
General Council
15-16 December 2003

MINUTES OF MEETING

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on 15-16 December 2003

Chairman: Mr. Carlos Pérez del Castillo (Uruguay)

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1. Follow-up to the Cancún Ministerial Conference – Report by the Chairman and the Director-General

1. The Chairman reported, on behalf of both the Director-General and himself, on the consultations they had been conducting since early October pursuant to the Statement adopted by Ministers at Cancún (WT/MIN(03)/20).¹

2. The Director-General reported on his recent activities to complement the Chairman's own efforts in Geneva.²

3. All delegations who spoke thanked the Chairman and the Director-General for their comprehensive statements and for their tireless efforts in moving the post-Cancún process forward, as also for the commitment and dedication they had brought to this process.

4. The representative of Australia thanked the Chairman for his personal contribution over the course of the year to help move the Doha negotiations forward. In the lead-up to Cancún, and since then, the Chairman had worked tirelessly and unselfishly, and against the odds, to find solutions that would enable Members to move towards a successful and timely conclusion of the negotiations. All were indebted to him for his commitment and impartiality. Australia had been fully supportive of the Chairman's efforts and the complementary activities of the Director-General in seeking to come up with the solutions Members had hoped to achieve in Cancún. In resuming work after Cancún, all had been mindful that if decisions had eluded Ministers in Cancún, there was no guarantee that a speedy resolution could be achieved by Ambassadors and senior officials in Geneva by mid-December. Members had realized that if they set the bar too high they might stumble once again. The Director-General had reminded Members again at the present meeting that in his extensive contacts with Ministers since Cancún, he had encountered overwhelming support for the Doha Round. Everywhere he had been, Ministers had indicated their determination to ensure that the negotiations regained momentum as soon as possible. At the APEC meeting in October, the heads of 19 APEC governments had called for the urgent resumption of negotiations. Australia's extensive contacts with Cairns Group partners – in capitals and in Geneva – also reflected this attitude. On 12 December, the G-20 Ministers had reaffirmed their commitment to the Round and had pledged their preparedness to contribute to completing the negotiations in 2004. The Director-General had already referred to a much wider range of similarly encouraging signals at political level from a range of other groups. Thus, at the political level delegations were clearly being asked to get on with it. Unfortunately, there was still an apparent gap between words in capitals and action in Geneva, and further effort was needed to bring them together.

5. While the negotiations might not have been completely brought back on track, considerable progress had been made in identifying the key issues. These issues had to be addressed as Members moved to the next phase. The elements were well understood. The political commitment was evident. The technical work was in hand. The task before Members was to keep moving forward by building the package one step at a time. No one would underestimate the challenges to be faced in finding the convergence and accommodation necessary to conclude these negotiations. But no one would deny the potential for these negotiations to reduce poverty and raise living standards. Most Members recognized that a collapse in the negotiations would come at considerable cost to each of them, to global growth and development prospects and to the multilateral trading system. The Chairman had identified the main issues which needed priority attention in the early part of 2004 and the way ahead in the next few months. Australia agreed that agriculture and NAMA were the keys to unlocking the negotiations. It was imperative to move forward quickly to reach a common basis for proceeding with

¹ The full text of the Chairman's statement was subsequently circulated in document JOB(03)/226.

² The full text of the Director-General's statement was also subsequently circulated in document JOB(03)/226.

approaches to negotiating modalities, establishing a way forward that neither prescribed the final outcome, nor qualified the level of ambition Ministers had agreed in Doha when establishing the mandates for these two areas.

6. In the area of agriculture, it was clear that additional flexibility and renewed leadership from the major subsidizers were needed in what those countries might be prepared to do to reduce their trade-distorting subsidies and eliminate their export subsidies. It was clear from reactions in the lead-up to Cancún, and since, that, on the part of the major subsidizing countries, sitting on their pre-Cancún positions was a recipe for stalemate. At the same time, one needed to devise an approach to market access that offered prospects for genuine improvements in access in all markets. Using the Derbez text (document JOB(03)/150/Rev.2) as a starting point, Australia believed it should be possible to lift the text's ambition to a point where it attracted consensus. However, the focus had to be on the substance of the improvements required to meet the Doha mandate, and Members should avoid being distracted by the point at which they moved from negotiating frameworks to full modalities. In the interest of balance, openness and inclusiveness, it would be sensible to reactivate all of the negotiating groups once a slate of chairs was settled in early February. The Chairpersons should then get on with the work that had been on the table at Cancún and that might have progressed since then. There should also be provision to continue, once the negotiations resumed in January, with informal consultations at the HODs level and in a variety of formats, to find a way forward on the Singapore issues and cotton. The suggestions outlined by the Chairman at the present meeting might not provide all the answers. There might be still be some loose threads, but Australia hoped that all could endorse the Chairman's approach as a sensible and pragmatic way forward.

7. The representative of Switzerland thanked the Chairman for his initiatives and able leadership. Members were now in a position to view the negotiations in their true perspective and to pave the way for the next stage in the process. Switzerland's objective in these negotiations remained the consolidation and development of the three pillars of the multilateral trading system, i.e. market access, rules, and the coherence of trade-related policies. In Switzerland's view, this objective was the purpose of the plan set in motion at Doha. Members now needed to take stock of the situation and agree on the means to advance towards that goal. In this context, one should take full measure of what had been accomplished since Doha. On the basis of a largely political Declaration, Members had done a vast amount of substantive work. They had thoroughly examined the core problems and circumscribed the most sensitive issues. They had identified the key frameworks that would serve to establish the negotiating modalities. They therefore knew the direction to take and the problems that still needed to be resolved. This in itself represented tangible progress that deserved to be recognized. Going back to the drawing board would not serve Members' purpose. On the one hand, the same problems would arise and Members would probably arrive where they were at present, except that precious time would have been wasted. On the other hand, Members would once again lose the opportunity to address the real problems of the negotiations. All needed to overcome the fear of really entering into negotiations. In Switzerland's view, the end of the problem-identification phase had almost been reached. The question now was how to move on to a further stage in the negotiations. To achieve this, one would have to build on the results of the post-Cancún consultation process, based on the Derbez text, which would enable Members to develop frameworks in order to define the modalities of a final package in line with the Doha mandate. His delegation was aware that major aspects of the text remained the subject of contention and were even being challenged. However, Switzerland did not see those difficulties as obstacles preventing Members from moving on to the next step, as long as they were willing to address these difficulties. His delegation believed there were enough points in common for Members to begin working constructively in 2004.

8. One should not make the mistake of already trying to negotiate results that would emerge from the next stage in the negotiations. Switzerland shared Australia's views that this would be both premature and counterproductive. At the present point, Members had to agree on the basis for the next negotiating phase and should refrain from seeking to determine its outcome. His delegation

believed the Chairman's proposals offered such a basis without prejudging the results, and was globally in agreement with those proposals. Switzerland had amply expressed its views on specific matters in the consultations the Chairman had conducted, and those views remained valid. To supplement the Chairman's introduction, he wished to say that the G-10 – which was a group of developing and developed countries – had difficulties with some of the aspects of the blended formula. Switzerland stood ready to address all aspects necessary to continue the negotiations in a constructive manner in the new phase due to begin in February 2004. In that same spirit, Switzerland was also willing to discuss issues of specific concern to its partners.

9. The representative of Chile said that in the process of intensive consultations following Cancún, Members had gained in transparency – as he believed that the Chairman had spoken to virtually all delegations – and in accountability. These elements were important to preserve and to underline, and provided a good basis on which to continue work. It might be disappointing that Members had not yet achieved the kind of result they had expected. However, one should not shy away from concluding that progress had been made – before, at and since Cancún. As the Chairman's report indicated, progress had been made since Cancún in terms of greater flexibility, constructiveness and engagement by delegations. He understood from the Chairman's report that Members had virtually exhausted the possibilities of further progress in the consultations. As stated by the Chairman, it was time to reactivate the substantive work at the level of the negotiating groups as early as possible – February or March 2004 – once the Chairs of the different groups had been decided, and on the basis of all the work done prior to Cancún, with the Derbez text as one element of reference. The Chairman's identification of the key issues in the areas on which he had held consultations was also very useful. There was now a basis on which to proceed with the work. This basis was open, did not prejudge the outcome and would help Members to advance their work.

10. Chile was among those who had suggested in recent weeks that the loss of a sense of urgency was one of the problems Members faced. This contrasted with the meetings of the G-20, as well as the meeting of the G-20 with the European Union, during which specific reference had been made to concluding the negotiations within the timeframe agreed in Doha. This meant that the negotiations had a renewed sense of urgency. He asked if all Members could agree to this sense of urgency and proceed with a view to concluding the negotiations within the agreed timeframe. This was an important question. Once Members defined when they wished to finalize the negotiations, they could determine how to organize their work. Therefore, one of the outstanding tasks for the incoming Chairman, or perhaps at the level of the TNC, would be to engage in a frank and open exchange and to come to an understanding about the timeframe within which Members would be operating. Members also had to make further progress in defining what was within and what was outside the single undertaking, without which there would not be a reasonable basis on how to proceed with the negotiations.

11. Some Members had now come to the conclusion that the Singapore issues should be unbundled. These issues had never been part of a package, and there was no basis on which to proceed to launch negotiations, even on one or two of these issues. Members had to agree on modalities, and Chile believed that the Chairman, with assistance from the Director-General and his deputies, should conduct consultations with a view to identifying whether or not there was agreement on modalities on trade facilitation and possibly government procurement. This should be done with a view to launching this process along with the reactivation of the negotiating groups in early 2004. This was an important element that Members had to work on in order to give a final shape to what was the single undertaking, and therefore to determine where the balance of interests lay in the negotiations. As for competition policy and investment, it was clear for his delegation that Members were very far from a consensus to start negotiations in these areas, and consequently that these issues were not within the single undertaking. Members therefore had ample time to discuss how to deal with these two issues. While there were many possibilities, care should be taken in approaching these issues. Chile agreed with the Chairman's conclusion that Members should discuss these issues at a

later stage, after the negotiations had been reactivated and the parameters of the single undertaking defined.

12. The TNC should have an enhanced role. Members had to increase the overall oversight of the negotiations, and perhaps at the level of the TNC it would be appropriate to start thinking about the timing for implementation of the results of the negotiations. The longer the timeframe to implement results, the easier the adjustment. Members should perhaps be thinking about this overall for all the issues in the negotiations, and not only for agriculture, for NAMA, or for other issues, and should have one timeframe for implementing all results. Chile wished to stress once again the importance of this issue, because the easier the adjustment, the greater the ambitions reflected in the results would be. Chile hoped that the present meeting would be able to send a positive message to the rest of the world that negotiations would resume in early 2004.

13. The representative of Brazil, reporting on a meeting of the G-20 Ministers in Brasilia on 11 and 12 December, said that the Group had met with the Director-General and with the European Union Trade Commissioner Pascal Lamy, as special guests. The G-20 Ministers had discussed with the Director-General how to move the negotiations forward, and had had a positive and open dialogue with Commissioner Lamy, with a view to considering possible new approaches to making progress in the negotiations. The G-20 Ministers and Commissioner Lamy had issued a joint press communiqué in which both sides had expressed their willingness to continue exchanging views through their delegations in Geneva and at Ministerial level in order to contribute, together with other trading partners, to a successful and timely completion of the Doha Round. The G-20 Ministers had also issued a detailed communiqué on their deliberations.³ However, given the relevance of the views expressed by the G-20 Ministers to the current discussion, he wished to summarize, on behalf of the G-20 Members, the main conclusions reached in Brasilia.

14. The Ministers had reiterated the importance they attached to the WTO and to the multilateral rules-based trading system. They had highlighted that by bringing together developing countries from Africa, the Americas and Asia with different agricultural structures and orientations within a common negotiating platform, the G-20 had substantially contributed to making the WTO process more inclusive. They had stressed that the G-20 was prepared to continue to play an important role in that respect and to extend its cooperation with other groups. They had specifically mentioned in that regard the African countries, the Caribbean, the LDCs and the countries that were dependent on preferences. Ministers had underlined the importance of cotton for a large number of African countries and had called on WTO Members to think in innovative ways to address this problem within the Doha mandate. Note had been taken of the General Council Chairman's consultations in line with the Ministerial Conference's instructions, and Ministers had stressed that the only way to reach a successful outcome in the discussions on agriculture was to achieve a fair basis for the negotiations which neither predetermined their outcome nor implied a reduction in the level of ambition of the Doha mandate. The G-20 had taken note that the text in document JOB(03)/150/Rev.2 had been the subject of extensive consultations and concerns expressed by many delegations. The G-20 had insisted that in the process of reaching agreement on a final set of modalities, the level of ambition of the Doha mandate remained the guiding principle of the negotiations, and that in such a process any framework, in order to be viable, should be consistent with the Doha mandate and lead to the establishment of modalities capable of ensuring that negotiations in agriculture would result in substantial reductions in domestic support, substantial increase in market access, phasing out of all forms of export subsidies and operational and effective S&D treatment that took into account rural development and food security concerns of developing countries.

15. Moreover, the particular concerns of recently acceded Members should also be effectively addressed in that context. The G-20 had expressed its readiness to contribute to the success of the

³ Circulated as document WT/L/559.

Doha Round in general and in agriculture in particular. Ministers had remarked in that context that the biggest trading countries, which were responsible for the main distortions in agricultural trade, should set the example so as to permit further strides in the attainment of the long-term objective of a fair and market-oriented agricultural trading system. While pledging their support for the efforts undertaken by the General Council Chairman and the Director-General, Ministers had emphasized their willingness to contribute to the prompt resumption of the work in the negotiating bodies so as to permit progress to be achieved during 2004, with a view to completing the Round within its original time-frame, because any delay would be to the detriment of developing countries, LDCs and all Members. This would require intensification of the negotiations as of early 2004. Ministers in Brasilia had instructed their representatives in Geneva to develop a work programme for the G-20 Group based on the discussions held in Brasilia and on their communiqué. They had agreed to meet again whenever necessary to consider progress in the agriculture negotiations and to coordinate their positions. The G-20 Ministers hoped that all Members would approach the upcoming negotiations with an open spirit and readiness to reach consensus that would pave the way for an effective liberalization of agricultural trade, capable of reflecting the needs and sensitivities of developing countries and the interests of the international community as a whole. The G-20 Ministers had met with President Lula of Brazil who, in his address to the group, had stressed that its strength resided with its commitment to the Doha mandate, its constructive proposals and its political legitimacy. It had thus been a very timely and fruitful meeting, and the G-20 had come out of this meeting reinforced in its disposition to pursue an active negotiating stance capable of facilitating the necessary consensus for the successful and faithful implementation of the Doha mandate.

16. Reverting to the item under consideration, he joined those who had paid tribute to the Chairman's unflagging efforts throughout 2003 and, in particular, in the months following Cancún. The Chairman's report to the present meeting would be extremely useful for the remainder of the Doha process. Members were now entering another crucial stage in the negotiations. No one had expected these negotiations to be easy. Members had set themselves a daunting task and they were pursuing it. This process had had its ups and downs, but all were equally engaged. It was important to keep in mind that this Round belonged to all Members, and they should all persevere. If it was true that little headway had been made in 2003, it was also true that Members' determination to succeed remained as strong as ever. The difficulties faced were more than offset by the importance of measuring up to the Doha mandate.

17. Members were not here to look back at the past and try to reinvent the negotiations, but to look ahead and move forward. There was much to be gained by developed and developing countries alike from the successful conclusion of the Round. The wisdom of the Doha mandate lay precisely in its balance, in its careful blend of goals and prescriptions aiming at bringing proportionate benefits to developing and developed countries alike. Developing countries had much at stake and they had to try harder, for the simple reason that the multilateral trading system was not altogether structured in their favour. The Doha mandate had been meant to change that by bringing to an end the export subsidies that compromised livelihoods in developing countries, by agreeing on substantial reductions in the domestic subsidies that depressed prices and distorted trade, by increasing market opportunities for agricultural and industrial products from developing countries, and by addressing inequalities in WTO rules through targeted flexibilities as well as strengthened and more operational S&D provisions. These were not empty slogans or mere rhetorical expressions, but goals in which Brazil believed. Brazil had signed onto the Doha mandate because these goals had been there, and that indeed had nourished Brazil's hope that the time had finally come to effectively incorporate the development dimension in trade negotiations. This could not be achieved without a strong commitment to change and reform in agriculture, which for Brazil remained the main development-oriented component of this Round. One could not reap the benefits of a development Round while only paying lip service to development conditions and needs. Developing countries needed the Round to succeed. Brazil was fully prepared to play its part, as it had always been. It believed in the multilateral trading system and in a strong WTO, and was conscious that both the future of the

multilateral trading system and of the WTO were linked to the successful outcome of this Round. In order to realize its promises, the Doha mandate should be faithfully respected. The sooner these negotiations could be concluded, the better – for developing as well as developed countries. Any delay would be regrettable, and any attempt to dilute the mandate unacceptable.

18. At their meeting in Brasilia the past week, G-20 Ministers had reiterated the importance they attached to the WTO and to the multilateral rules-based trading system. In particular, they had reaffirmed their commitment to the successful completion of the DDA based on the fulfilment of the mandate agreed in Doha. It was now time to look to the future. The Chairman in his statement had proposed a way forward. Brazil believed that the Chairman's proposal provided a sensible and realistic first step towards regaining momentum in these negotiations. Members should reactivate the TNC and the negotiating bodies and start working as soon as possible. The Chairman's consultations would certainly help in a meaningful way in the next stages of the negotiations. The Chairman had covered the field and had identified major areas of convergence and divergence. Members should build thereon and see how they could create momentum and gradually generate consensus, while remaining faithful to the mandate and incorporating every Member's main legitimate concerns. The artistry of any consensus-driven negotiation lay not necessarily in making everyone equally unhappy, as was sometimes argued, but in keeping everyone committed. For that to happen one needed adherence to the mandate and trust in the fairness of the process, as well as strong and continued leadership. Members should work as well.

19. With respect to the task to be assigned to the negotiating groups, he wished to make two brief points. First, it was essential to promote contact. By that he meant face-to-face negotiations among different countries and different groups. Consideration should be given to ways to move beyond the traditional way of doing business in the WTO based on cycles of assorted consultations followed by subsequent attempts at producing Chairman's texts. He believed all would benefit at this point from a more interactive delegation-to-delegation negotiating process. Second, his delegation was not fully convinced of the usefulness of spending a lot of time and energy on the "framework vs. modalities" discussion. What really mattered was that the final result should be in line with the Doha mandate. Procedure, as well as technical work, could not substitute for the political will required to fulfil the development promises of this Round. As the G-20 Ministers had stressed in Brasilia, in the process of reaching agreement on a final set of modalities, the level of ambition of the Doha mandate remained the guiding principle of the negotiations. In such a process, any framework, in order to be viable, should be consistent with the Doha mandate, and should lead to the establishment of modalities capable of ensuring that negotiations in agriculture would result in substantial reductions in domestic support, substantial increase in market access, phasing-out of all forms of export subsidies and operational and effective S&D treatment that took into account rural development and food security concerns of developing countries, as mentioned in the Chairman's report. He would not go into the details of the other main issues of the Doha mandate, as Brazil's positions were well known. Brazil had consistently argued that the "raison d'être" of this Round was to fully incorporate agriculture – the main unfinished business of the Uruguay Round – into the multilateral trading system. Brazil was prepared to move and to deal in any segment of the mandate, on the understanding that significant progress in agriculture could be made. As his delegation had often said, for Brazil everything in this Round was linked to everything, and the centre of everything was agriculture. As 2004 approached, Brazil would continue to engage on that basis.

20. With respect to the Singapore issues, the decision to unbundle the four issues had been wise, if somewhat belated. Members might have found themselves in an altogether different situation at present if that simple, sensible step had been taken in due time, and if Members had discussed substantive modalities for possible negotiations in due time. Brazil was prepared to work with a view to the preparation of draft modalities for trade facilitation and transparency in government procurement. He reiterated, however, that Brazil did not consider the corresponding Annexes in the Derbez text as draft modalities. These Annexes actually amounted to not much more than negotiating

mandates. Clearly, drafting these modalities would, to some extent, prejudice the final outcome in these areas, but modalities in NAMA and agriculture would also prejudice, to some extent, the final outcome of the negotiations in those areas. This should serve as no excuse for brushing aside the precondition – established by Ministers in Doha – of explicit consensus on modalities for the formal launching of negotiations on any of the Singapore issues.

21. The representative of the United States said that the Chairman's report provided a comprehensive and balanced picture of the work done since Cancún. The United States remained firmly committed to the successful conclusion of the DDA. While her delegation had hoped for more than the modest progress that had been recorded since September, the United States could see that there had been an effort to rebuild trust and confidence. That was an important first step. It was also important that Members had spent this time engaging on substance, even if this had not yet led to the convergence all were seeking. Most importantly, this work had brought Members to a point where the membership was ready to renew its efforts to advance the DDA. Like others who had attended the APEC meeting in Thailand in October, and like many other delegations in Geneva, the United States was prepared to build on the text of 13 September as a means of moving forward. Obviously, adjustments would necessarily need to be made, but the United States remained of the view that this text provided a point of departure for serious discussions. She wished to assure other Members that the United States was ready to build on the Cancún text to advance their common objectives in negotiations. The aim of the United States continued to be to try to see where further work would yield compromises that would ensure an ambitious outcome. The specific questions and issues highlighted in the Chairman's statement would be helpful in this effort.

