on time.

23. The representative of the United States said that his authorities anticipated submission of the necessary legislation in the next few days, and believed, following discussions with Congress, that there would be action on the ratification prior to Congress' recess on October 15.

24. The representative of Hong Kong said that Hong Kong was in an advanced stage of its domestic process, and would soon be able to communicate further with the Chairman, hopefully providing him with something more than a statement of intent.

25. The Chairman said he would read the silence of other delegations as consent to the 1 January 1995 date of entry into force being reiterated on their behalf by him as Chairman of the Committee, and a confirmation that the overall positivism which had come from those that had spoken reflected also the situation in every other capital around the world. While he did not want to be over-optimistic, because the deadline was indeed very tight, it would be fair to say, as he had done earlier, that there were a lot of positive signals at the moment. He hoped that these would be confirmed by real action at the end of the day.

26. The Committee took note of the statements.