22. At the 18 November consultations, the Chairman had reported on progress to date and his sense of the issues. In agriculture, he had asked Members to re-establish the links between the three pillars and to consider whether the package could include greater reductions in domestic support, a stronger commitment on elimination of all export subsidies, and a renewed sense of common commitment on market access. These were not easy issues, but there did seem to be a willingness to look at these questions in order to help shape the way forward. With the Cancún text as a basis, Members had something on which to build. The United States was ready to continue this work. Similarly, on NAMA the United States shared the concerns of several other delegations that the text as it stood did not meet their ambitions or expectations. The Chairman had rightly flagged the issue of the formula and sectoral approaches as being particularly difficult, along with other problems. The United States did not see any of these issues as insurmountable, provided all Members were interested in improving effective market access opportunities for one another. If the answer was yes, then Members could build on the text on that issue as well. On the Singapore issues, the United States had agreed to follow the Chairman's lead and had focused on the questions of trade facilitation and transparency in government procurement. Her delegation thanked Deputy Director-General Mr. Yerxa for having led consultations aimed at clarifying issues. Well before Cancún, the United States had advocated taking up each of the Singapore issues on its own merits, and her delegation still believed that this made good sense.

23. On cotton, the United States agreed that there were two substantive issues that needed attention – the trade-related aspects, and those development-related issues that were more in the purview of technical assistance and capacity building in the WTO and were the subject of other programs under the Integrated Framework. Cotton had not been singled out as an issue in the DDA mandate any more than horticultural products. The United States stood ready to see how best to move these interests forward, recognizing that for some of its partners, this was “the” issue in the negotiations. The United States believed that the best way to deal with the trade-related aspects of this issue was as an integral part of the agriculture negotiations.

24. On process, overall it was clear that one was looking to start afresh in the new year. A plan should be put in place by the time of the February General Council or soon thereafter that allowed the

work to begin again. How detailed this plan would be was yet to be determined. The United States knew that the Chairman would be consulting on Chairmanships in the coming days, which obviously would be an important part of the continuing process. In the informal consultations, some had argued that the issues under consideration there needed to remain in the HODs process. Others wanted to reactivate the TNC and its negotiating groups. The United States' sense was that some type of hybrid approach was likely to be necessary. At a certain point, in order to move forward one would need to engage on the broad agenda in the DDA, and not just the four issues identified thus far. To be credible, a work plan needed to ensure that all the negotiating and issue areas on the agenda had a good basis on which to resume. Whether some or all of this preparatory work should go on in the HODs process was a subject her delegation wished to explore further. No matter what was decided by Members on the way to structure the work, there was no substitute for substantive engagement among delegations. Delegations had to get out of the habit of trying to negotiate with Chairmen and should instead negotiate with one another. The United States stood ready to work with other partners to move the DDA negotiations forward in a positive direction. In closing, she wished to express gratitude and admiration to the Chairman for his leadership and untiring efforts before, at and after Cancún to move the negotiations forward.

25. The representative of Hong Kong, China said that under the Chairman's leadership, Members had come a long way since Cancún. Although his delegation was disappointed that delegations in Geneva had been unable to accomplish what Ministers had failed to achieve in Cancún, one should not over-dramatize this as yet another failure. Indeed, one should not take for granted the fact that considerable progress had been made over the two years since the launching of the Round in Doha. As the Chairman had said, the key issues were much clearer and the possible solutions more apparent. Members should not give up because they had run into difficulties or setbacks. Instead, they should redouble their efforts collectively to realize their common goal of getting the Doha Round back on track as soon as possible. Members had to maintain the momentum of the negotiations and further strengthen their political resolve to bridge differences and seek compromises.

26. He thanked Brazil for its report on the recent G-20 meeting, and welcomed the renewed commitment of G-20 members for a successful and timely conclusion of the Doha Round. He also welcomed similar statements from other delegations for a successful conclusion of the Round. On the way forward, his delegation supported the Chairman's suggestion to reactivate all the DDA bodies, including the negotiating groups and the TNC, once the Chairmanship issue was settled, and agreed that the Chairman and the Director-General should continue to maintain oversight of other aspects of the DDA falling outside the TNC's mandate. The reactivation of the negotiating groups and TNC process should be seen as a reaffirmation of Members' commitment to the DDA. However, for the negotiating groups to function meaningfully, Members needed to provide them with some guidelines or benchmarks. His delegation supported the Chairman's statement that the TNC and General Council would have to give further consideration to objectives and benchmarks for the work in 2004. His delegation was aware of concerns that benchmarks were of little practical use in this organization, as Members had so far missed most, if not all, benchmarks in the Doha Declaration. However, without some benchmarks or common targets for some of the negotiating subjects that were closely related in the eyes of many, his delegation feared there would be a greater tendency for procrastination. Thus, on balance his delegation believed that setting some guidelines or benchmarks would still be beneficial to the process and would increase the chance of making progress. This should be a prime task of the TNC after its reactivation early in 2004.

27. On substance, his delegation wished to make some brief comments on the four subjects. On agriculture and NAMA, Hong Kong, China supported the individual negotiating groups continuing to work on the frameworks, building on the Derbez text. Nevertheless, these groups should also work on individual elements of the modalities in parallel, particularly on technical issues that could benefit from the participation of experts. On NAMA, for instance, the negotiating group should start further examination on how to proceed with tackling non-tariff barriers on the basis of Members' notifications

so far. The Secretariat could also be tasked to assess the implications of different formulae proposals on Members' applied tariffs, while keeping the bound rates as the basis of formula reductions. On the Singapore issues, his delegation supported the Chairman's view that Members should continue work to explore possible modalities for two of the four issues. As his delegation saw it, the gaps on trade facilitation were fairly narrow. Members should redouble their efforts to build consensus for launching negotiations on this, a subject that would benefit all. On transparency in government procurement, Members had been working on this subject for a number of years. There seemed to be no dispute that policies and procedures on transparency in government procurement would help create an open and predictable trading environment and would foster effective competition. His delegation considered that more flexibility could be built into the modalities to address the concerns of some developing-country Members.

28. Regarding investment and competition policy, Hong Kong, China had no difficulty continuing to explore these issues in working groups. Nevertheless, a better prospect would be to make progress on trade facilitation and possibly on transparency in government procurement, if the proponents of the investment and competition policy issues could give a clear indication regarding the option of taking the latter two issues off the table. On cotton, his delegation recognized its importance for the development and livelihood of people in a number of developing countries, and appreciated the need for urgent action to address the trade issues. Hong Kong, China hoped Members could show greater flexibility and avoid getting bogged down on procedure, and could move quickly to address this issue in a practical and creative manner.

29. In mapping out the way forward in the coming year, Members should not lose sight of certain procedural and organizational issues, including when they could realistically conclude the Round. At some point, Members would also need to consider the timing of the next Ministerial Conference, once they had a clearer picture of the future direction of the negotiations, and bearing in mind the lead time required for the organizational work. Any divergences among Members on individual subjects should not divert them from the collective responsibility to get a positive and unwavering message to the outside world that they remained fully committed to the DDA negotiations and were determined to make concrete progress in 2004. His delegation hoped that others would join in to get this message across to their constituencies.

30. The representative of Argentina said his delegation had listened with great attention to the Chairman's statement. Worthy of particular mention was the frankness with which the Chairman had presented a realistic diagnosis of the situation. What that assessment reflected could in no way be deemed a failure. On the contrary, it could provide an even more solid basis for continuing the process. Like other Members, Argentina would have preferred to have been in a position at the present meeting to adopt a structure on the basis of understandings, such as those which Members had hoped to achieve in Cancún. Nevertheless, the Doha work programme was clearly a complex undertaking. If its objectives were to be achieved, all Members would be required to translate their public expressions of political will and flexibility into concrete facts. The work in the run-up to Cancún and in the process launched subsequent to Cancún was characterised by a sense of its exceptional nature. The imminence of the Fifth Ministerial Conference, coupled with evidence that Members would not be able to fulfil the objectives set out in the Doha Declaration, had compelled Members to focus on developing framework agreements as a "short cut" to achieving minimal agreements in a short space of time.

31. Likewise, in the wake of the Cancún Conference and in accordance with instructions from Ministers to continue working with a view to the present meeting, Members had embarked on a process tackling only four issues – issues considered key to unblocking the stalemate and making headway in the negotiations. From the terms of the Chairman's statement, Argentina inferred that it was acknowledged that with both the Fifth Ministerial Conference and the present General Council meeting behind them, Members once again had to take up the Doha work programme in its entirety

and comply with the mechanisms established therein. Argentina agreed both with this acknowledgement and with the fact that Members once again had to bring development-related issues – the horizontal nature of which meant that they touched upon all sectors of the agenda – to the forefront of the negotiations.

32. As regards agriculture, Members had to recognize once and for all that this was the most important issue on the DDA and the one that would determine possible progress in all other negotiating areas. In this context, it was essential that it be addressed as a priority and with the utmost urgency. Only the effective liberalization of agricultural trade, involving a removal of barriers and distortions, would enable Members to move this complex negotiating process forward. With regard to cotton, Argentina agreed that substantive treatment of this issue was more important than procedural aspects. Although Members were well aware of the significance of cotton production and trade to a considerable number of African countries, it should be recognized that addressing this issue would, to some extent, require specific instruments and possibly also specific timeframes. On NAMA, a number of issues remained to be resolved. Although no guarantee of success, if tangible progress on agriculture was perceived, it would undoubtedly be easier to make progress on NAMA.

33. On the Singapore issues, Argentina believed it would be a step in the right direction to accept that these issues should be dealt with individually on their own merits. Despite the fact that the roots of this dissociation lay clearly in the Doha Declaration, considerable effort was required to reach such a conclusion. Recent consultations on trade facilitation and transparency in government procurement seemed to indicate the inadequacy of the existing texts to allow for the adoption of decisions by "explicit consensus" in order to launch negotiations. A greater degree of specificity in defining core elements was required in order to reflect clearly the level of ambition sought, without having to start a fresh debate on the definition of the term "modalities". Argentina urged Members to respect the chronological order and balance of the Doha Declaration, given that agreements had to be reached in the established order. All of this would help a great many Members to adopt positions on these issues that would lead to the endorsement of consensus formulae which, in turn, would enable progress to be made across the entire negotiating spectrum.

34. With regard to future work and, to a great extent, in order to address the demands for inclusiveness and transparency, Argentina was in favour of the negotiating bodies resuming their work at the beginning of 2004 and of the TNC once again overseeing the negotiations. The basis for this work had to be the Doha Declaration, in conjunction with the elements which had emerged either in Cancún or during the post-Cancún consultation process and which were consistent with the Doha Declaration. In this respect, and as proof of its flexibility, his delegation would be prepared to work, in some areas, on the basis of the objective of achieving a framework agreement, provided the following: (a) that the text did not predetermine the outcome of the Round; (b) that the text did not erode the Doha mandate; and (c) that the text served to expedite and facilitate the establishment of modalities and thereby ensure that negotiations were completed by the 1 January 2005 deadline. The present time was an extremely sensitive period, and one which should motivate Members to make major efforts for convergence. Such efforts needed to come from all sides, although the greatest efforts were required from those Members responsible for the greatest trade distortions.

35. In Argentina's capacity as a member of the G-20, and pursuant to the decisions taken by the G-20 Ministers in Brasilia, Argentina reaffirmed its commitment and willingness to contribute to the urgent resumption of the negotiating process with a view to concluding the Round by the mandated date. In this spirit, his delegation was prepared to provide proof of its real negotiating will, in the context of a constructive and equitable process and during actual negotiating sessions. The success of the negotiations would hinge on an ambitious outcome compatible with the explicit balance in the Doha Declaration with regard to the predominance of the development dimension. The next stage of work had to be undertaken with the urgency needed to resolve the structural problems that were

affecting international trading rules, and thereby to strengthen both this institution and multilateralism itself.

36. The representative of Colombia commended the Chairman's efforts to put Members back on track after the Cancún Ministerial Conference, which had allowed for the participation of all delegations. His delegation also supported the Chairman's suggested approach for future work based on reactivating the work of the negotiating groups and the TNC. Colombia believed that on most issues, the Derbez text continued to serve as a good basis for continuing the negotiations, while of course using as the main source of inspiration the mandate from Ministers in Doha. The task had by no means been easy. Quite clearly, over the past years the pendulum of public opinion had swung against globalization. This had had a negative impact on the overall atmosphere in which Members conducted their negotiations. However, there were two reasons why these negotiations continued to be of the highest importance for all Members. First, over the past years there had been a clearly increasing imbalance between the regional negotiating processes and those of a multilateral character. This could lead to the creation of trade blocs which in future could make it more difficult to achieve trade liberalization in the multilateral process. Second, the critical issues – those that were lagging most regarding the liberalization process, such as agriculture – could only be dealt with in a multilateral framework. The only way to ensure that in the long run international markets remained open and liberalization increased was through multilateral negotiation. Thus, Members had to consider what could be done to ensure that negotiations got back on track in the immediate future.

37. The definition of the scope and coverage of the negotiations was essential, so that Members could organize their work in a productive manner for the future. The fact that Members had not had such a definition was what had made the atmosphere very difficult and could also lead to surprises in the future. Colombia therefore believed it was essential that Members were very clear about what remained within the purview of the negotiations and what remained outside. Regarding the latter, his delegation had in mind the Singapore issues and the extension of geographical indications. The essential point for Colombia was to know whether or not the latter issues were included in the negotiations, and whether or not those issues which remained outside the purview of the negotiations would be part of the single undertaking in the work programme from Doha. One could imagine all sorts of different scenarios and possible results and interlinkages. However, once Members had determined and defined the scope and coverage of the negotiations, it would then be much easier to determine what Members did with those issues which remained outside the framework – whether they continued to deal with them within the WTO or removed them from their agenda of work altogether. However, trying to decide now what issues should be in or out made the discussions much more difficult. His delegation was ready to negotiate on modalities for trade facilitation and transparency in government procurement. Colombia had always made it absolutely clear that it was a proponent of trade facilitation, and his delegation was ready to work on the issue of government procurement as well, where it felt there was still some possibility in the negotiations.

38. Once the scope and coverage of the negotiations were defined, Members had to consider the results they hoped to achieve. Quite clearly, unless Members had an ambitious result in agriculture, many delegations – particularly the developing countries, including Colombia – would find it difficult to demonstrate an ambitious approach in other areas, such as industrial goods or services. This was why the balance Members had to strike between the different issues on market access would ultimately determine how ambitious they could be, generally speaking, regarding the overall results of the Round. Thus, it would be important to draw up an ambitious package including all the crucial issues of these negotiations. For well-known reasons, 2004 would not be an easy year in which to push forward these negotiations. However, Colombia felt that Members should not rush to meet the initial deadline for the completion of the negotiations. Rather, the work in 2004 should serve to help Members advance the negotiations. The initial deadline of 1 January 2005 should in no way become a strait jacket that would result in a less ambitious outcome than Members would have been able to obtain had they spent the time necessary to create conditions conducive to a more ambitious package.

39. Regarding S&D treatment and whether or not this organization could consider new plurilateral agreements, on the one hand the developing countries – in particular the poorer ones – had made it quite clear that they needed tangible results from the multilateral trading system, and for this reason they had raised certain specific issues like cotton. An organization with increasingly complex and numerous agreements needed to take into account the differences in the level of development of its Members – some might have a US\$200 per capita income and others US\$37,000. Thus, Members unquestionably had to be constantly rethinking the whole issue of S&D treatment in order to see how certain agreements could perhaps be improved upon, with a view to helping Members implement them, since some could do this easily while others lacked the minimum level of development necessary to assume certain obligations. This issue would inevitably require a lot of discussion in the context of the future of this organization.

40. However, it was clear that for developing countries to take the extreme position that any potential obligation they could not assume could not be discussed in the WTO would not be beneficial to anyone, because it meant that these discussions would be pushed over to other fora outside the WTO. This would be the worst possible situation that could arise for the developing countries. If Members wanted to make progress in these negotiations, 2004 could only be successful if they had a pragmatic approach. His delegation therefore joined its voice to those who had said Members should not discuss at great length whether they would achieve a framework or modalities or not. This was terminology that tended to confuse Members. All Members had to do was forge ahead step by step with the requisite political will. It was only in this way that with such a complicated political environment in 2004, Members could maintain a certain vitality and dynamism in these negotiations. The Chairman's approach was fully acceptable to his delegation, who again thanked the Chairman for his considerable efforts and the results achieved.

41. The representative of Canada said that while the consultations had not led to the kind of convergence Members would have hoped for, Canada shared the views of others that this process had been useful, as the Chairman had said. This had required a lot of time and care from both the Chairman and the Director-General. In addition, the consultations had served to reconfirm Members' collective support for the negotiations launched in Doha two years earlier, as well as their collective interest in obtaining the benefits these negotiations could bring to all. Furthermore, these consultations had also clarified where there were similar views and where there were divergent views and differences, as well as some options for closing some of the gaps that had arisen. While delegations in Geneva had not achieved by 15 December all that Ministers had failed to achieve in Cancún, this should not be totally surprising, and Members were saying at the present meeting that they had re-engaged. This was important to reconfirm not only to themselves but also to the outside community. Cancún had not been an easy meeting, and as most had said, had been very disappointing. Cancún had been the source of many different divides. It was not easy to pick up the pieces after Ministers had come together and failed, and yet there had been no recriminations or vindictiveness. Thus, Members should not sell themselves too short. The reality was that Cancún had failed and Members were trying to pick up the pieces, and the message that Members were indeed back in business and re-engaged constructively would hopefully be received by the outside community. There was need for a positive reaffirmation of belief in the Doha agenda, but not to re-launch negotiations, as one could only launch negotiations once. Chile had made an appropriate point in suggesting that Members had lost a sense of urgency. Members needed to recapture that sense of urgency and re-establish the momentum lost in Cancún.

42. All knew that over the past 50 years and eight rounds of negotiations, Members had had some very good and some very bad meetings. Those delegations were right who had said that Members needed to find the urgency and momentum that would bring them closer to the completion of the DDA. As the Chairman had said, the challenge was threefold. First, to build on the progress made before and at Cancún and on the progress made during the past several months of consultations. Leadership had to come from the rank and file. Some Members had said that the biggest delegations

had to move the most, and while there was validity in that, it did not mean all others could sit back and watch. Movement had to come from both big and small delegations – from both developed and developing countries – and this would not happen if Members took an "over to you" attitude. The latter would not comprise the give and take of a justifiable negotiation. As Australia had noted, a number of countries had been suggesting in the past few months that Members should get on with the task, but doing so meant getting on to the details, and that was clearly where the devil resided.

43. On agriculture, which was the first among equals of issues, there was an expectation that the two big delegations – while they should be, and had been, commended for their joint paper and for that first important step without which Members would not have had any semblance of any negotiations anywhere – would have to go beyond that first paper and to try to converge their respective positions with the rest of the membership, if progress were to be made. He said that it had not been until these two delegations had put their paper on the table that Members had really seen the cut and thrust of anything that could be called negotiations, which was why Canada and many other countries had commended both the United States and the Community for their paper. At the same time, these two delegations would need to see some movement from other countries and groups of countries. From what Brazil had said, the G-20 had had a fairly successful meeting in Brasilia, which had also involved the Director-General and the European Trade Commissioner. The G-20 had been a very successful force for pushing for serious agricultural reform, which Canada fully supported. At the same time, there also had to be a healthy give and take shown by the G-20, whether in the agricultural domain or outside of it. At some point, all Members would need to move together. It was not clear when that point would come and how this would be done, but there was a sense that all Members needed to move together and perhaps towards the centre, not only in agriculture, but in the other issues as well.

44. The second challenge was to develop a process that would allow Members to address as many outstanding questions and issues as possible, and thereby help close gaps and build consensus. Colombia had been very candid in saying that 2004 might not be an easy year, and Members needed to be realistic about this. Canada did not agree with those who had said it did not matter whether there was an election in the United States or historic European expansion in Europe. Members needed to find a way in which some major delegations could deal with their local political circumstances, while at the same time trying to maintain a certain sensitivity to many of their trading partners on many sensitive issues in an attempt to try to get the international politics right. Thus, 2004 would be challenging, but it could also be profitable if Members defined their goals and work plan in a realistic way. If approached in a pragmatic way, 2004 could be a profitable, worthwhile year, notwithstanding the fact of certain undeniable realities in a number of constituencies.

45. The third challenge was to sustain the ambition Members had set out in Doha, so that all could benefit from the completion of an ambitious DDA. In this regard he agreed with Brazil's statement that Members should not dilute the agenda or the historic commitments of Doha. Members should try to hold out for the right deal rather than the proverbial quick deal, and he hoped that Members would not give in to the temptation – for the sake of the clock or for any other reason – to forsake the historic commitments of Ministers in Doha. In view of these three challenges, Canada very much supported the agenda set out by the Chairman, and encouraged other delegations to embrace that approach at the present meeting. Regarding the selection of the 2004 Chairs, Canada felt that this too should be approached with pragmatism, and that a change should not be made merely for the sake of change. Where Chairs were doing a good job and wished to pursue that responsibility, Members should not seek to replace them. Regarding the resumption of the work of the negotiating bodies early in 2004, Canada supported an early resumption, even though it might not be easy to establish on what immediate grounds the work of each negotiating group would resume and what the 2004 work plan would be. At some point in 2004, Members – as well as Ministers – would have to give some attention to the overall agenda, but until further notice, the January 2005 deadline would remain valid. However, candidly he did not think Members would be hard pressed to meet that date,

and he had heard similar views expressed. This did not mean that Members could allow themselves to be oblivious to that date. However, at some point Members would have to deal with it again in a pragmatic way, if not for any other reason, to maintain the credibility not only of the DDA but of the organization. Members had also agreed that work plans should include focussing on the issues and differences identified through the work done to date, including the concepts and elements contained in the Derbez text and the work on the two frameworks. He encouraged all Members to look to the possibilities of the future, rather than the shortcomings of the past.

46. The representative of Bolivia recalled that at the Cancún Ministerial Conference, Ministers had instructed the Chairman and the Director-General to coordinate the coming work, which had consisted of an intensive process of consultation. The Chairman's hard work had provided Members, through the identification of key issues, with a clearer picture of the differences between and sensitivities of the various Members. Part of the Chairman's report referred to the headway made in the various consultations. Her delegation would above all stress the willingness expressed by many Members to carry out a more in-depth analysis of issues of interest to developing and least-developed countries – an aspect which Bolivia welcomed and would take into consideration when negotiations resumed. Bolivia also appreciated that two rounds of consultations had been held within a short period of time, which was proof of delegations' constructive spirit – a spirit which her delegation hoped would prevail in 2004. Furthermore, Bolivia considered that all of the Doha Ministerial mandates, none of which should be subject to reinterpretation, constituted the basis for future work and, in this respect, Members would ensure the balanced progress of all issues making up the "single undertaking" of the negotiations.

47. Bolivia had maintained its faith in multilateral trade liberalization and had fully implemented the commitments it had undertaken. In its capacity as a developing country, Bolivia believed it had the right to request that this "Development Round" attend to the needs and address the sensitivities of economies such as its own. In this context, Bolivia believed that the only way to strengthen multilateralism was through evolution in a framework of healthy competition, with the elimination of trade barriers and distortions. The process of trade liberalization and, in particular, negotiations, should therefore start with fair treatment in terms of agriculture – an issue on which proposals had been tabled by various groups of countries, such as the G-20, and on which discussions should be pursued in a spirit of cooperation and flexibility. Her delegation endorsed the Chairman's procedural proposal for the immediate future and expressed its willingness to establish the formal resumption of negotiations.

48. The representative of China said that although the basic goal in the consultations held by the Chairman had not been achieved and the negotiations were yet to be brought back on track – due to divergent positions among Members – the Chairman's report and the enormous amount of time and energy he had spent were highly appreciated. His delegation shared the Chairman's assessment of the state of play of the work and fully agreed to his proposal that starting from 2004, Members should reactivate the negotiating bodies for the sake of more transparency and inclusiveness as well as the involvement of capital-based officials. Doing this, however, did not mean that the negotiations would be brought back on the right track. To resume the momentum for the negotiations, Members had to make some progress on the substance of important issues such as agriculture, NAMA, services and development issues. The Chairman had identified in his report the key issues that had emerged in the consultations and that would need to be addressed on the way forward. He wished to touch briefly on some of the issues of great concern to China.

49. Regarding the starting point for further work, his delegation was prepared to continue building on the Derbez text. At the same time, Members should maintain sufficient flexibility and keep their minds open to proposals. In this connection, Members should resume their work from where they had left off at Cancún, taking into account the consultations held since then and bearing in mind the level of ambition set out in the Doha Declaration. Regarding agriculture, China fully

supported the statement by Brazil on behalf of the G-20 countries. China welcomed the dialogue between Commissioner Lamy and the G-20 Ministers. This was a very positive signal to restart the negotiations in the agriculture area. As expressed on many occasions by his delegation and many others, agriculture was a key issue of great concern to them. Putting an end to the existing serious trade distortion and its sources – including production distortion – in agriculture remained at the center of this Round. Therefore, a specific date should be negotiated for the elimination of all export subsidies, and for substantial reduction in the amber box and blue box. On market access, Members had devoted great effort since before Cancún to developing a framework approach. However, no substantive progress had been made, and none was seen in the foreseeable future. The lack of transparency due to this situation had given Members a sense of uncertainty. China supported the proposal that Members should include some specific figures or shift their work on the framework directly to that on modalities – which Members were bound to face sooner or later with or without a framework. Moreover, S&D treatment for the developing countries and the particular concerns of the recently acceded Members had to be effectively addressed.

50. The issue of cotton should be dealt with with a sense of urgency. China had a population of 900 million in the rural areas. Many poor farmers in the remote areas who were engaged in cotton cultivation had been living on less than one dollar a day. China therefore fully understood and had great sympathy for the legitimate concerns of the African countries on cotton. The WTO should do whatever was possible to address the concerns on this issue effectively and as a matter of urgency within its terms of reference, from both the trade-related and development-related perspectives. Priority should be given to the treatment of this issue within the framework of the agriculture negotiations. In China's view, the solution should focus on financial and technical assistance. In addition, S&D treatment should be given to developing-country Members in this regard. On NAMA, his delegation wished to highlight the principle of less-than-full-reciprocity for the developing countries, which could be realized through different coefficients and longer periods of implementation for these Members. Space should be provided for the implementation of their industrial policies and their efforts to make industrial and technological progress. China also believed that a sectoral trade liberalization approach should be adopted on a voluntary basis.

51. On the Singapore issues, China supported the Chairman's proposal to unbundle the four issues. Since the agenda for the Round was already overloaded and Members were far behind the timetable for the negotiations, further work – including the initiation of negotiations on these issues – would put the majority of developing-country Members in a more difficult position in terms of their participation in WTO activities and their fulfilling new commitments. China therefore shared the position of many other developing-country Members that three issues among the four should be dropped, and that Members should continue their clarification work on trade facilitation only. Once consensus was reached on modalities, Members could proceed to start negotiations. On development issues, the title "Doha Development Agenda" indicated that the current Round of negotiations was a development Round. China supported the initiative to reactivate the relevant negotiations on the development issues early in 2004. This included not only the development elements involved in each and every sectoral negotiation, but also those S&D and implementation issues that had been left over both before and at Cancún. China looked forward to a more positive engagement from all Members in the negotiating bodies in 2004, with a view to an early and successful conclusion of the Round.

52. The representative of the European Communities said that while the Chairman and the Director-General had been working hard since Cancún to move matters forward, the Community had revisited its own strategy in the light of the breakdown in Cancún. He recalled that the Community's constituency included 26 WTO Members – the European Communities and its 25 member States. The Community had revisited its strategy in a transparent way, and the EU Council of Ministers had endorsed the Commission's reassessment. All parts of the European Union's "enabling environment" – the Council, Parliament, business, civil society, etc. – had reiterated their support for the multilateral trading system as the cornerstone of the European Union's trade policy, and specifically for a

successful outcome of the DDA such as would respond effectively to the genuine development needs of Members. All this gave the Commission, as the EU's negotiator, a solid basis to play a full and constructive role in any revival of the negotiations. The Community had shown flexibility before, during and after Cancún, and hoped this could be matched by other Members in the next few months.

53. His delegation was encouraged by the Director-General's report on his various contacts at Ministerial level, which showed a widespread Ministerial commitment to revive the DDA. The Community also shared the Director-General's positive assessment of the recent meeting in Brasilia, where both the latter and Commissioner Lamy had been special guests, and thanked Brazil for its detailed report on this meeting. His delegation hoped Members could build on the Brasilia meeting in their work in Geneva. In Brasilia there had been genuine engagement and a frank and constructive exchange of views. This same open and constructive attitude should guide Members' work in the coming months. There was an urgent need to get into substantive negotiations and to put aside the usual tactical manoeuvring which had characterized Members' dealings so far. The Community had all along supported the objective of the Chairman's consultations, as well as the way the Chairman had conducted them. Like the Chairman, the Community was of the opinion that the primary objective for re-launching the negotiations – and indeed the only way to re-launch them – was to achieve what Members should have achieved in Cancún, i.e. to agree on a framework for modalities for agriculture and NAMA, a decision on how to handle the Singapore issues and a clear direction on cotton. The Community had also supported the process thus far focusing on these four key issues. While there was a clear development dimension to these four issues, Members should not lose sight of the other specific development-related issues of the DDA, as the Chairman had said.

54. The Community shared the Chairman's overall sober assessment of the work done since Cancún. While there seemed to be widespread commitment to revive the DDA, the current consultations had hardly revealed any real movement or significant additional flexibility, except on the part of the Community. While his delegation agreed with the positive signals emerging from the present meeting, it should be clear that Members were not as yet back on track. More work would be needed. Members also needed more of a sense of urgency. There was a serious risk that 2004 might turn out to be a lost year. It was of concern that some Members seemed not to realize this, and his delegation agreed with the Director-General that there was a disconnect between Ministerial statements and progress on the ground. To avoid the risk of a lost year, Members needed a collective commitment to resume serious substantive negotiations, with the clear objective of preparing the frameworks for modalities in agriculture and NAMA and otherwise reaching the decisions Members should have taken in Cancún. The Community agreed with the Chairman's statement in this respect. Members should achieve this objective well within the first quarter of 2004. While this might seem ambitious to some, the window of opportunity was not wide open. Only once Members had agreed on the "Cancún-type package" could they truly state that negotiations were back on track.

55. His delegation had taken note of the Chairman's progress report and of the key issues identified in his statement. While the Community might not agree fully with the way the Chairman had described some of the key issues, he had given a fair thrust to the work ahead in the various sectors. His delegation would not spell out at the present meeting the Community's position on either agriculture or NAMA except to reaffirm its willingness to get into real negotiations. Regarding the process ahead, the Community had questions regarding the resumption of the negotiating groups before Members reached the stage of a Cancún-type package. However, the Community was prepared to go along with this resumption, provided that the negotiating groups complemented the top-down approach done at horizontal level – the General Council Chairman's HODs process – and that the objective of the work remained to prepare the framework for modalities for agriculture and NAMA and to take the other decisions as part of the same package. It remained paramount that the Chairman and the Director-General continue to work hand in hand. His delegation could also accept that work would build on the Derbez text and subsequent discussions since Cancún. It went without saying that for the Community – as for others – parts of the Derbez text were unacceptable. It was

equally obvious that other texts could be relevant reference points in this respect. His delegation agreed with Brazil that within the process ahead, Members needed genuine interaction between the various constituencies.

56. Part of the package should be a clear decision on how to handle the Singapore issues within the WTO context. The Community had shown great flexibility and openness in this respect. In fact, it had made a major shift in its position. The Community agreed on unbundling, i.e. that each issue should be dealt with on its own merits, and that one or more of these issues could fall outside the DDA single undertaking. The Community had made concrete suggestions on how Members could deal with any Singapore issues which might fall outside the single undertaking, and as part of the package, Members would need clarity on both categories. At the present stage, there was no consensus among Members on how to treat any of the Singapore issues in a way different from the text agreed by Ministers at Doha, and for the Community, the Doha mandate stood in its entirety. The Community agreed that Deputy Director-General Mr. Yerxa continue his consultations on modalities for trade facilitation and transparency in government procurement, without prejudice to the overall outcome on the Singapore issues. However, the Community wished to have clearer indications on the process to take place in the next few months, in order to determine a satisfactory way forward on all Singapore issues. This was in any event part of the work programme. His delegation assumed that the Chairman would conduct this process in a timely manner, and the Community would appreciate a confirmation in this respect. On cotton, one could count on an open and constructive attitude from the Community which could enable the proponents to have their concerns effectively and specifically addressed in a timely manner as part of the agriculture negotiations. His delegation again wished to thank the Chairman and the Director-General for their efforts. The Community knew it could count on the Chairman not spending all his time between the present and the next General Council on putting together a new slate of Chairs, but rather to continue to work on substance. His delegation sincerely hoped that these efforts would pay off in the very near future.

57. The representative of Bangladesh, speaking on behalf of the Least-Developed Countries, said that the LDCs particularly wished to express their appreciation for the manner in which the Chairman had been conducting the consultations, both prior to and after Cancún. His approach had been fair and, to the extent possible, transparent. They also wished to compliment the Director-General for the efforts he had undertaken, both as Chairman of the TNC and in the post-Cancún phase, to support the Doha Round. The Director-General's contacts in capitals had given the LDCs reassurance, and they hoped he would maintain his thrust. The LDCs were fully committed to the multilateral trading system, and were of the view that a rule-based approach, such as was reflected in the WTO, was best for them. At the same time, within the framework of the multilateral trading system, the LDCs required sufficient policy space to promote their own exports and development. This was precisely why the development dimension and the S&D treatment provisions were so critical to them. All were aware of the special difficulties the LDCs faced. These countries had been marginalized in world trade, and even their industrialization process was in jeopardy.

58. The Doha Declaration that had launched the Doha Round of trade negotiations had provided Members considerable hope. The LDCs had been reassured when this Round had come to be called the "Development Round". Despite their limitations, the LDCs had been participating in the negotiations to the best of their ability. Wherever Members considered necessary, the LDCs had submitted specific proposals. These proposals had been debated, and some of the suggestions had found their place in the texts that Ministers had considered at Cancún. In the consultations the Chairman had conducted post-Cancún, the LDCs had participated and had articulated their positions, which he did not feel it was appropriate to repeat at the present meeting. At an appropriate moment, the LDCs would come back to these. All were looking to the future, and what Members could do to meaningfully engage in negotiations. The basis of the negotiations was critical. The Chairman had suggested the Derbez text as the basis on which to move forward, with appropriate changes as might be required. The LDCs were of the view that in most areas this text could form the basis of moving

forward. In the negotiations that would follow, many of their concerns and interests could be appropriately reflected, particularly through small changes in the texts on agriculture and NAMA. However, major changes would be required in the text on cotton. In the Chairman's opening statement he had clearly identified cotton as one of the important issues. For many countries in the LDC Group, cotton was a means of livelihood for millions of farmers. This issue should be given special attention and resolved with utmost priority.

59. The LDCs were concerned about the undue emphasis being given to the Singapore issues. Their position on these issues was quite clear. According to the Doha Declaration, these issues were not part of the single undertaking. Except for trade facilitation, the LDCs did not understand what these issues had to do with the multilateral trade rules the WTO dealt with. In any event, the basic purpose of the WTO was trade facilitation, and each Member was taking measures internally to facilitate trade. The proponents of these issues had to explain to Members what they wanted from negotiations on these subjects. If the LDCs were asked to enter into negotiations on even one of these subjects, they first had to see the framework of the agreements under the Doha Development Round in areas that were of interest to them. In whatever Members did with the subjects that were part of the Doha Round, it was vital that the development dimension be at the core. The LDCs had to be given the policy space and comfort level required to enable them to participate meaningfully in the multilateral trading system. Regarding the process Members were contemplating, the LDCs fully supported the Chairman's approach of reviving the negotiating groups. The LDCs felt that these groups were mechanisms to engage meaningfully in negotiations. What they wished to emphasize was that the major players in the multilateral trading system had an important responsibility in moving the process forward. No matter what the LDCs – and many other developing countries – wished to do, Members would not progress very much without the active engagement of the major players. The LDCs hoped that the political will the Director-General had witnessed in capitals would be reflected in the negotiations in Geneva in the coming months.

60. The representative of Korea said that although Members had not been able to put together a breakthrough, thanks to the Chairman's and the Director-General's efforts they had been able to at least maintain some momentum in the negotiations. Korea agreed with the Chairman's assessment on the current state of the negotiations and also supported the future work programme he had outlined. Given the current situation, Members needed to take practical steps that could help them move forward without creating further stalemate on the points where it was difficult to build a consensus at the present juncture. In this regard, his delegation was concerned about the widely held perception that Members would continue to have difficulties in 2004, given the political calendar of some of the major players. Members needed to get over this negative perception, lest it become a self-fulfilling prophecy, and instead make every effort to re-energize the negotiations and make progress where progress could be made. From this viewpoint, the Chairman's suggestions regarding the direction of work in each of the four main areas were reasonable and balanced.

61. Korea welcomed the Chairman's confirmation of the Derbez text as the effective starting point in the agriculture and NAMA negotiations. In the absence of such a basis, the negotiations would have been in danger of going back to square one. Of course, as Members had witnessed during the consultations, some parts of this text posed various difficulties for many delegations, including Korea. He wished to highlight some of Korea's difficulties in agriculture and NAMA. In agriculture, Korea still had serious difficulties with tariff capping and TRQ expansion. In NAMA, the level of ambition was not high enough for Members to meet the mandate. However, despite these shortcomings, his delegation was ready to work with the Chairman and other Members in building on this common basis. Regarding the Singapore issues, his delegation wished to note that the Derbez text again fell short of the Doha mandate. Korea remained convinced that all four of the Singapore issues belonged to the WTO, and that establishing multilateral rules in these areas was in the interests of all Members, developed and developing alike. However, in order to move the negotiations forward, his delegation was ready to consider the Chairman's suggestion of unbundling these issues and considering each on

its individual merits. At the present stage, however, Members should avoid any notion that prejudged the final outcome of negotiations on any one of these issues.

62. Regarding the way forward, his delegation supported the Chairman's proposal to reactivate the work of the negotiating groups as soon as possible. However, before Members reactivated the negotiating groups, Korea hoped Members would give sufficient thought to the objectives and benchmarks of their work at TNC and General Council level. Without establishing a general understanding on the objectives and benchmarks, it would be difficult for the negotiating bodies to make prompt and meaningful progress. Korea understood the uneasiness of some Members about setting new timeframes, but entering negotiations on substance without even a target date risked having the negotiations drift. This was especially true with respect to those negotiating bodies whose deadlines had expired. In establishing such benchmarks, Members needed to be practical and realistic, or would otherwise damage their own credibility. For Korea, agriculture was also key to this Round, but Korea had a wide-range of other important issues on its agenda. Only a comprehensive package that addressed all of these issues in an equitable manner would not only enable this organization to maintain its relevance in today's rapidly changing trade environment, but would also ensure the balance of interests for all Members. Further, only a balanced approach would enable Members to successfully conclude the Doha Round of negotiations in a timely fashion. He wished to reconfirm Korea's strong commitment to the successful conclusion of the Doha negotiations. With the enormous collective interests at stake, Members could not afford to let this Round fail. Korea would participate constructively and actively in the efforts to put the negotiations on a fast and successful track.

63. The representative of Mauritius, speaking on behalf of the African Group, said that the reports by the Chairman and the Director-General had provided an indication that the process was still to pick up, that there was some way to go before Members reached their destination and that Members still had to surmount several difficulties. Exactly two months earlier at the HODs meeting on 14 October, he had reaffirmed the African Group's deep commitment to the multilateral trading system, and had expressed the Group's support for the Chairman's endeavour to put the negotiations back on track. This commitment had not changed, and the African Group remained more than ever a strong supporter of the multilateral trading system. These countries stood ready to support all initiatives that would strengthen the system and enable the full and effective participation of all Members, so that the goals enshrined in the Doha Declaration could be achieved. After the events in Cancún, African countries had spared no effort to engage in the process. The African Group had been meeting in Geneva regularly and in other parts of Africa in order to consider the possibilities to meaningfully take the work forward, so that the overall outcome would be satisfactory and acceptable to all Members. The African countries would support work to make the multilateral trading system more open, fair and transparent. African delegations and Ministers continued to engage tirelessly for the progress of the negotiations, while safeguarding the continent's interests.

64. Africa, with its large number of LDCs and its relatively marginal share of world trade, had compelling needs for development and trade expansion. This was why the LDC Group had insisted that development issues be made an integral part of the multilateral trading system, to ensure a balanced and equitable outcome. The African countries would support the efforts for injecting the necessary momentum to deal with all the issues of negotiations. They had taken note of the Chairman's and Director-General's affirmation that during the consultations with Members in Geneva and with Ministers in various fora, there had been a deep sense of commitment. This positive signal was very encouraging to moving further ahead towards a successful and expeditious conclusion of the Doha work programme. However, Members had to acknowledge that, under present circumstances, these challenges were of a tall order. The best guarantee to overcome these challenges was Members' total, renewed and collective commitment and efforts.

65. Regarding the Chairman's suggested way forward, the African Group was encouraged that the process the Chairman envisaged would be all-inclusive and transparent. As all knew, the African Group attached a high significance to this aspect, as this alone could ensure the participation of each and every Member of this organization in the negotiating groups. The African Group therefore stood ready to work constructively in the TNC and the various negotiating groups, which should resume their work as early as possible in 2004. Similarly, and as the African Group had been saying throughout the consultations, the development issues, in particular S&D and implementation issues, should be a priority. These issues should be addressed urgently. The African Group could accept maintaining these issues on an equal footing with other issues as long as there was certainty that they were being dealt with seriously. The African Group looked forward to constructive engagement on the part of all Members once work resumed in the respective negotiating bodies. However, the African Group wished to have a clearer view of the Chairman's approach to reactivating these negotiating groups. Equally important for the African countries were the Working Groups on Trade, Debt and Finance and on Trade and Transfer of Technology, and they wished to know how the Chairman proposed to deal with these Groups.

66. Regarding the four issues on which consultations had been held, all Members had had the opportunity to hear details of the concerns of the African countries, and in the interests of time, he would not dwell on these issues. However, he wished to underscore that the development dimension of all the issues under negotiation should be dealt with upfront. Agriculture was of critical importance to African countries. They therefore regretted that to date it had not been possible to reach agreement on a framework. Consequently, it was more than imperative that the work to be pursued took on board Africa's concerns and interests, as expressed by Members of the African Group. On NAMA, Members had to take full account of the reality of African countries – dependence on tariff revenue, preferences and a weak industrial structure. The African Group urged that the elements of S&D and less-than-full reciprocity should remain core features of the negotiations. On the Cotton Initiative, the African Group had been supportive of the proponents and called on all Members to find an urgent solution in the WTO to the problems faced by these countries. On the Singapore issues, the African countries had made it clear that this was not a priority for them, and stood ready to continue the clarification process on these issues.

67. Taking into consideration the developments that had taken place on the Singapore issues in Cancún, the African Group wished to recall that Ministers had stated in Cancún that "we will bring into this new phase all the valuable work that has been done at this Conference". Further, to the extent that these developments were taken into account and that all the developments concerns of Africa could be addressed, the African countries would engage constructively. The African Group had taken note also that any discussion the Chairman envisaged on the possibility of developing modalities for two of these issues would be without prejudice to delegations' positions. Having made these observations on the importance of the development dimension as a *sine qua non* condition for lifting Africa from its marginal position in the multilateral trading system, the African Group could go along with the Chairman's proposed way forward. They wished to assure the Chairman and the Director-General, as well as all Members, of their full collaboration to help achieve the goals of the Doha Round. The African countries were looking forward to seeing all their WTO partners engage in earnest to deliver on the Doha promises. The African Group supported the statement by Bangladesh on behalf of the LDCs.

68. The representative of Egypt associated her delegation with the statements by Mauritius on behalf of the African Group and by Brazil on behalf of the G-20 countries. Egypt had been among those delegations consulted and had drawn its own conclusion on the current state of play, which was not very different from the Chairman's conclusion. Unfortunately, the realization of the objectives of the Doha negotiations required more than the efforts made to date – namely, political will, flexibility and leadership from major trading partners beyond the narrow interests of some of their constituencies. Those who benefited more from the system in terms of economic value should be more ready to

accommodate the concerns of others, particularly the weak and vulnerable. An important starting point would be for all Members to realize that negotiations under the Doha work programme were an evolving process and that Cancún was meant to be merely a step or a mid-term review on a difficult journey. While Egypt, like others, stressed the need to move forward, Members should avoid any move that would be a step backward from what they had agreed in Doha in terms of the objectives and the development dimension of this Round.

69. Concerning the Chairman's proposal on the way forward, Egypt welcomed the idea of continuing the work in the bodies concerned, be they the negotiating bodies or the regular bodies, depending on the nature of the issue in the Doha Declaration. Regarding the Chairmanships of these bodies, Members had clear guidelines established at both the General Council and TNC levels. As for the valuable work undertaken so far in the negotiating bodies, Members needed to build on this. Having said this, Egypt believed that work should now target reaching a decision on the full modalities, rather than just a framework. Focus on the latter had been justified only by the time constraints before Cancún. However, Egypt was also ready to consider continuation of the work based on the framework approach, but a revised one that had some clarity on where Members were heading. On the substantive elements related to what had been described as reactivation of the negotiating groups, Egypt would have a slightly different approach to what the Chairman had suggested aimed at identification of key issues based on the Derbez text. The identification Members had heard in the Chairman's oral report might risk overlooking some of the key concerns of a group of delegations on one topic. For example, on NAMA the discussions Members had had so far revealed the amount of real difficulties many developing countries in Africa, Asia and the Caribbean had on the proposed framework for establishing modalities. These concerns were not new. They had been expressed repeatedly during the preparatory process leading up to Cancún and in commenting on the text in JOB(03)/150/Rev.1. Unfortunately, the Derbez text – which was the subsequent revision of JOB(03)/150/Rev.1 – was not a step forward in this regard. To the contrary, it included more debatable issues such as the following: the continuous ambiguity in paragraph 3 on the type of formula to be applied, let alone its elements, while at the same time excluding the approach Egypt favoured, and many developing countries, especially in Africa and elsewhere, had called for, namely, a linear reduction; the instruction in paragraph 6 to the negotiating group to discuss product coverage and participation in any possible sectoral initiative, to be read in line with paragraph 8, leaving no room for Egypt's interpretation that participation in such initiatives should be voluntary; and the restriction on dealing with preference erosion for non-reciprocal preference beneficiaries, excluding beneficiary countries from reciprocal arrangements, such as those in Partnership Agreements.

70. On cotton, her delegation saw merit in the Chairman's suggestion that Members not be locked into the Derbez text on this issue. The starting point as well as the governing framework for the NAMA negotiations, as well as for other tracks including agriculture, remained the Doha mandate, which Members should all respect and adhere to with no reference to any abstract notions. Members should examine carefully whether the proposed modalities for NAMA operationalized the principles set out in paragraph 16 of the Doha Declaration, such as less-than-full reciprocity, or whether the modalities directly contradicted those principles. On the Singapore issues, once again the Doha mandate came into the picture on whatever Members were trying to do concerning the four, or some, of those issues. It was clear that Members had not yet discussed any real modalities for negotiations on the four issues, and were therefore quite far from the consensus required to commence negotiations on them. Moreover, Egypt welcomed the move by the major proponent of these issues in Cancún to drop some of them. That would probably allow for focusing on elaborating agreeable modalities on the remaining issues, or rather issue. Thus, Egypt joined others who had called for all further work on investment, competition and transparency in government procurement to be stopped and the respective working groups to be dissolved. Meanwhile, clarification work on trade facilitation might continue.

71. It was also important to recognize that paragraph 47 of the Doha Declaration, concerning the single undertaking concept, dealt with the areas under negotiation set out in the Doha work programme. Clearly, trade facilitation or any of the Singapore issues did not fit there. First, they were part of a clarification process. Second, the reports of the Working Groups on these issues went to the General Council and not the TNC, as did the reports of the other two Working Groups on Transfer of Technology and on Debt and Finance. There was great need for a horizontal approach to the negotiating process. However, the reference points were those identified in the relevant sections of the Doha Declaration. Moreover, Members needed to agree on a roadmap concerning the remaining areas in the draft Cancún package, particularly the development issues, so they could reach a stage where a wider package would facilitate trade-offs and hence the necessary decisions. Her delegation reiterated its commitment to remain ready to engage constructively with the rest of the membership, not only to restore credibility to the multilateral trading system, but more importantly to achieve the economic gains needed to boost Members' economic development and ensure prosperity to their people.

72. The representative of Chinese Taipei said that the information the Chairman had shared with Members on the current status and possible roadmap for the future of the DDA was testament to his leadership and dedication. Chinese Taipei also wished to pay tribute to the Director-General for his work in seeking support among Members as well as the support of other prominent international organizations. His delegation wished to emphasize that despite the current difficulties, substantial progress had been achieved since the DDA was launched in November 2001. For example, the Decision adopted by the General Council on 30 August 2003 on the issue of TRIPS and Public Health represented a significant and timely achievement of the DDA. Notwithstanding the setback of the Cancún Ministerial Conference, the Derbez text showed Members a possible way forward for the Doha Round and could serve as a useful basis for future discussions. Without going into detail and reiterating Chinese Taipei's negotiating position on the relevance of the DDA, he wished to share some of his delegation's observations. As the end of the year approached, it was the custom of the people of Chinese Taipei to review the major events of the past twelve months in the hope of better projecting the direction of events in the coming year. On this basis, and being a strong supporter of the multilateral trading system, his delegation was confident that the momentum, or the sense of urgency articulated by Chile, towards a more liberalized and open multilateral trading system would continue, although progress might not be quite as rapid as Members wished. All Members wanted the WTO to remain the primary forum for negotiations to further liberalize international trade, and Chinese Taipei remained strongly committed to the successful completion of the Doha Round. His delegation therefore encouraged all Members to participate fully in this momentous journey.

73. At the present juncture, his delegation also wished to recommend that Members find ways to strengthen the capacity of the Secretariat to meet Members' expectations as well as those of the outside world. This was an important task for all Members. In light of the increasing coverage of trade rules and the fast-changing conditions of the global economy, his delegation believed that a better-equipped Secretariat would improve the efficiency and functioning of the WTO and would eventually benefit the multilateral trading system. The WTO was a Member-driven organization and should remain so. However, there was perhaps a case for the Director-General's role to be reinforced when it came to the DDA negotiations. This might then allow Members to narrow the gap between their negotiating positions and thus make negotiations more productive. Chinese Taipei looked forward to a more positive environment in which to continue work.

74. The representative of India said that the present meeting was of significance in Members' efforts to conclude the Doha work programme on time. Ministers had directed at Cancún that Senior Officials should take necessary action not later than 15 December 2003 to work on a road map to successfully conclude the negotiations. During the post-Cancún period, the Chairman and the Director-General had worked tirelessly. India, like many other delegations, had made genuine efforts to facilitate reactivation of the multilateral process. Recently, Ministers of the G-20 meeting in

Brasilia had issued a communiqué in which they "reaffirmed their commitment to the successful and timely completion of the Doha Development Agenda based on the fulfilment of the mandate agreed to during the Fourth Ministerial Conference". It was in this spirit that India, like other members of the G-20, approached the negotiations. India agreed with the Chairman's view that there was now need to revive the negotiating structure brought into place by the TNC's Decision of 1 February 2002 in pursuance of Ministers' decision at Doha, with such changes as were necessary to ensure early completion of all aspects of the negotiating mandate. In India's view, this would necessitate a meeting of the TNC early in 2004 to decide on the structure and work programme. The mandate in respect of each negotiating issue had already been decided by Ministers in Doha. Members' task, therefore, was limited to the formulation of a work programme that would ensure expeditious completion of negotiations. The key issues identified by the Chairman would need to be examined and developed by each of the relevant bodies.

75. After Cancún, all Members had utilized every opportunity to re-launch the Doha agenda. While there was a manifest desire on the part of all delegations to make fast progress in the negotiations, there still remained strong differences on substance. On the starting point for the negotiations, India wished to recall the Ministerial Statement at Cancún, which stated: "We will bring into this new phase all the valuable work that has been done at this Conference. In those areas where we have reached a high level of convergence on texts, we undertake to maintain this convergence while working for an acceptable overall outcome." Ministers had not directed Members to start from a text, but from texts. Second, they had asked Members to maintain convergence on those areas where there was a high level of convergence and to build on the valuable work that had been done at Cancún. Members had also engaged themselves in discussions on the issues in various fora after the Cancún Ministerial Conference, and should not fail to capitalize on the work already carried out pre-Cancún, at Cancún and post-Cancún. The areas in which convergence had so far emerged and valuable work had already been done should be the basis for carrying on further work.

76. The issue of agriculture was at the core of the ongoing negotiations. Resolution of fundamental differences in this area would depend on the depth of agricultural reform that was proposed to be carried out in the developed countries, along with adequate safeguards to address livelihood and food security concerns of billions of farmers in developing countries. Members had a responsibility to translate the Doha mandate into provisions that would ensure balance across the three pillars. The right level of ambition in agriculture would be that which balanced the extent of reductions in distortions in world markets due to high support and protection in developed countries against the increased vulnerability of farmers in developing countries due to further opening of their markets. Members had been working on a framework approach in agriculture, as in NAMA. India's assumption was that agreement on a framework would facilitate and expedite the finalization of modalities which would form the basis of agricultural and non-agricultural liberalization. A framework would, however, find acceptance only if certain conditions were fulfilled. The first condition was that it had to fully reflect the principles laid down in the Doha mandate. The G-20 Ministerial communiqué stated that: "The G-20 insists that, in the process of reaching agreement on a final set of modalities, the level of ambition of the Doha mandate remains the guiding principle of the negotiations. In such a process, any framework in order to be viable should be consistent with the Doha mandate, and lead to the establishment of modalities capable of ensuring that negotiations in agriculture will result in substantial reductions in domestic support, substantial increase in market access, phasing out of all forms of export subsidies and operational and effective special and differential treatment that takes into account rural development and food security concerns of developing countries", besides effectively addressing the particular concerns of recently acceded countries.

77. The second condition for acceptance of a framework was that it must not be ambiguous or uncertain. In this context, India had already brought to the Chairman's attention its apprehensions regarding the blended approach for market access suggested in the Derbez text, as it seemed to impact

differently on Members, depending on the tariff dispersion prevalent in each country, and also did not take into account the cardinal principles of S&D treatment through less-than-full reciprocity and a balance between the average tariff reduction undertaken by developed countries and that undertaken by developing countries. The "Harbinson approach" and the tiered Uruguay Round formula for developing countries, as given in the text in JOB(03)/150/Rev.1, were examples of approaches which could provide parity in efforts between various Members. The third condition for acceptance of a framework would be that the elements of the framework not be structured in a manner that would prejudice the position of Members in further negotiations. Members could not unwittingly agree to a framework that limited the scope for trade-offs in the future. In the light of all these problems associated with frameworks, India, as well as several other countries, had suggested that it would be advantageous to negotiate some key numbers along with the framework, in order to make it more certain and unambiguous. He noted that China had made this point in its intervention at the present meeting.

78. The issue of cotton subsidies, raised by several African Members, was one that deserved concrete action. Members' discussion of this issue had been largely confined to the procedure to be followed rather than the substance. Progress on this issue could be achieved only if there was a response on the substance of the issue, as the Chairman had mentioned in his report. On NAMA, India wished to emphasize that it was essential to remain faithful to the mandate given under paragraphs 16 and 50 of the Doha Declaration, particularly the principle of less-than-full reciprocity in reduction commitments for developing countries. The right way forward did not appear to be a simple "Swiss Formula" with a single coefficient, nor the concept of harmonization of tariffs. The formula proposed by the Chairman of the Negotiating Group incorporated suitable S&D provisions, and India was willing to work further on this. However, if there was to be only a general reference to a formula approach to reduction of tariffs, it should be explicitly clarified that proposals relating to the formula put forward by all Members were still on the table. It also needed to be recognized that developing countries needed a degree of flexibility with respect to sensitive products. Accordingly, the flexibility provided under paragraph 7 of Annex B in the Derbez text could be further refined. It would be appropriate to have the options of using both types of flexibilities proposed, rather than having them as mutually exclusive alternatives. The sectoral initiative should be voluntary rather than mandatory for developing countries, and could form part of supplementary modalities. The principle of less-than-full reciprocity in reduction commitments needed to be incorporated in any sectoral initiatives for elimination of tariffs, so that there was non-zero tariff for developing countries. India wished to reiterate that non-tariff barriers were an integral part of the NAMA negotiations and should be adequately dealt with in the finalization of modalities.

79. At Doha, Ministers had emphasized the need to find effective and adequate solutions for the implementation issues raised by Members, and the importance of making S&D treatment provisions precise, effective and operational. The subsidiary bodies of the WTO had been mandated by the Doha Declaration to deliberate upon certain implementation issues and make recommendations for adoption by the General Council/TNC by December 2002. There had been hardly any progress in the successful resolution of implementation issues in the period after Doha. As implementation issues were an integral part of the Doha Ministerial Declaration, India had been consistently advocating the stand that all these issues would have to be addressed on a priority basis, as decided by Ministers in Doha. There was urgent need to agree on specific procedures for resolving the outstanding implementation issues and to operationalize S&D provisions. Before Cancún, a number of developing countries, including India, had sought the creation of a separate negotiating body to address and resolve implementation issues. These countries' experience during the past two years had convinced them that there could be no other solution to deal with implementation and S&D treatment issues in an effective manner, and India called upon the General Council or the TNC, as the case might be, to create a separate negotiating body exclusively for these issues. This negotiating body should also address the issue of commodity price stabilization in agricultural products that had been raised by Kenya and other African countries in the run-up to Cancún. As Kenya had pointed out in

the General Council discussions that had followed introduction of its paper (WT/GC/W/508), this was one of the unresolved issues arising from Part IV of GATT and was of great significance to many developing countries.

80. On the Singapore issues, a large number of developing and least-developed countries, including India, had already clearly set forth their views in document WT/GC/W/522 of 12 December 2003. India fully endorsed the views set out in this document, and therefore did not need to further elaborate its position, which was essentially that further work on trade and investment, trade and competition policy and transparency in government procurement should be dropped. With regard to trade facilitation, work on clarification of various aspects of this issue might continue in the light of the interest expressed by several delegations. However, many of the proposed elements would require substantial commitments in terms of modernization and upgrading of systems, infrastructure and computerization. A related issue was how resources would be made available to developing countries. Clarity was also required on the mechanisms for handling situations where infrastructure facilities available at different entry points in a Member country varied widely. Another grey area was how the proposed principles of proportionality, necessity, least trade restrictiveness, periodic review and non-discrimination would apply to customs procedures adopted on account of security considerations. India would also be very interested in discussing a multilateral framework for effective cooperation between customs authorities to combat unlawful activities, as part of any package on trade facilitation. India believed this was an integral component of adopting trade facilitative procedures. Similarly, India was also keen to ensure that while discussing trade facilitation, Members did not lose sight of other pending trade facilitative issues, particularly a time-bound completion of the Harmonization Work Programme under the Agreement on Rules of Origin, and to address the implementation issues related to the Agreement on Customs Valuation. India also held the view that any discussion on trade facilitation could not exclude the trade restrictive aspects of quarantine procedures followed by many countries, and the fact that such procedures should be subject to definite timeframes and stricter conditions. Any clarification on trade facilitation, however, should not attempt to seek an early harvest in advance of progress on core issues in the Doha work programme. Furthermore, any subsequent decision on modalities would need to be taken by explicit consensus before negotiations could commence.

81. India would need clarity on many aspects of the Singapore issues. It would need to know what issues remained on the WTO work programme, what structures would be put in place and what would constitute the terms of reference of any future work. More consultations at the level of the General Council would be needed to clarify these aspects, and India would engage constructively in all such consultations. The way forward would involve genuine effort on the part of all Members to show a spirit of goodwill and accommodation in the negotiations. Members needed to discuss substance now, and the negotiating bodies were the only place where this could be done. On the Singapore issues, India noted that a large number of Members, and perhaps the majority, had expressed their views clearly. It was essential that Members not repeat the Cancún experience and ignore the views of this large number of Members any longer. Finally, addressing the issue of cotton and other development-related issues in a sincere and time-bound manner was essential. The Doha agenda had been termed the Doha Development Agenda, and there should be conscious and concerted efforts to ensure that the development dimension was not diluted, but rather occupied centre stage. This alone would ensure progress in trade liberalization on a sustainable basis. India hoped that 2004 would be a productive and useful year in which substantial progress could be achieved.

82. The representative of South Africa said that the Chairman's tireless efforts to put the negotiations back on track had been largely successful, but Members were not there yet. His delegation wished to reflect on the progress Members had made, both in the past few weeks since Cancún and since Members had begun the negotiations in Doha. It was clear that other than the very significant decision Members had taken on TRIPS and Public Health, they had not made much progress in advancing the negotiations of the DDA. Agriculture was the central issue of the Round,

and still remained the key to unlocking meaningful progress in the DDA. This was because agricultural products, like other products of interest to developing countries, had not been brought fully within the rules of the multilateral trading system in the Uruguay Round. Thus, the multilateral trading system had yet to address this imbalance and inequity. The launch of the DDA had recognized that significant inequalities remained in the global economy and that the rules of the game in the trading system were still largely unbalanced. It was for this reason that world leaders, listening to the voices of developing countries and civil society groups, had agreed in Monterrey at the Financing for Development Conference, in Johannesburg at the World Summit for Sustainable Development, at several G8 Summits and then at Doha, to address these issues in a new round of multilateral trade negotiations. It was for this reason that the Round had been named the Doha Development Agenda. There was no doubt that the barriers and distortions in global markets remained a significant obstacle to the economic development of most developing countries. Moreover, the current subsidies provided by developed countries destroyed livelihoods of farmers in developing countries. The plight of cotton farmers in West Africa was an illustration of this. However, cotton was not the only example. Subsidized milk powder, tomato paste and a range of other products had had similar devastating effects on poor peoples' livelihoods in several poor developing countries.

83. It was for this reason that agriculture was the central issue of the Round. The successful resolution of this issue would without doubt have a significant positive impact on both the economic development of a large number of developing countries and the reduction of poverty. The failure of the WTO to make progress on the establishment of modalities in agriculture – as was also the case on missed deadlines for S&D and implementation issues – was very disappointing for developing countries. Within this context the failure of Cancún to advance the DDA was seen as a lost opportunity for development. While the Common Agricultural Policy reforms of the Community were a step in the right direction, they did not go far enough. Similarly, the enhanced Members Farm Bill of 2002 went against the spirit of reform by increasing subsidies to EU member States' farmers. The EU-US joint text had not helped either. In attempting to reach a compromise, it had reduced the level of ambition in agriculture by accommodating each party's protectionist interests. In response, developing countries had come together in a trade union, as Commissioner Lamy had called it, to form the G-20. Brazil had provided an excellent report of the recent meeting of the G-20 in Brasilia. In the view of South Africa, the G-20 stood for the following: First, the G-20 combined the resolve and determination of the Cairns Group to remove distortions and barriers in global agricultural markets, with sensitivity to the livelihoods and food security concerns of farmers in developing countries. Second, the G-20 wished to contribute to building and shaping a strong multilateral trading system. In this challenge the fullest co-operation of all was needed, particularly from the large and economically powerful countries of the North. Third, the G-20 also sought to make its contribution to addressing the challenges of development for all. In this regard, Ministers of the G-20 countries had underlined the need to effectively address development issues such as food security and rural development, as raised by the G-34 and others, erosion of preferences and the special needs of LDCs. Fourth, the G-20 would contribute to the efforts to build consensus and advance the development dimension of the DDA by working closely with other developing countries in the G-90, which was comprised of the ACP, African Group and LDCs. Fifth, the G-20 intended to work with other countries with legitimate concerns – even those in developed countries – in an attempt to find solutions that recognized the need to not distort global markets and destroy the legitimate rights of poor people in developing countries. Sixth, the G-20 was a progressive force for reform of world agricultural markets. In this effort, its members would work with all forces of change in the North and South, and had been encouraged recently by the support of the private sector, farm groups and NGOs, both in the North and South.

84. The recent meeting in Brasilia of the G-20 and the dialogue with the EU provided a new and positive tone in the negotiations and renewed resolve of both the G-20 and the EU to intensify the negotiations in line with the Doha mandate. South Africa was committed to re-engaging with all

other players in a similar spirit of "can do". There was no doubt that Members in the African Group – as Mauritius, coordinator of the African Group, had stated – were committed to playing a positive role in contributing to the Round. At the recent Cairo Ministerial meeting, Ministers from 12 African countries had reaffirmed their commitment to work for the success of the Round and their willingness to be flexible. They had underlined that agriculture was central to the success of the Round and to their development, illustrated most significantly recently as two more African Members had become part of the G-20, underlining the importance of agricultural reform and liberalization for Africa's development. On the Singapore issues, as his delegation had indicated in the consultations, this was one area where all had shown flexibility and had moved from their original positions. This issue should not be allowed to hold up progress on the core issues of the Round. The flexibility shown by the Community in Cancún in offering to remove two of the issues from the Round – investment and competition policy – should be honoured. It should be made clear that these issues were no longer part of the single undertaking. South Africa had made it clear that it was willing to engage on one or two of the remaining issues, on the basis of fully-fledged modalities to be agreed on by consensus before embarking on negotiations. As the DDA work programme had established, the Singapore issues should be dealt with after the modalities on agriculture and NAMA had been dealt with. This was more likely to contribute to advancement of the Singapore issues, as Members would be encouraged by progress in other areas.

85. As South Africa had indicated in the Chairman's consultations, a plurilateral approach in areas such as investment and competition policy would create two classes of Members in the WTO, and South Africa strongly advised against the WTO following such a practice. If it was clear that these two issues were not part of the single undertaking and would not re-surface in negotiations at a later stage, Members would be more likely to succeed in building consensus on the remaining Singapore issues. On the way forward, advancing agriculture and cotton was the key to unlocking progress and providing momentum to the rest of the issues in the Round. Members needed to set a work programme and target dates for the finalization of modalities on agriculture that they had scheduled to complete in March of 2003. Members needed to blend the work on completing the framework agreement, which they had used as a transitional device before Cancún, with the work on modalities, so that they could move in a seamless fashion from framework to modalities. Members should not waste too much time on process and should get down to negotiations. South Africa agreed that Members should re-establish the TNC and the negotiating groups as soon as possible in 2004.

86. The representative of Thailand said her delegation recognized that advancing the DDA would offer the potential for real gain to all Members, as had also been confirmed by the APEC leaders' statement in Bangkok in October 2003. At that meeting, the APEC leaders had shown their full support for the multilateral trading system by sending a strong message calling for an urgent need to re-energize the Doha negotiations, building on the Derbez text. Members had come a long way and progress had been made in a number of areas since the start of the Doha Round. This was because all Members firmly believed in the benefits of the multilateral trading system and were determined to see the DDA conclude successfully. In this regard, her delegation was encouraged by the Chairman's and Director-General's reports and assessment that Members, particularly at the Ministerial level, were committed to the multilateral trading system and were re-engaged in the negotiations. Thailand hoped that early in 2004, once the issue of chairmanships was settled, Members would translate their political will into substantive negotiating positions. Her delegation was certain that the Chairman's future work plan would help Members move forward and prepare themselves to engage in the real negotiations in 2004. However, this engagement should cover not only the four key subjects of the recent consultations, but also extend to all issues in the DDA, particularly development issues.

87. Regarding the four key issues reported on by the Chairman, her delegation hoped that Members would be willing to show flexibility when they resumed work in 2004. On agriculture, Thailand believed that Members should keep the high level of ambition in all three pillars of these negotiations, namely, real market access for agricultural products, substantial reduction in all trade-

distorting domestic support and elimination of all forms of export subsidies, since substantial reform in agricultural trade would help to generate higher incomes for developing countries and would enhance their efforts to combat poverty. In addition, bearing in mind that a constructive movement on agriculture could create significant development in other areas, Members should prepare to meet halfway. Developed countries should be prepared to agree to limit their trade-distorting domestic support and export subsidies, particularly the product-specific AMS reduction commitment, the capping and reduction of blue box subsidies and the establishment of an end date for the elimination of all forms of export subsidies. At the same time, developing-country Members should be prepared to provide substantial improvement in market access by accepting a more ambitious formula for tariff reduction, taking into account S&D treatment for developing countries.

88. On NAMA, Thailand hoped to see substantial concessions from both developed and developing countries. In this regard, developed countries' demand for an ambitious tariff reduction formula should take into account developing countries' request for the voluntary and supplementary sectoral tariff elimination initiative. On the Singapore issues, Members should bear in mind that divergent positions remained and that not all Members were ready to explore possible modalities of negotiations. As such, each Singapore issue should be treated on its own merits, as proposed by the Chairman. In this regard, Thailand hoped that developed-country Members could reaffirm their intention to drop the more controversial issues from the negotiating table, and at the same time, developing countries should be open to exploring modalities of negotiations for the less controversial issues, such as trade facilitation, so that negotiations could move forward, taking into account developments in other areas of negotiations, particularly agriculture. On cotton, Thailand encouraged all Members to be flexible and to include this issue in the agriculture negotiations, and to provide a product-specific reduction commitment on trade-distorting domestic support as well as an elimination commitment on export subsidies so that this problem could be addressed urgently and specifically in a meaningful way. Thailand supported the way forward suggested by the Chairman to reactivate all negotiating bodies in order to ensure transparency and inclusiveness in advancing the DDA negotiations. Her delegation looked forward to engaging in real and substantive negotiations, including trade-offs, in the coming year.

89. The representative of Turkey said that her delegation had listened carefully to the Chairman's report, which specified the results of his consultations, the identification of key issues and his outline of the future approach. That report had enabled Members to better clarify some of the key issues and options for a possible way forward. Turkey noted that some progress had been achieved and that a strong sense of commitment to the multilateral trading system and to the DDA had been shown during the consultations. In this regard, Turkey wished to reaffirm its commitment to the WTO as the unique forum for global trade rule-making and liberalization. It was Turkey's sincere belief that the current stage of the multilateral trade talks represented only a temporary setback in the Doha Development Round of negotiations. With a view to completing the DDA, it was vital to maintain and consolidate what had already been achieved at Cancún and in its aftermath. With this in mind, her delegation shared the idea that all the negotiating bodies under the Doha mandate should resume their work early in 2004 under the supervision of the TNC. Within this context, Turkey wished to emphasize the great importance of carrying out that work in line with the principles of transparency and inclusiveness.

90. For the future negotiations, Members might take the Derbez text as a basis. However, her delegation continued to urge substantial improvements and modifications to that text, in order to make it respond to the needs and expectations which had been rightfully voiced in Cancún. On agriculture, Turkey was dissatisfied with the existing imbalances in the level of ambition between the market access pillar and the other two pillars, as well as the commitments to be undertaken by developed and developing-country Members. For non-agricultural products, taking into account the ambitious mandate of the Doha Declaration, it was clear that Members were well behind in achieving substantial reductions in tariffs and elimination of all non-tariff barriers on the basis of an equitable, fair and balanced understanding. Regarding the Singapore issues, it was clear that there was a growing

preference to take up of each of these issues on its own merits. In order to find a common ground to move the process forward, Turkey was ready to show flexibility and a real sense of engagement.

91. On cotton, her delegation was fully aware of the challenges that certain cotton-producing countries faced. Since there were both trade-related and development-related implications for the economies of the countries concerned, the problem should be dealt with in an effective way without delay. Turkey supported the integration of this issue into the agriculture negotiations in all its dimensions, including market access and trade-distorting support. As the Chairman and the Director-General had pointed out earlier, the present meeting was intended to convey an overall positive message by underlining Members' commitment to the multilateral trading system and the DDA. Thus, her delegation wished to reiterate its readiness to contribute to a successful re-launching and completion of the DDA process, with an equitable and balanced outcome. It was Members' collective responsibility to act constructively and to demonstrate mutual understanding for each others' specific interests and concerns throughout the difficult process ahead.

92. The representative of Bulgaria said that like other Members, Bulgaria continued to be committed to the DDA and regretted that so far Members had not been able to fulfil the tasks set out in the work programme, which all had agreed in Doha. Bulgaria also believed that Members should not lose patience with each other and should explore more intensively new and different possibilities to arrive at a successful outcome before 1 January 2005. His delegation would study carefully the suggestions in the Chairman's proposal, and looked forward to discussing them with other Members in order to adopt the appropriate decisions that would set the stage for a successful continuation of the negotiations. Bulgaria would not object to the reactivation of the negotiating bodies, but before this was done, Members would need to know what they would be doing. All should agree on a clear mandate for further work. Continuing with what had been done thus far might not necessarily lead to meaningful results. As the Director-General had said, Members should all reflect on what they might have done differently and what they might do differently in future. Such a reflection could best be undertaken at a TNC meeting, which would then take the necessary decisions on the mandates of negotiating bodies for their further work.

93. At this TNC meeting it would also be necessary to take decisions on the negotiating structure. There were some views that the mandates of some negotiating bodies had expired. There were also proposals to drop some of the negotiating issues, and it would be appropriate to hear from the opponents of these issues as to whether they wished the mandates of the negotiating bodies dealing with these issues to be terminated, and from the proponents as to whether they agreed with this. There had been proposals for new negotiating bodies, e.g. the setting up of a negotiating group on implementation issues. The Chairman himself had highlighted the importance of the development-related issues, which many delegations had emphasized. Under the schedule of the DDA, implementation issues were the first to be resolved. Ministers had explicitly attached "utmost importance" to them and had provided that they "be addressed as a matter of priority", unlike the other negotiating subjects, for which no priority had been provided but for which negotiating groups had been set up. Therefore, the setting up of a negotiating group on implementation, as proposed before Cancún, would reflect more adequately the mandate under the DDA and would definitely contribute to overall progress in the negotiations. Regarding chairmanships of negotiating bodies, it would be illogical to proceed to new appointments or reappointments before decisions on the negotiating structure and mandates of the respective bodies were taken. The directions to be given by the TNC to negotiating bodies before their reactivation needed to be clear and in conformity with the Doha mandate.

94. Building on the elements which had emerged in work at or after Cancún could not and should not mean accepting the Derbez text. Members had never accepted any of the elements or structure of that text. Its status was that of a proposal on the Chair's own responsibility, and it could of course be discussed, along with other proposals and negotiating positions. However, his delegation did not

understand why, at the present stage of the negotiations, any text that had been proposed but not agreed should be given a special status or priority over other proposals, and how this could bring more balance and advance the negotiations. What would make sense for further work would be to direct the negotiating bodies, when they were reactivated, to discuss issues which had so far not been sufficiently dealt with at a technical level. These were, for example, issues for which there were no substantive proposals, but only some procedural indications in the texts, prepared on the responsibility of the respective Chairs. Included in this context were issues of interest to his delegation. In agriculture, these were the non-trade concerns, including improved market access for geographical indications, and state-trading export enterprises. In the area of implementation, it was extension of the additional protection for geographical indications to other products, and so on. These issues were not uncontroversial, but Members had so far participated in the discussions on many other issues which were of no interest, or of only a defensive interest, to Bulgaria. It was now time to rebalance the negotiations and to focus on those negotiating subjects which had thus far been neglected. Bulgaria was prepared to continue to participate in the discussion of issues which were of interest to others. Identifying possible substantive solutions for all outstanding issues at a technical level would not mean that those Members who opposed these issues would have to agree on them at such technical discussions. It would, however, prepare a broader base of possible elements which could be dealt with substantively in future texts, and would thus provide extended possibilities for a balanced outcome.

95. Regarding the direction of future work and the possibilities for what Members might do differently, it seemed that so far the prevailing efforts, especially those of various Chairs, had been focused more on the commitments and market-access aspects of the negotiations rather than on the rule-making aspects. Reduction formulae for tariffs and support had been described as the key to further progress in the work. Now that it had become increasingly clear that this focus and preference for commitments over rules had not produced the expected overall progress in the negotiations, it might be time to devote more attention to the rule-making components of the negotiating agenda, all the more so since they constituted the more difficult part of the negotiations, for which consensus was absolutely necessary. The commitments which many participants in the negotiations might be prepared to assume in the market access and domestic support areas would be influenced by the outcomes of negotiations in the rule-making areas. The fewer agreed rules Members had at any stage of the negotiations, the narrower the scope would be for commitments by some participants in non-agricultural and agricultural market access and domestic support at that stage of the negotiations. Therefore the rule-making areas should not be postponed to the very end of the negotiations, but should be dealt with now. Building on the elements that had emerged should not mean neglecting the rules areas or keeping them hostage to progress on commitments.

96. What Members could do differently on the commitments aspect of the negotiations was to explore approaches that went beyond rigid formulae and one-size-fits-all solutions, and that would allow for flexibilities and take into account the different sensitivities and concerns of various participants. Technically speaking, the decision-making method for the commitment aspects of the negotiations did not necessarily have to be consensus on one single approach, formula or combination of formulae. Since commitments were set out in individual national schedules, the method of critical mass was much easier and could lead more rapidly to satisfactory results, ensuring different but sufficient levels of liberalization that were mutually accepted by the various participants. At some point in the negotiations the insistence on formulae, agreed to by consensus and by all participants, might actually become an obstacle to further overall progress in the negotiations. Therefore, the negotiating bodies, once reactivated by the TNC, should be directed to focus intensively on the rules aspects of the negotiations, especially in their further work on frameworks and/or modalities.

97. The representative of Mexico said that his delegation agreed with the Chairman's assessment that Members had come a long way since Cancún but had not yet succeeded in putting the negotiating process back on track. In his delegation's view, the basic problem was not that Members had not yet

carried out the instructions received from Ministers in Cancún, i.e. to agree on a document recording the progress made to date and serving as a basis for the next phase in the negotiations. Although time was running shorter and shorter, that objective could still be achieved, provided all Members were willing to engage in a constructive effort. Mexico's real concern was the discrepancy between the general awareness – at the political level among delegations in Geneva – of the importance of supporting the Doha Round, and the equally general lack of movement or concrete signals in the substantive discussions. It seemed that both in Geneva and in capitals, there was an ever-growing temptation to believe that things were returning to normal and that Members could fall back into their old habits, returning to convenient positions and habitual tactics. As Chile had said, Members had lost a sense of urgency, and this tendency could be accentuated with the reactivation of the negotiating groups.

98. This was extremely dangerous. The window of opportunity created by political developments in a number of major developed and developing-country Members was already beginning to close and would grow narrower as Members moved into 2004. If Members failed to consolidate swiftly what had been achieved so far, they ran a very real risk of losing all the work done and the progress – clearly insufficient but nevertheless concrete – they had made over the past few years. In other words, Members would be going back to square one almost three years after the process had been launched, and at a time when they should have been near the point of completion. At the end of the day, all knew what they had to do in regard to the issues pinpointed by the Chairman as vital, if they wished to ensure the successful completion of this Round, which was the following: the developed countries would have to make further efforts in the three pillars of the negotiations on agriculture in order to reform this sector and subject it to market rules. In this context, cotton was a central element. The developing countries would have to make real efforts in the area of NAMA. On the Singapore issues, all Members, both proponents and opponents, would have to adjust their initial and current expectations so as to reach some intermediate agreement. On all of these points, the ideas in the Chairman's report could help guide the specific work.

99. The problem at present was that Members seemed to believe they could postpone the necessary efforts to a later date. Clearly, Members were still far from the final phase in which the really difficult decisions would be taken. However, if Members did not start now to narrow the playing field and to agree on conceptual frameworks to guide them in the next phase – albeit in very general terms, since this was what the incipient stage of the process compelled Members to do – they would never reach the moment of truth. All had to resist the temptation to take a "business as usual" approach. As Members tackled their work in early 2004, it was crucial to bear in mind how important and delicate a stage they had now reached, if they were to deliver positive results in the short time allowed by the dynamics of the global political environment. In other words, it was necessary for Members to start taking substantive decisions that would not be final but that would involve costs to everyone. In Mexico's view, this was the only way to truly put the Doha Round back on track and to sustain the hope of completing an ambitious negotiating process within a reasonable timeframe, for the benefit of the world's population, and especially the poorest. That still seemed to be a goal all Members shared.

100. The representative of the Philippines said that the Philippines, and probably all developing countries, recognized the big stake Members had placed on the successful outcome of the DDA, promising for the first time in the history of the multilateral process the real impetus it could have on their development, ambitions and aspirations. His delegation would not sacrifice these genuine efforts for a game of dubious tactical subterfuges or negotiating brinksmanship. The Philippines simply wanted, and Members urgently needed, successful outcomes that would put its development needs and priority concerns in the forefront. One could not underestimate the benefit of deep and substantive discussions on a wide range of issues and elements – the exchange of meaningful information, and the exploration of the different levels of ambitions and perceptions among Members on the four issues taken up in the Chairman's consultations. While Members had not gone deeply into

negotiating exchanges of concessions, they should not be far from that. Setting aside the Singapore issues – which he would address later – the three issues of agriculture, NAMA and cotton, together with what the Chairman had identified as other development issues, such as S&D treatment and less-than-full reciprocity, really underpinned the broad stake of development ambitions in the Doha Round. Throughout the pre-Cancún period, at Cancún and in the post-Cancún phases of Members' work led by the Chairman together with the Director-General, Members had been able to get a clearer understanding of the issues, stake out common ground and collective confidence among like-minded Members in terms of alliances, and as Members approached the new phase of work outlined by the Chairman, they were in a better position to engage in meaningful ways to move the process closer to engagement and negotiations, and hopefully to a satisfactory conclusion.

101. This would be more possible if the developed countries embraced and operationalized the principles of equity and balance, the letter and spirit of the Doha mandates, the full commitment to the principles of S&D treatment and less-than-full reciprocity, and a recognition that the WTO – as the principal engine for strengthening the multilateral trading process – should not be used to impose obligations that were outside its ambit. In the context of the latter, the Philippines would include the Singapore issues, with the exception of trade facilitation, because these three issues were far removed from the core elements of the trading process and could even be counter-productive to developing countries' development interests. On agriculture, his delegation fully endorsed the statement by Brazil on behalf of the G-20 countries, outlining the key message of the G-20 membership, which embraced developing countries on a transcontinental basis. The Philippines reaffirmed its commitment to engage constructively in the negotiations in order to achieve the level of reforms, ambitions and development objectives clearly stated in the Doha mandate. His delegation exhorted Members to refrain from any unproductive debate on the issue of framework versus modalities, as this would detract from resolving the more substantive issues and the wide diversity of positions in this sector. Consistent with the G-20 Ministerial Declaration, the Philippines wished to stress that the objectives, including the level of ambition and timeframe of the negotiations prescribed in the Doha mandate, had to continue to be the guiding principle of the negotiations.

102. As the Chairman had mentioned in his report, linkage among the three pillars in agriculture was necessary to a successful outcome. The Philippines believed this was the only way in which balance, fairness and equity could be achieved in the agriculture negotiations. In line with this, his delegation shared the view that reform commitments had to be commensurate with the degree of distortions they contributed to in the multilateral trading system. Furthermore, this balance had to be attained within the context of the agriculture negotiations and without the need for payment in other negotiating areas. On market access, the Philippines shared the concerns of the vast majority of developing countries on the so-called blended formula that had come out of Cancún. Initial assessment of the formula showed that on the whole it was prejudicial to developing countries. The formula did not contribute to the harmonization of tariffs. On the contrary, it had a tendency to increase tariff discrepancies. The formula ostensibly offered flexibility for all Members in accordance with their different tariff structures, but actually offered disproportionately more room for manoeuvre to developed countries, to the detriment of market-access opportunities for developing countries. There was nothing in this formulation that effectively linked commitments in market access to reform commitments in the support pillars. In addition, no framework or set of modalities would be viable without taking into account the priority concerns of rural development, including food security and livelihood concerns of developing countries. Much work and consultation had been undertaken in the development of the concepts of Special Products and Special Safeguard Mechanism that could address these concerns for developing countries. Members should continue to make efforts to refine these concepts and to bring them to a beneficial and logical conclusion. On export subsidies, the Philippines supported calls for a specific end-date for export subsidy elimination.

103. On NAMA, earlier discussions had clearly split supporters and opponents on the level of ambition in Annex B of the Derbez text. In contrast with their position on agriculture, the developed

countries insisted on a highly ambitious level of market access openings in NAMA, and that developing countries contribute an equal share, contrary to the principles of less-than-full reciprocity and S&D treatment. The DDA did not aim for tariff elimination in NAMA or for harmonization, and clearly recognized the principles of S&D treatment and less-than-full reciprocity, and concern for the special trade, financial and development needs of developing countries in the negotiations. Therefore, the formula should provide for different coefficients, the sectoral approach should be supplementary, and the binding of unbound tariffs by developing countries should be considered a concession by itself and not subject to further reduction obligations.

104. On the Singapore issues, his delegation had not been happy with the way this issue had been managed from the start, and had made this known. The process had been artificial, non-transparent, and muddled. Thus, his delegation had not been surprised that the Community had pleaded for clarity in the way these issues would be dealt with in future. His delegation supported the Chairman's proposal on the way forward, but sought clarification as to whether there was no other option than to reactivate the negotiating groups on the negotiating issues and the regular bodies for other aspects of the DDA work programme. The regular bodies the Chairman had referred to included the Working Groups on Transparency in Government Procurement, Investment and Competition Policy, but there was a legal issue regarding the mandate for this work, which had expired in Cancún. Thus, the reactivation of these Working Groups would have to be submitted to Members for further discussion. Furthermore, the Chairman had proposed the continuation by Deputy Director-General Mr. Yerxa of technical and substantive work on the issues of trade facilitation and transparency in government procurement with the objective of a decision by explicit consensus on modalities, after which these issues would presumably be included as part of the single undertaking. At the most fundamental level, there was no basis for any convergence on transparency in government procurement, although his delegation had always insisted that trade facilitation was a core responsibility of the WTO and that everything Members did in the Doha work programme was in fact about trade facilitation. Clarity was needed, and he recalled that in the consultations the Philippines had asked the Chairman to provide this. Chile had asked what fell within and what fell outside the so-called single undertaking. It seemed that the Community used this term in a flexible sense that would include one or all of the four Singapore issues. However, in Cancún, one or two of these issues had been proposed to be taken entirely out of the WTO agenda. He believed this clarification should perhaps come from the Community, who was the initial demandeur and who now claimed that it would not pay for these negotiating issues, but rather considered this matter a systemic issue which had to be part of the WTO architecture, and that in pursuit of this systemic architecture they would be willing to consider a plurilateral approach. The Philippines asked, however, how a plurilateral approach would be consistent with the single undertaking character of the WTO. There was too much confusion, even in the way Members used terms involved in this discussion, and before agreeing on the Chairman's proposal, Members should first clarify the situation. The Singapore issues could never be the key to a successful Doha outcome, but could pose a big obstacle to successful negotiations, or re-engagement, as they had proved to be a breaking rod at Cancun. The Philippines did not want to repeat this. In Cancún, the Philippines, together with a group of developing countries, had consistently opposed negotiations without explicit consensus on modalities. Now the same group of countries, who numbered more than 70, had circulated a paper (WT/GC/W/522) that proposed flexibility on the issue of further work on trade facilitation, but was clear on the treatment of the other issues. Members should take these other issues off the agenda and not contaminate the process of re-engagement and re-negotiation. On this issue, the Philippines shared the views of the 70-odd countries that had been clearly articulated in the statements by Malaysia, India, South Africa and others.

105. The representative of Malaysia said his own country's experience had been that trade was key to development. It was on this basis that the international community had taken part in successive rounds of trade negotiations, earlier under GATT and now under the WTO. Malaysia therefore supported the continuing efforts to advance the DDA negotiations. A group of developing and least-developed countries had jointly submitted a communication in document WT/GC/W/522. These

countries warmly welcomed Jamaica as an additional co-sponsor of the document since its circulation. The document sought to remind Members that a decision on modalities by explicit consensus was required before negotiations could commence on the Singapore issues. At Cancún, a number of developing-country Members had expressed concern, *inter alia*, about the impact that multilateral rules on the four Singapore issues would have on their policy space and the fact that they had neither the negotiating resources nor the capacity to implement obligations which such multilateral rules would entail. No decision had been taken at Cancún by explicit consensus on the modalities of negotiations on any of the four issues. A number of delegations had reminded Members of what Ministers had said in Cancún in terms of bringing into this new phase all the available work done at the Cancún Conference.

106. Article III:2 of the Marrakech Agreement establishing the WTO was clear, i.e. that the WTO shall provide the forum for negotiations among its Members concerning their multilateral trade relations. The core competence of the WTO lay in trade in goods and services. In the "Green Room" at Cancún, one major proponent of the Singapore issues was considering dropping further work on two issues, namely, investment and competition policy. During further discussions in that setting, it became clear there was no consensus on the need for any multilateral disciplines on transparency in government procurement, and hence there was a suggestion that further work on this issue might also be dropped. At present there continued to be significant divergence of views among Members on the Singapore issues, and in the absence of explicit consensus, there was no basis for commencement of negotiations. The co-sponsors of document WT/GC/W/522 had therefore submitted that all further work on investment, competition policy and transparency in government procurement should be dropped. With regard to trade facilitation, work on clarification of various aspects of this issue might continue. However, this work should be carried out in parallel with other segments of the Doha work programme, and there should be no attempt to seek an early harvest on trade facilitation in advance of progress on core issues in that work programme. This work also had to address points raised by a group of developing and least-developed countries, such as the course of compliance, justification of any binding rules subject to the DSU, and commitments regarding technical and financial assistance to meet the costs of compliance and implementation of any possible multilateral framework. After completion of the clarification process, a decision would need to be taken on the modalities by explicit consensus before negotiations could commence.

107. The co-sponsors of this document were also against the adoption of a plurilateral approach in respect of multilateral issues, because this was systemically unsuitable in a multilateral organization like the WTO, and a plurilateral approach could lead to a two-tier system of membership that would be contrary to the basic character of the WTO. If Members all stepped back just briefly and considered the big picture, they would appreciate the relative impact that progress in the areas of agriculture, NAMA, services and development issues – as compared to the Singapore issues – would have on the objective of expanding international trade and spreading prosperity. For the time being, Members were bound to act in conformity with the intent that the DDA negotiations were a development Round.

108. The representative of Singapore said the Chairman deserved to be commended for his determination and positive outlook. If Members had not made sufficient progress in their negotiations since Cancún, it was due to no shortage of effort by the Chairman, but rather to the fact that Members had not shown the resolve and the political will to accommodate each other's concerns and help move the process forward. Singapore was committed to the multilateral trading system and the DDA. As a small country, but one which was highly dependent on international trade for its livelihood, Singapore felt strongly about the need for a rules-based multilateral trading system that was alive and vigorous, not one that languished in intensive care. Needless to say, his delegation was very disappointed with the outcome of Cancún. If Cancún had been successful, Members would have had at least a solid framework or frameworks in place to serve both as an anchor and a compass to guide the negotiations in a changing political landscape. This would have greatly enhanced the chances for a successful

conclusion of the Round by the mandated deadline of 1 January 2005. However, with the failure in Cancún, it was now all but a certainty that this deadline would not be met. This was not to suggest that the path before Members was hopeless. However, it would require tremendous efforts and a strong political commitment on the part of all Members to re-start the Doha process.

109. In this regard, Singapore was concerned, as it did not sense – at least at present – a willingness to bridge the divide that existed between Members. While all, including Ministers, might have expressed a desire to see the process put back on track, Members had yet to see that desire and the generalized expressions of political support translated into action in Geneva. Words were not enough. There had to be political will, practical efforts and joint action from all stakeholders in the process. Notwithstanding this, his delegation was fully behind the Chairman's continuing efforts to inject new momentum into the negotiations. The Chairman had outlined his plans for the future, which involved re-activating the negotiating groups and the TNC in its supervisory role. Singapore would back those efforts to re-start the process, in whichever form the Chairman deemed best. His delegation hoped that over the next few months, Members would be able to reach agreement on the framework texts on agriculture and NAMA. Agreement on the framework text on agriculture probably held the key to unlocking the current stalemate. Singapore also hoped that by early in 2004, Members would have a clear picture of what they wished to achieve on the Singapore issues, and would concentrate on those issues on which there was agreement for launching negotiations. In this process, Singapore saw a continued strong oversight role for the General Council Chairman and the Director-General to shepherd the process and keep it moving firmly forward and on track. The Chairman and the Director-General could step in from time to time to iron out kinks in the process.

110. The HODs consultative process need not be discarded. There was utility in maintaining the HODs process alongside the negotiating groups. Not all issues could be resolved in the negotiating groups, e.g. the Singapore issues. For this particular set of issues, Singapore endorsed the Chairman's approach of continuing dedicated consultations under a Deputy Director-General as a Friend of the General Council Chairman. Some Members might comfort themselves that this was not the first time that trade talks had collapsed or that a trade round had had to be extended. Others might say that it did not matter if it took a few more years to conclude the Doha Round. However, Members should be clear about the consequences of a long delay in completing the DDA. If the Doha Round dragged on without any tangible sign of progress, the main losers would be developing countries. As The Economist magazine of 20 September 2003 put it, "The humbling of the WTO not only worsens economic prospects for the developing countries ... but also shifts the balance of global political power from poor to rich" However, it would not only be the poor and small countries that would suffer. If the sense of injustice and unfairness became too great, one way or another the problems of the Third World would become those of the First. Economic globalization had also globalized the problems of poverty, terrorism and disease. Members had spent three months trying to pick up the pieces after Cancún. It was now time for action. His delegation would work with the Chairman, with his successor, with the Director-General and with other like-minded countries to help put the process back on track.

111. The representative of Djibouti said that a lot of will to give new impetus to the negotiations had been shown, and as a number of delegations had pointed out, Members had to look forward to the future, and not to the past. This was the only way to make progress. Not too much should be said about what had transpired in Cancún. Members would be well advised to examine how they could move forward and give new impetus to the negotiations without raising too many questions at present. They should not focus too much on technical matters. Once the negotiations were back on track, Members would be able to look at details, but the main thing at present was to build up momentum to get things moving. In doing so, Members had to look at all aspects, including development and technical assistance, which was very important to help the least-developed countries better integrate into the system. On the issue of technical assistance, Djibouti wished to thank the Secretariat and Deputy Director-General Mr. Rana and his team for what they had done. The developing and least-

developed countries represented different cases, and this had to be borne in mind. It was important that the LDCs were able to better integrate into the multilateral trading system.

112. His delegation hoped for the full success of the negotiations, and trusted that Members would be able to put the negotiations back on track and then focus on details. Members had to make major efforts once negotiations got started again. The effort had to be made without posing too many questions and without predicting results. Multilateral negotiations were what they were. Canada had said that multilateral negotiations should not be precipitated. Negotiations were a long process, and Members had to be tenacious. This required stamina, but all agreed that they had to focus on bringing new momentum to the process.

113. The representative of Botswana, speaking on behalf of the ACP Group, said the Chairman's and Director-General's reports provided a concise overview of the consultations undertaken since Cancún to try to get the Doha work programme back on track, as mandated by the Cancún Ministerial Statement. The present meeting gave Senior Officials and Ambassadors an opportunity to assess progress since Cancún. However, he wished to express the ACP Group's disappointment that the meeting had been diluted by combining the present issue with regular agenda items of the General Council. The expectation had been that the present meeting would only review progress regarding the post-Cancún negotiations, as mandated by Ministers at Cancún. The ACP Group had taken note of the Chairman's assessment of the key issues that had emerged during the consultations and of the possible way forward. However, that report had only just been received, and consequently there had not been time to study it in detail. Therefore, Botswana could only offer preliminary comments and reserved the right to come back at an appropriate time with detailed comments.

114. The ACP Group wished to highlight the following elements on the four issues to be considered in the next phase of work. On agriculture and NAMA, the ACP Group believed that not only the Derbez text but also other contributions that had been made before, at and after Cancún should be the starting point of the negotiations. Cotton continued to be an issue of vital importance to the ACP Group and required an urgent solution. In this regard, the ACP Group had emphasized that cotton should be treated as a stand-alone issue and not as part of the negotiations on agriculture. On the Singapore issues, the ACP Group did not consider these issues to be fundamental to its interests at the present time in the Doha work programme. The Group believed that priority focus had to be given instead to the development issues. If work on the Singapore issues resumed in 2004, the ACP Group re-iterated, among other conditions, that explicit consensus on modalities had to be attained before there could be any launch of negotiations. The ACP countries urged their developed-country partners to build on the discussions that had taken place in Cancún by agreeing to remove altogether some, if not all, of these issues from the Doha work programme. Of paramount importance to members of the ACP Group were the specific development-related issues such as S&D treatment, implementation issues, the special situation of LDCs, the Work Programme for Small Economies and the rules governing regional trade agreements. In this regard, the Group wished to recall that the Doha mandate unequivocally identified development as the guiding principle for the future evolution of the multilateral trading system.

115. Regarding the way forward, the ACP Group had taken note of the Chairman's proposal to reactivate bodies created under the Doha work programme, but wished to request that this be done cautiously, given that some bodies had a specific time period. The General Council needed to come up with a clear mandate on some issues before the reactivation of these bodies. The ACP Group was ready and willing to work with the Chairman and other delegations to secure the necessary conditions to create momentum for the full and successful implementation of the Doha work programme. The ACP Group reaffirmed the importance of a more balanced and equitable multilateral trading system, underpinned by transparency and inclusiveness in the decision-making process. The Group also wished to reaffirm its commitment to putting back on track the negotiations under the Doha work programme on the basis of the fullest recognition of and attention to the needs and interests of

developing countries, in accordance with the Doha mandate. The ACP Group supported the statement by Mauritius on behalf of the African Group and by Bangladesh on behalf of the LDCs.

116. The representative of Indonesia said that the Chairman's work had been useful in restoring Members' confidence, not just in the DDA, but also in the multilateral trading system. The Director-General's relentless effort – in travelling from one corner of the world to another to assure Ministers that only by showing greater flexibility could the post-Cancún work bring a satisfactory outcome – had also been valuable. Indonesia wished to put on record its renewed commitment to the DDA and the multilateral trading system. In an increasingly globalized and interdependent world, the multilateral avenue provided the best means of achieving Members' common goals and containing their common threat. There was a need for all Members to recommit to the multilateral approach and to demonstrate greater flexibility on individual short-term interests in favour of the long-term benefit that would accrue to all if a genuine development agenda was pursued in the multilateral trading system.

117. Regarding the work for 2004, Indonesia fully supported the Chairman's proposal to reactivate all of the negotiating bodies as of early 2004. For issues such as agriculture and NAMA, the respective negotiating bodies provided a better forum for more focus and for technical negotiations. The reactivation of the negotiating bodies was thus timely. For the Singapore issues, however, a political agreement first had to be reached on what to do on each of these issues before Members could undertake further work in this area. In undertaking work in 2004, Members also had to set a clear timeframe. While recognizing that the WTO had a tendency to miss deadlines, Indonesia felt this would help bring a sense of urgency to the work Members would be undertaking in 2004. While welcoming the Chairman's plan to resume the work of the negotiating bodies, Indonesia wished to stress that these bodies had to hold their meetings and make decisions in an open, transparent and inclusive way, and that all delegations should be able to take part. The General Council's agenda resulting from the decisions at Cancún and at the present meeting appeared to be fairly heavy for 2004. Indonesia nevertheless wished to have assurance that this would in no way detract from the Council's pending and ongoing work, which should continue to receive the attention it deserved.

118. On the Singapore issues, a clear decision should be taken on what action would be taken on each of these issues, before any further substantive work could be undertaken on any of them. In deciding on the action to take on the Singapore issues, developments during the last few hours of the Cancún Ministerial Conference on these issues had to be fully taken into account. In the same vein, the Chairman's proposal to continue to hold consultations on possible modalities for trade facilitation and transparency in government procurement were premature. Many of the pre-Cancún reservations and arguments on these two particular issues were equally relevant at the present time. Thus, without a political decision taken to decide on the action to be taken on each of the Singapore issues, consultations for modalities would only be in vain. As stated in the recent submission in WT/GC/W/522 by a group of developing countries, in the post-Cancún period, Members should only be discussing what action to take on one Singapore issue, which was trade facilitation. However, this work should be carried out in parallel with the other segments of the Doha work programme, and there should be no attempt to seek an early harvest on trade facilitation in advance of progress on core issues in the Doha work programme.

119. On the issue of agriculture, there were still great differences among Members on each of the three pillars. Progress on agriculture could only be made if the big players demonstrated a willingness to commit to reforming their distorting and protectionist policies and thereby to creating a basis for fairer trade in agriculture. His delegation appreciated the highlighting of the issues that were common interests of most developing countries, i.e. the concepts of special product and special safeguard mechanism. These issues would contribute to solving the problem of rural development, food security and livelihood security. On NAMA, the Chairman had identified the three paragraphs that had been the most contentious in the negotiations. These three paragraphs also happened to be

the paragraphs Indonesia still had problems with. Regarding the non-linear formula, it had not yet been taken fully into consideration the distress that such a formula might cause and the particular conditions facing many developing countries. With regard to sectoral initiatives, Indonesia continued to feel that this should be on a voluntary basis. This was the most appropriate way to go in NAMA.

120. A successful and timely conclusion to the Doha Round could only be achieved when all Members carried out the commitments they had made. All Members needed to show greater flexibility, especially on issues and concerns of developing and least-developed countries. In line with the Doha mandate, Indonesia believed that post-Cancún, the work in agriculture and NAMA should aim at establishing modalities as soon as possible. However, given the current negotiating realities, Indonesia was willing to continue to work towards an agriculture/NAMA framework, as long as such a framework maintained the Doha level of ambition and there was no ambiguity on the level of commitment to be taken by Members. His delegation would continue to work constructively with the Chairman and the Director-General to ensure that Members could bring these negotiations to a timely conclusion.

121. The representative of New Zealand said that it was good to hear the high level of agreement at the present meeting on the question of process. In broad terms, Members seemed to be converging around the suggestions the Chairman had put forward in his statement, and New Zealand could certainly add its support to that. The basis for that seemed to be increasingly clear – the Derbez text was widely accepted as the effective starting point for further work. The Doha mandate remained New Zealand's point of reference on the question of ambition. The Chairman's identification of key issues based on the intensive consultations held also offered some of the additional guidance Members were looking for and had not gotten from Cancún. These elements together gave Members at least a basis for resumption of work in the negotiating bodies in the early part of 2004. Members could not afford to get into a situation where the re-launch of negotiating groups and substantive movement forward on the issues was held up by unnecessary arguments about process. Members were going to have to give each other the benefit of the doubt for a few months early in 2004 if they were to avoid this. As the Chairman had said, Members had a window of opportunity and it was up to them to use it.

122. Against that background, his delegation particularly welcomed the positive feedback from both the G-20 Ministerial and the meeting between the G-20 Ministers and Commissioner Lamy, including commitments to the timely completion of the Round. It was also good to hear at the present meeting comments signalling a degree of pragmatism on an issue that had earlier seemed highly problematical, i.e. the question of frameworks versus modalities. The reality was that whether Members talked about frameworks or whether they used some other term, the development of full modalities in at least the market access area – in other words, those areas where Members were going to need to develop schedules – would require a staged process, and inevitably the first stage or task would be to tie down both the structure and the means by which language from the Doha mandate would be translated into those detailed modalities. That was essentially what the Derbez text set out to do in the case of agriculture, and the same would have to be done for NAMA, although this was a little further from being achieved on NAMA. Thus, whatever Members called it, this was going to be the first task of negotiating groups in 2004. In going about this, Members would have to operate in a different mode. As Brazil had reminded Members, it was time to stop negotiating with Chairmen – Members should be negotiating with each other.

123. Members also had to be realistic about the fact that while they could grope their way forward in the Geneva process, sooner or later some political input would be needed. This was because the issues Members were confronting, including those the Chairman had identified under some of the specific headings indicated, were acutely political in nature. The G-20/EU exchange the previous week had already shown how critical that political input could be. It was likely that Members would

need to look for further such opportunities to keep this process on track through the first half of 2004. This would be doubly important if Members were not to lose the sense of urgency that Chile and others had referred to. At the present meeting, a number of issues had been raised by delegations which had the potential to block progress, and many of these were issues of a horizontal nature. Members would need a process for dealing with these issues that could operate in parallel with the work of the negotiating groups. Reconvening the TNC would obviously be part of the answer, but a process convened by the Chairman and his successor that addressed, among other things, objectives and benchmarks for work in 2004 would be needed. This also had been anticipated in the Chairman's statement.

124. Regarding the Singapore issues, the genuine unbundling of these issues was going to be one of the keys to success in this process. It was certainly the key to getting the debate on the Singapore issues back on to the individual merits of these four very different issues, which in the view of many Members was where it should have always been. The Chairman had proposed that Members continue work on possible modalities on two of those issues. This seemed the obvious approach in terms of a first stage. The idea of negotiations on trade facilitation seemed to command broad acceptance, albeit with some qualifications, but the modalities would need to be developed. New Zealand did not think that modalities for this issue would call for much more detail than was set out in the Derbez text, but obviously the content would need to be looked at very closely. Transparency in government procurement looked more problematical, but Members should certainly make the effort. On the other two issues, Members would eventually have a more sensible discussion if they gave themselves a little more time. In this regard, the G-20 communiqué sent a useful signal in that it acknowledged the delicate balance among various negotiating fronts within the wider Doha agenda. However, trying too early to find an answer that respected this delicate balance would not be helpful. Members were in an extremely difficult situation after Cancún. The fact that they were having a fairly constructive discussion at the present meeting, when they could easily have been in a much more uncomfortable situation, was very largely due to efforts of the Chairman and the Director-General, to whom his delegation extended warm thanks.

125. The representative of Nigeria said his delegation fully supported the thrust of the Chairman's report, including the proposal to return the negotiations to the negotiating bodies. Nigeria also fully shared the goal of putting the DDA back on track, as mandated by Ministers in Cancún. His delegation had contributed towards reviving the Cancún process and would continue to do so. While there were of course some problems, the fact that Members had not recorded much success was not the fault of the Chairman or the Director-General, and in fact, slow progress was good progress. In its efforts to revive the negotiations, his delegation believed that future texts coming out of the negotiations should be produced by the Members, who would also have ownership and responsibility for them. Efforts by Chairmen of the General Council or other bodies to produce texts on their own responsibility had created problems, and Nigeria was waiting for the time when the membership itself would prepare texts and have responsibility for them. His delegation wished to emphasize some of the views it had expressed at previous meetings, including the previous week's HODs meeting regarding the process and substantive issues under consideration.

126. Movement on agriculture would be key to achieving significant movement in other areas of the negotiations. The Derbez text, which had been used as the basis for consultations so far, drew heavily from the framework document developed by the Community before Cancún. His delegation was concerned with many aspects of this text, since it did not address major issues of interest to Nigeria and did not contain figures. In Nigeria's view, this text was not a suitable roadmap for future reform in agriculture, because it would not lead to substantial reduction of trade-distorting domestic support and export subsidies. The fact that there had been little progress in the consultations was an indication that relying mainly on this text would not yield the desired results for many delegations, including Nigeria. The text should be only a reference document, and other relevant documents, including the G-20 proposals, should be used in future consultations and negotiations. This would

help in advancing negotiations on agriculture. The concepts of Special Products and Special Safeguard Mechanism, as well as S&D treatment, should be given due attention in the negotiations in future on agriculture, because they would ensure food security for those in need as well as employment and rural development.

127. On NAMA, Nigeria was concerned about several aspects of the Derbez text. The level of ambition of the developed countries was very high. The non-linear approach proposed was not acceptable as the basis for tariff reduction by many developing countries, including Nigeria, since it would lead to drastic tariff cuts by developing countries and the attendant loss of revenue which was badly needed for development. Nigeria was also not in support of the mandatory approach to sectoral tariff elimination, and preferred a voluntary approach. Furthermore, Members needed flexibility to determine the scope of tariff bindings. Issues such as less-than-full reciprocity and S&D treatment should be given priority attention in the NAMA negotiations. On the Singapore issues, his delegation was a member of the Core Group on Singapore issues, which had submitted their views and concerns on both the process and substance of consultations on this matter.

128. No agreement had been reached to negotiate any of the Singapore issues, since the modalities for such negotiations were yet to be agreed. Therefore, the Chairman's proposal on the Singapore issues was not acceptable. Nigeria wished to see three Singapore issues dropped from the WTO work programme, i.e. investment, competition and transparency in government procurement, while trade facilitation should be referred back to the Goods Council for further clarification. On cotton, his delegation fully associated itself with the views expressed by the proponents of the cotton initiative. This was an important matter which deserved early solution, considering the difficult economic situation existing in the countries behind this initiative and the specific role of cotton in their economies. An early solution would assist not only the proponents, but also other cotton-producing African and developing countries who were affected by cotton subsidies. Development-related issues in the DDA deserved priority attention as Members moved ahead with the negotiations. It was therefore imperative to give more attention to S&D treatment and implementation issues as Members moved ahead. Achieving meaningful progress on these issues would help in advancing negotiations in other areas of work.

129. Nigeria fully supported the statements by Mauritius on behalf of the African Group and by Botswana on behalf of the ACP Group, as also the statements by Brazil, Indonesia and Malaysia on these issues. The Director-General had alluded in his introductory statement to the meeting of the Commonwealth Heads of State and Governments (CHOGM) in Abuja the previous week at which they had reiterated their strong support and commitment to the principles and objectives of the multilateral trading system. They had called for the early revival of the post-Cancún process and timely completion of the Doha Round. On agriculture, they had called for the early phasing out of all forms of export subsidies, substantial reduction in trade-distorting domestic support and significant improvements in market access. Nigeria would hold the Chairmanship of the CHOGM for 2004, and he would be reporting to the Chairman and the relevant bodies on inputs from the CHOGM meetings as they affected Members' work. A number of delegations at the present meeting had referred to the need to show flexibility and had indicated their willingness to show more flexibility in order to move the process forward. Nigeria expected that these positive statements would be translated into reality in 2004. His delegation was prepared to participate actively and positively in the task ahead so as to achieve the objectives of the DDA.

130. The representative of Norway agreed that Members had come a long way from Cancún in a short time. The Chairman's tireless efforts had provided Members with a clearer sense of what the key questions were, and where movement in positions was required in order for Members to proceed to the final stage of the negotiations. As the Chairman had rightfully pointed out, real negotiations or movement of positions on key issues had not occurred. In order for that to happen, political will to move was required from all parties. This had not been possible in Cancún, and the political

parameters did not seem to have improved since then. It was perhaps overly optimistic to expect that Members would be able to deliver where Ministers had failed, but it was not clear where this left them. It seemed that all were committed to the Doha Round and to making this Round a success, but that still more time was needed to move the process forward towards the final negotiations. The main task at present would be to pave the way for a negotiating environment where the necessary trade-offs were possible. The process the Chairman had proposed reflected this fact. At the same time, that proposal seemed to take Members in the right direction by underlining the need to build on the progress made in the consultations aimed at getting work back on track.

131. Norway supported the Chairman's suggestion that all DDA bodies should be encouraged to resume their work early in 2004. Members should build on the elements that had emerged in their work in these groups prior to Cancún, as well as what had been achieved at Cancún and the work since Cancún that had taken as its point of departure the Derbez text. This would also enable Members to get back to the issues that had not, and rightly so, been in focus since Cancún. Norway was particularly eager to get back to the services and rules negotiations. Clearly, one sticking point was agriculture. The Chairman's consultations had been helpful in identifying key issues that had to be dealt with. He wished to add one issue which had not been mentioned by the Chairman, which was the substantive difficulty Norway had with the proposed capping of tariffs. On NAMA, Members needed to develop modalities that would provide real market access, while at the same time providing for the less-than-full reciprocity laid out in the Doha mandate. On the Singapore issues, Norway could support the suggestion to build on the general acceptance of unbundling the four issues. Furthermore, Norway supported the proposal to continue the work on exploring possible modalities for trade facilitation and transparency in government procurement. With regard to cotton, Norway supported the proposed way forward. His delegation also appreciated the Chairman's points regarding the importance of the specific development-related issues as Members moved into further negotiations. To sum up, on the positive side there was no sense of crisis. Members now had a clearer understanding of the key issues and stumbling blocks. On the other hand, Members needed to keep the process moving forward at a steady pace. Experience showed that proposals and concepts had a tendency to have an expiry date. If Members waited too long, they might run the risk of missing this window of opportunity. This might leave them with nothing but the Doha Declaration. This would not only be a major setback for the negotiations, but would also pose a substantial threat to the multilateral trading system.

132. The representative of Benin, speaking on behalf of the co-sponsors of the sectoral initiative on cotton,⁴ said that at the conclusion of the Cancún Ministerial Conference, Ministers had instructed officials "to continue working on outstanding issues with a renewed sense of urgency and purpose and taking fully into account all the views we have expressed in this Conference." They had also asked "the Chairman of the General Council, working in close co-operation with the Director-General, to coordinate this work and to convene a meeting of the General Council at Senior Officials level no later than 15 December 2003 to take the action necessary at that stage to enable us to move towards a successful and timely conclusion of the negotiations." Members had now reached that deadline of 15 December 2003. He assured the Chairman and the Director-General of the full support and cooperation of his delegation in discharging their heavy responsibilities. In implementing Ministers' instructions, the Chairman had held two rounds of consultations on the four sensitive issues – i.e. agriculture, cotton, NAMA and the Singapore issues – aimed at getting the Geneva process back on track.

133. At present, there was no question that, generally speaking, Members would be hard put to claim they had achieved the results anticipated. These consultations had not led to real progress, even if Members had been unanimous in stating their willingness to be flexible and in affirming their faith in the multilateral trading system. Considering the ambivalent results of these consultations, it was all

⁴ Benin, Burkina Faso, Chad and Mali.

the more important for Members to resume the traditional approach to their work. The various negotiating bodies and working groups should be re-activated without delay and their new chairpersons appointed. Members should also go back to addressing the other issues arising from the DDA in order to take stock of the situation regarding development issues. With regard to the specific question of the sectoral initiative on cotton, Benin, on behalf of the four co-sponsoring countries and the group of 29 African cotton-producing and net exporting countries, fully shared the view that a sense of responsibility should prevent discussions from becoming bogged down on controversial issues of procedure which, up to the present, had been unanimously accepted and implemented without arousing debate, and should not therefore pose any problem. He was referring here to the handling of the cotton issue on a stand-alone basis. He recalled that at Cancún, cotton had been dealt with separately as the second item on the Agenda of the Conference. The most important thing now was that work should focus on seeking firm and rapid solutions to the concerns raised, taking into account their trade and development aspects, which both fell – exclusively or partially – within the purview of the WTO. The urgent need to settle this matter had already been recognized by Ministers in Cancún, and was now even more pressing, since Members had not managed to find a just and equitable solution at the Fifth Ministerial Conference. Economic trends which suggested a likely increase in cotton prices in the months to come should not in any way serve as a pretext for Members to shirk their responsibilities. The four co-sponsors of the sectoral initiative had repeatedly shown a spirit of openness and flexibility, and had demonstrated their flexibility, since the sectoral initiative had been submitted on 30 April 2003. They had made major concessions, fully aware of the tragic situation of their populations, of the dangers which threatened their already vulnerable economies, and the urgency of finding an effective and equitable solution. Since the end of April, their position had evolved considerably in comparison with their original expectations. In spite of the cost to their countries, the number of their demands had diminished. The date for the start of phasing-out of distorting practices in cotton trade, with a view to their elimination, had been pushed back. The period for the completion of the process of total elimination had been extended, and it had even been suggested that the treatment of domestic support and export subsidies should be decoupled. In short, these countries had shown tremendous flexibility.

134. No effort should be spared. The progress and results Members could achieve depended on their collective will to move forward, by taking bold, responsible and courageous decisions. The four co-sponsors of this initiative wished to launch a solemn appeal to all their partners, inviting them to start engaging in real dialogue and negotiation. They hoped that Members would not continue in the situation that had prevailed up to the present. In the almost eight months since the sectoral initiative had been presented, and despite contacts made by the co-sponsors at both multilateral and bilateral level, no firm and written counter-proposal had been made by any of their partners. The latest positions of the co-sponsors, supported by the ACP Group, the African Group and the LDC Group were well known and had been clearly expressed in document WT/GC/W/516. The co-sponsors maintained these positions and others which had subsequently been endorsed by several Ministerial meetings in November 2003, and in particular the informal African Ministerial meeting in Cairo and the ACP Ministerial meeting in Brussels.

135. These countries would welcome firm, precise and early responses to their pressing concerns and to their proposals, which were equally firm and precise. They were looking for a strong and meaningful signal from the parties concerned, demonstrating their will to negotiate and to rapidly resolve this problem in an equitable fashion, so that Members could make real progress in their deliberations. The credibility and image of the organization were at stake. The way Members managed this issue would greatly influence international public opinion, positively or negatively, in its assessment of the multilateral trading system. In setting up the WTO, Members had recognized that their relations in the field of trade and economic endeavour should be conducted with a view to raising standards of living and to expanding the production of and trade in goods and services, while allowing for the optimal use of the world's resources in accordance with the objective of sustainable development. Moreover, at the end of the Doha Ministerial Conference, Members had solemnly

expressed their belief that international trade could play a major role in the promotion of economic development and the alleviation of poverty, and in the need for all people to share in the benefits from the increased opportunities and welfare gains generated by the multilateral trading system. Members had recognized the particular vulnerability of the least-developed countries and the special structural difficulties they faced in the global economy, and had also stated their commitment to addressing the marginalization of least-developed countries in international trade and to improving their effective participation in the multilateral trading system. Members had a serious responsibility to honour their commitments. Failure to do so would, as far as the rest of the world was concerned, discredit the organization and Members' shared world view, to which Members were expected to be the committed and devoted protectors. The co-sponsors of the sectoral initiative on cotton supported the statements by Bangladesh on behalf of the LDCs, by Botswana on behalf of the ACP Group and by Mauritius on behalf of the African Group.

136. The representative of Jamaica expressed his delegation's disappointment that despite the expressions by many Members of their preparedness to engage and re-engage, very little appeared to have concretely changed on substance. The present meeting, convened at the level of Senior Officials, had been mandated by Ministers "to take the action necessary ... to enable us to move towards a successful and timely conclusion of the negotiations." The Chairman and others had interpreted this to mean that Members should be taking, at the present meeting, the decisions Ministers had been unable to take at Cancún. Despite the Chairman's concerted efforts, dedication and leadership, it appeared that Members now had to collectively acknowledge that it was not yet possible to make up the ground that should have been covered by and at Cancún. While Jamaica would not call it a missed deadline, this was deeply regrettable and could have serious implications for the Doha Round timetable. Regarding the Chairman's statement, Jamaica wished to place on record a few comments so that its position was clear on some issues it considered very important. His delegation noted the view, expressed more than once in the Chairman's report, that if there was progress in certain key areas in the subjects under negotiation, other elements would be brought along or would fall into place more easily. The fact, though, was that these other elements, in subjects like agriculture and NAMA, included issues of immense importance to a large number of Members, especially small developing countries. An approach that sought to move forward across the range of issues critical to all Members within and across negotiating subjects was imperative. It was only in this way that many Members, developed and developing, large and small, would be able to realistically and accurately assess how their interests were being taken on board as the negotiations evolved. For this reason, Jamaica shared the concerns of those who wished to see as much specificity as possible and as soon as possible. This specificity should seek to cover critical elements for small developing economies as well as for the major players, so that Members could make informed judgements about the emerging balance of interests.

137. His delegation was disappointed that some of these elements had not been cited in the Chairman's detailed report, which Jamaica considered to be a good overview and which provided a balanced assessment of the current situation in many areas. Regarding a few matters of importance to Jamaica, in addition to the Derbez text, the proposals put on the table before and at Cancún were essential to the full reflection of the views and interests of all Members as they went forward. The members of Caricom, for example, had made proposals on agriculture and on NAMA that were central to their interests in these negotiations. These had not been reflected in the Derbez text. Particularly important were the proposals on Special Products and on a Special Safeguard Mechanism that had been introduced by some Members and that were insufficiently and inadequately reflected in the Derbez text. In NAMA, Jamaica opposed mandatory sectoral tariff elimination and the use of a non-linear formula by developing countries, and these were elements of concern to Jamaica in the Derbez text. As a cross-cutting comment and as a follow-up to his delegation's earlier reference to critical issues of importance to small developing countries, Jamaica wished to underscore that in both the agriculture and NAMA negotiations, preferences, tariff revenue dependence, and the vulnerability of domestic producers, were key issues which small developing countries wished to see addressed

effectively and clearly in any framework and/or modalities that were developed, so that Members would be in a position to track the benefits and costs to them of the market access negotiations.

138. On the Singapore issues, Jamaica had noted the Chairman's proposal that Members continue work on possible modalities for two of the four Singapore issues, namely, trade facilitation and transparency in government procurement, and that the treatment of the other two issues should be a matter for further reflection. Jamaica was a co-sponsor of the communication circulated by a large number of countries on the way forward on the Singapore issues (WT/GC/W522). This proposal called for work to cease on three of the four Singapore issues and for clarification to continue on the fourth, i.e. trade facilitation. At the same time, Jamaica continued to emphasize the necessity of agreeing on modalities prior to the launch of negotiations on any Singapore issue. Further, Jamaica was not persuaded of the need for binding, justiciable obligations in trade facilitation, where the real need was for technical assistance and capacity building in such areas as customs modernization and the simplification of import and export procedures. In this context, Jamaica noted that in what was an example of coherence, the World Bank – in response to the emphasis placed on trade-capacity-building by Ministers at Doha – had doubled its trade capacity lending, and more than half of this lending now went to trade facilitation. A third point Jamaica wished to speak to was development issues. The Chairman's consultations since Cancún had focused on four issues, and the Chairman had emphasized throughout that this was without prejudice to other issues on the Doha agenda. Nevertheless, Jamaica wished to reiterate that it was imperative that work resumed quickly and fully on development and implementation issues. It was also necessary that the cotton initiative be resolved to the satisfaction of the proponents. Jamaica supported the Chairman's proposal that the bodies under the Doha work programme be re-activated early in 2004. Despite the value of the consultations held, they could not substitute in substance nor in transparency for the formal negotiating structure and process.

139. His delegation wished to note, however, that it might prove unnecessary to reactivate some of the bodies dealing with the Singapore issues if a decision were taken to cease work altogether on some subjects, as many countries had proposed. Jamaica regretted that the willingness to engage shown by many developing countries had not been reciprocated in concrete terms by their partners. The negotiations might be back on track, but it was not evident that the coach had begun to move. Given this situation, Members might soon have to admit what everyone outside the WTO seemed to be saying, which was that the 1 January 2005 timeframe for completion of these negotiations appeared to be in serious jeopardy. It was evident that unless Members made rapid progress in 2004, this was likely to be the case, and a realistic and meaningful roadmap would soon have to acknowledge this. Jamaica would work constructively with all other partners to seek to ensure a timely and successful conclusion to the negotiations. However, his delegation would continue to insist that the legitimate interests of small, developing economies, like Jamaica, be taken fully into account, and this was Jamaica's paramount concern. His delegation fully supported the statement by Botswana on behalf of the ACP countries.

140. The representative of Kenya associated her delegation with the statements by Mauritius on behalf of the African Group and by Botswana on behalf of the ACP Group. As the coordinator of the African Group had said, it had not been an easy task to try to put the negotiations back on track and to move the process forward. Kenya took note of the Chairman's report, prepared on his own responsibility, and of his understanding and assessment of the current state of play. Her delegation shared some of the Chairman's assessment of the results of his consultations. Kenya agreed that much effort had been put in and that there was a strong sense of commitment by Members to the multilateral trading system and the Doha work programme, and willingness to move forward, as evidenced by the Chairman's and Director-General's report. However, the results of the consultations had been disappointing, and as such, delegations had betrayed the trust bestowed on them by Ministers who expected them to seek compromises and convergence on key issues, so as to move towards a successful and timely conclusion of the negotiations.

141. When Members had agreed to engage in consultations on agriculture, NAMA, cotton and the Singapore issues, it had been with the understanding that these four issues would assist in unblocking the negotiations, and Members were expected to cover other important subjects such as development-related issues so as to achieve the objective of Doha – i.e. to put the development and needs of the poor at the heart of WTO activities. Sadly this had not been the case. Since Doha, many Members had tried very hard with their limited resources to turn development rhetoric into tangible outcomes in this organization, but despite their best efforts, had faced difficulties and failed to make significant progress. This notwithstanding, Members needed to collectively shift gears in order to discharge the Doha mandate, as instructed by Ministers, without further delay. This should include paying more attention to commodity issues along the lines proposed by Uganda, Kenya and Tanzania in their submission in document WT/COMTD/W/113.

142. On the issues of agriculture and NAMA, Kenya took note of the Chairman's proposal that the negotiating groups should continue to build on the Derbez text. In the Chairman's assessment, he had indicated that the elements and the structure of that document seemed to be generally acceptable. Kenya did not share that view, because if that were the case, Members would have completed their work by now. She recalled that Members had agreed to the framework approach for the Cancún Ministerial Conference, since they had missed the deadlines for agreeing on modalities. Members might therefore have to question the wisdom of continuing with the framework approach given the experience they had had so far. It had to be examined whether it was necessary to continue with the framework approach or embark on modalities as provided for under the Doha work programme. On the Singapore issues, it was Kenya's understanding that there was no agreement whatsoever on how these issues should be dealt with. Regarding unbundling these issues, Kenya recalled that according to the Doha work programme, these four issues had distinct mandates and as such should be treated that way. Kenya had a problem with some Members making the interpretation that these issues were part of the single undertaking. Paragraph 47 of the Doha Declaration was self-explanatory on what fell within the single undertaking. Proposals by some Members to drop some of the issues from the single undertaking could not be seen as a concession. While the Chairman had proposed that Members could continue exploring the possibility of agreeing on modalities on transparency in government procurement and trade facilitation and could reflect further on the other two issues, Kenya felt it would be a step back from developments at Cancún on dropping investment, competition policy and transparency in government procurement from the WTO work programme. The proposal made at Cancún should be the basis for any further reflection on the Singapore issues. It was in this regard that a number of developing and least-developed country Members, including Kenya, had submitted a joint communication in WT/GC/W/522 in which they had made a concrete proposal to consolidate the gains realized in Cancún.

143. On cotton, a solution could be found faster if cotton was treated as a stand-alone issue, given its importance to a number of African countries, including Kenya. Kenya took note of the Chairman's proposal that Members should not get tied down with the procedural issues on cotton, but wondered how this issue could be resolved if Members were not willing to discuss it separately. If particular problems facing the poorest and weakest Members were not addressed promptly, the WTO would continue to get an A+ for effort and an F for achievement, thus exacerbating the global inequalities. This issue was just as critical and compelling at present as it had been prior to and at Cancún. Kenya welcomed the proposal to reinstate the negotiating bodies and the TNC. This was a good move, as it would allow all Members to participate in the negotiations. The General Council should, therefore, request the TNC to hold a meeting and take a decision on the resumption of work under the negotiating bodies before the General Council meeting in February 2004. At this meeting the TNC might consider the establishment of a negotiating group to take up all implementation issues and concerns which had been outstanding for a long time. The establishment of a negotiating group on implementation issues and concerns would demonstrate Members' goodwill and commitment to ensure that WTO agreements delivered the promised benefits to all. Regarding other bodies under the DDA, Members needed to reflect further, particularly on the legal implications of certain mandates

that had specific time periods. With respect to the selection of Chairs for 2004, and for various negotiating bodies, Kenya proposed that the Chairman consult as widely as possible to ensure a balanced representation. It was not Kenya's intention to stand in the way of the process that seemed to be emerging regarding the way the Chairman intended to revive negotiations. However, Kenya expected the issues it had raised to be taken into consideration.

144. The representative of Pakistan said that his delegation particularly appreciated the way the Chairman had been able to revive the negotiation process after Cancún. After two rounds of intensive consultations, the Chairman had brought Members to a point where they were not far from a take-off position. Unfortunately, as had already been noted by the Director-General and the Community, the support from outside Geneva had not always carried through to the Geneva process. An example was the recent G-20 meeting at Brasilia. Brazil had already given a detailed account of that meeting, and his delegation wished only to add that the communiqués from that meeting had not fully captured the positive atmosphere and willingness of all to move forward. In fact, there had been so much goodwill that Commissioner Lamy was asking for the G-20 and the Community to work together on areas other than agriculture. Perhaps Commissioner Lamy was presuming that Members had already found a solution on agriculture, and so was suggesting that Members go even further. However, the Community would have to show the same flexibility Commissioner Lamy had shown at Brasilia, so that the disconnect between regional Ministerial meetings and the Geneva process could be minimized.

145. Regarding the way forward, Pakistan agreed that the present system of selective negotiations with the Chair could not be carried on for too long and needed to be supplemented. Members needed to negotiate with each other. Pakistan therefore fully supported the Chairman's proposal for the revival of the negotiating groups and reactivation of the TNC to oversee progress in the negotiations. However, there would be a need at the same time to continue meetings at the HODs level to guide the process. Pakistan also felt that the Director-General's present approach to keeping Ministers and capitals involved in the negotiations and to seek their support was essential and should continue. Regarding specific issues, several delegations had spoken about the central role of agriculture and not lessening the ambition of the Doha mandate. At the meeting in Brasilia, Commissioner Lamy and the G-20 had showed their keenness to start serious negotiations and to show flexibility. Pakistan hoped other major subsidizers and countries with high tariffs could do the same, so that Members could achieve some results and move forward. On cotton, it was important that Members gave due attention to this issue and not bundle it with other issues. Therefore, Pakistan would prefer that this issue be dealt with as a separate item. However, so far Members had spent too much time on process and not enough on substance. The cotton issue could be considered as part of the agriculture negotiations if there was a clear indication or road map as to how Members would deal with it on a separate fast track within those negotiations.

146. On NAMA, the framework in Annex B of the Derbez text should be acceptable to all concerned. This text was the result of difficult negotiations, and Members should build on this compromise. As was being done on agriculture, the Secretariat could perhaps once again do some simulations to show developed countries who thought it was not ambitious enough that all non-linear formulas – even if they took into account the present tariff levels of developing countries, as in case of the Swiss formula – did result in substantial tariff reductions. In order to make progress on sectoral reductions of tariffs, Pakistan hoped that developed countries would not lose sight of the accepted principle of allowing less-than-full reciprocity and S&D treatment. If marginal tariff protection of 15-20 per cent was allowed for developing countries as S&D treatment, Members could work on a sectoral basis as well. Otherwise, the sectoral approach should be on a voluntary basis. On the Singapore issues, it was clear there was not enough support for any further work on investment and competition policy, and Members should not persist in carrying on with these two issues. Even the proponents of these issues had categorically stated that these were not part of the single undertaking. Therefore, Members should concentrate their work on the remaining two issues, i.e. trade facilitation and transparency in government procurement. Considering the difficulties many delegations had with

the frameworks in Annexes D and E of the Derbez text, Members should not shy away from trying to work on these texts and to draw up draft modalities so they could eventually decide on commencing negotiations. On developmental issues, although Pakistan felt that the major developmental issues were market access issues, which he had already briefly covered, due attention should also be given to S&D and implementation issues. In the interest of moving the negotiation process forward, Members had agreed that during the past two rounds of consultations by the Chairman consideration of these issues could be deferred. Pakistan hoped that in the new year due consideration would be given to these issues.

147. The representative of Burkina Faso said his delegation was particularly grateful for the Chairman's vision of the challenges ahead, and above all for the Chairman's proposals aimed at guiding Members' discussions towards a successful outcome. His delegation's statement would focus on this aspect, and in particular on cotton. As a co-sponsor, Burkina Faso supported the statement by Benin on behalf of the co-sponsors of the cotton initiative, as well as the statements by Bangladesh, Mauritius and Botswana. Burkina Faso wished to express its appreciation for the Chairman's suggestion that in dealing with the cotton issue, Members avoid getting bogged down on procedural matters. Clearly, what Members needed was concrete and constructive answers to the questions that had been raised, whether trade- or development-related, because it had to be admitted that so far, no truly concrete answers had been forthcoming. His delegation continued to believe that the negative role of export subsidies and domestic support was largely responsible for the serious distortions that had been observed on the market – distortions that were destroying efforts to combat poverty. Cancún had seen the initiation of discussion on this issue as the co-sponsors of the cotton initiative had wanted – i.e. in a specific framework. Rather than questioning this procedure, Members should pursue the Cancún process and get to the bottom of this issue, and this clearly involved finding pragmatic solutions to the damage suffered by cotton producers in the least- developed countries, thus avoiding a collapse in those countries of what, paradoxically, was one of their most competitive sectors.

148. Burkina Faso had heard the appeal for flexibility the Chairman had made from the outset of the post-Cancún consultations, and thought that Members had answered that appeal. His delegation had reformulated its demands several times for no other purpose than to seek the necessary compromise. However, thus far no other Member had responded, at least not concretely. The time had come for a response, and his delegation wished to join Benin in appealing to the membership to step up its efforts to find a solution to the serious problem confronting them. While Burkina Faso was ready to show the necessary goodwill, it could not willingly accept solutions that were contrary to its interests and to the rules of the WTO – solutions that would ultimately exclude Burkina Faso from the world cotton market. He thanked all who had spoken out resolutely in support of the cotton initiative. Burkina Faso reiterated its commitment to the multilateral negotiations, to transparency and to inclusiveness in the WTO negotiating process.

149. The representative of Japan said that without the Chairman's commitment, devotion, optimism and outstanding leadership, Members could not have achieved as much as they had, particularly in the time since Cancún. Members might not yet be back on track, but they knew where the track was and where it should lead. His delegation also paid tribute to the Director-General for his untiring efforts to gauge the political temperature and seek re-engagement at the political level, which had apparently been obtained. Japan was fully committed to the multilateral trading system and the WTO, which embodied this system. The successful conclusion of the Doha Round was critical to strengthening the multilateral trading system, which comprised not only the market access aspect but also the rules-formulating aspect, in order to better serve the globalizing world economy of the present and future. With respect to the way forward and how to proceed in 2004 to further re-energize the negotiations, Japan generally supported the Chairman's proposal. On substance, he would not repeat Japan's well-known position, which his delegation had consistently reiterated during the past months, be it on agriculture, NAMA or the Singapore issues. As his delegation had already stated, Members should rely on and build on the Derbez text as the point of departure. On agriculture and

NAMA, Japan supported the work plan proposed by the Chairman in pursuit of a framework agreement building on the Derbez text. This was the most pragmatic path for advancing the negotiations and for assessing the overall balance. On cotton, Japan supported the work plan suggested by the Chairman, namely, addressing this issue in the agriculture negotiations, with the development-related aspects addressed appropriately. On the Singapore issues, Japan took note of the useful efforts made so far in this area. His delegation wished to see all Members exercise flexibility, and would itself be willing to be flexible and move together with others in advancing this important area, wherever possible, based on the discussions held so far. He wished to stress that Japan was willing to cooperate with other Members to move the negotiations further forward under the work plan suggested by the Chairman, with the determination to bring the negotiations to a timely conclusion.

150. The representative of Costa Rica said his delegation was pleased to note that some progress had been achieved as a result of the Chairman's tremendous work – advances that had been outlined in the Chairman's report. The full implementation of the Doha work programme was important not only in order to accommodate the interests Members might have – as Members and in their individual capacities – but also in terms of the need to strengthen the multilateral trading system and safeguard its functioning as a forum for negotiation. Costa Rica therefore welcomed the Chairman's report and accepted the Chairman's suggestions, because it was confident that these would contribute to the achievement of this objective. In spite of the progress achieved to date, Costa Rica would have preferred to adopt substantive results at the present time. His delegation recognized the complexity of this task as well as the responsibility of all Members, and thus trusted that in the next phase, the issues before Members would be handled pragmatically and from a real negotiating perspective. Agricultural trade reform was the most significant contribution this Round could make to development, and was indeed the focus of Members' agenda. With regard to NAMA, his delegation had already expressed its concerns over the current text. There were still some elements which prevented Members from reaching the level of ambition to which they aspired in this area, and to which they had committed themselves in Doha.

151. With regard to the Singapore issues, Costa Rica had said on various occasions that the proposed focus fell short of the progress outlined in the Derbez text. Specifically, there was neither coherence nor a parallel between the treatment of these topics and other areas of negotiation. Costa Rica remained convinced that rules on the four Singapore issues would help strengthen the multilateral trading system. Nevertheless, Costa Rica was aware that not all these issues enjoyed the same level of support and, for this reason, had agreed to treat them on their individual merits and to consider solutions adapted to each of them. His delegation was therefore willing to accept the Chairman's proposed procedures. Costa Rica was confident that Members would soon reach agreement on the modalities for negotiations on two of these issues – trade facilitation and transparency in government procurement – and that in the near future they would also be able to find a solution to the other two issues. This solution, as in all other areas, should take into account the balance achieved at Doha. Costa Rica reiterated its interest in an early resumption of substantive negotiations, and supported the Chairman's initiative to re-activate the work of the negotiating groups. His delegation would cooperate constructively in this process.

152. The representative of Sri Lanka said that Members had been instructed by Ministers in Cancún to meet at the level of Senior Officials not later than 15 December 2003 to take necessary action to enable them to move towards a successful and timely conclusion of the negotiations. However, at the present meeting Members had been unable to achieve what had been envisaged in the Cancún Ministerial statement. Thus, in light of this situation, Members needed to take a pragmatic approach to moving the process forward. It was the shared responsibility of both developed and developing countries to engage constructively and positively in finding solutions, rather than drifting to extreme positions. Furthermore, all Members needed to give signals that they were willing to undertake commitments to ensure a collective comfort level for all, and that all would gain from

participation in the negotiations and from any final deal Members might make at the conclusion of the DDA. In this context, a high level of ambition in agriculture, NAMA and services would be important to achieve the development dimension of the DDA. Sri Lanka reiterated its commitment to the DDA, and could support the Chairman's proposed approach to move the process forward. His delegation could also agree to the key issues the Chairman had identified during the consultations. However, Sri Lanka wished to reiterate its position on issues of importance to it.

153. On agriculture, Sri Lanka could agree to the Derbez text as a starting point for negotiations. As Sri Lanka had highlighted at Cancún, being a net-food-importing developing country with low bound tariffs, its interest lay primarily in the market access pillar. However, his delegation recognized the linkage between market access and the other two pillars. Sri Lanka also attached significant importance to the concept of Special Products and had proposed a Special Safeguard Mechanism for developing countries, which had now been accepted in the negotiations. These concepts should be given due recognition in the framework to be agreed and in subsequent modalities, so that they became meaningful instruments for developing countries. For this reason, his delegation shared the view that the concept of Special Products should be a stand-alone concept, and the Special Safeguard Mechanism should be a simple and flexible instrument. However, his delegation recognized that these instruments should not be allowed to be used for protectionist purposes.

154. On NAMA, Sri Lanka had already stated that agreeing to a non-linear tariff cutting formula and a sectoral approach were important to achieving a high level of ambition, as envisaged in the Doha mandate. However, ambition should be balanced with flexibility. Sri Lanka wished to reiterate the importance of paragraph 5 of the Derbez text. In terms of the flexibility to be provided under this paragraph, as an exception, participants with a binding coverage of non-agricultural tariff lines of less than 35 per cent should be exempted from making tariff reductions through the formula. Instead, they would bind a percentage of non-agriculture tariff lines at an average level that did not exceed the overall average of bound tariffs for all developing countries. Sri Lanka wished to re-emphasize that the expected level of binding coverage for this group of countries should also be the average bound coverage of developing countries. On the Singapore issues, even prior to Cancún, his delegation had argued for unbundling the four issues, i.e. treating each on its own merits. Sri Lanka was pleased that there was now a general acceptance of this approach. In Cancún, Sri Lanka had supported commencing negotiations on trade facilitation and transparency in government procurement, and its position remained the same. However, while Sri Lanka could support continuing to address these two issues based on Annexes D and E of the Derbez text, his delegation believed that in order to reach consensus, Members needed to build on Annexes D and E in the next phase of work. With the general acceptance of unbundling these issues, various options had been proposed to move the process forward. The "2+2" approach seemed a pragmatic way forward which would allow trade and competition and investment to be referred to the respective working groups for further reflection.

155. On process, in order to get the DDA back on track, Sri Lanka strongly believed that the TNC and all the DDA bodies should resume their work early in 2004 and build on the elements that had emerged in the work undertaken since Cancún. Re-activating all these bodies was essential, as it would ensure greater transparency and inclusiveness, to which all Members were committed. Sri Lanka was somewhat concerned regarding the post-Cancún process, as it had been limited to a select number of countries. Therefore, re-activating all negotiating bodies would not only provide an opportunity to get into more detailed technical discussions, but also allow for a wider section of the membership to express its views and ensure its active participation. Members also needed to inject a sense of urgency in the next phase of work in 2004. Sri Lanka attached importance to putting the multilateral trading system back on track, as it believed that multilateral solutions to trade issues provided wider and more equitable benefits to all Members. Multilateralism was the best option for a small external trade-dependent country like Sri Lanka. However, if multilateralism did not provide a level playing field and the benefits Members sought, countries like his would be compelled to look at bilateral options to protect their trade and economic interests. His Government had a social

responsibility to provide and protect employment for thousands of people in a quota-free world by the end of 2004, in a post-Agreement on Textiles and Clothing era. Members needed to find increased market access opportunities as they diversified their exports. Therefore, Sri Lanka reiterated its commitment to the DDA, as all would gain by its timely conclusion. Sri Lanka would constructively participate in the negotiations, and was prepared to undertake commitments and exercise flexibility so that the Doha Round would lead to a balanced outcome from which all Members could benefit.

156. The representative of Zambia thanked the Chairman for his efforts to reach out to many delegations during the consultations. Only a process of consultations that embraced each and every Member would result in a positive outcome for all Members. His delegation had been encouraged when the Chairman had indicated, in his comprehensive and informative opening statement, the importance of transparency in the consultations. That kind of spirit was most welcome and should not be abandoned. His delegation echoed and endorsed the statements by Bangladesh on behalf of the LDC Group, Mauritius on behalf of the African Group and Botswana on behalf of the ACP Group. Zambia wished to see the negotiating agenda put back on track. His delegation was determined to play its part to ensure that nothing was done that might derail the Doha mandate, which placed development issues at the centre of the work programme. In this regard, it was important that all Members had a common understanding on the priorities of the negotiations as set out in the Doha Ministerial Declaration.

157. That Declaration called upon Members to address the issues of agriculture, NAMA, S&D treatment and other implementation-related issues. This, of course, did not mean that the issue of cotton – which was an emergency and required immediate action – was relegated to the back burner. The issue of cotton was a matter of life and death. Canada had been right in saying that the developing and developed countries alike had to make significant moves in order to realise what all were looking for. The only addition his delegation would make to that important statement was that the developed countries had the capacity to move faster. Zambia assured all that it too would move, but that due to a lack of capacity, it could not move at the same speed or at the same time as certain other Members. As Members moved to fulfil their obligations, Zambia wished to state that it did not accept some of the proposals that had been made to the effect that the IMF and the World Bank would assist developing countries with adjustment costs that would result from commitments taken in the context of the WTO. This issue had been raised in Cancún and was still in the air. Zambia viewed such proposals as only adding to its debt burden, and not as contributing to solving its problems of adjustment.

158. With regard to the Singapore issues, his delegation's position was clearly spelled out in document WT/GC/W/522, to which Zambia fully subscribed. Zambia did not understand the role of the Singapore issues in the multilateral trading system. Members needed to go back to the basics – which were about development issues – as clearly stated in the Doha Declaration. After the present meeting, developing countries, especially the LDCs, would be expected to report to their constituencies. Their business people anxiously waiting to hear how they would participate in the world trading system. Their farmers wanted to know when they would start exporting their crops to the European Union, other Members' markets and developed markets in the North, without facing serious difficulties in terms of heavy subsidies. To his delegation's dismay, as had been stated by Singapore, what had been heard so far were a lot of sweet words and diplomatic language. His delegation still could not draw proper conclusions, which farmers and business people in Zambia were waiting to hear from their Government. There was too much diplomacy in Members' statements. At the WTO, Members needed pragmatism, and had to use business-like language and practice less diplomacy and more candour.

159. Members needed to ask whether they were getting returns on their investments in the time and resources spent. The Doha Round was nearing its end, and he asked whether Members had tangible results to show for the efforts they were making. The people of Zambia were waiting for tangible

results. They had placed all their hopes in what Members were doing in the WTO. Those from developing countries were in a hurry to develop, and Zambia wished to fully participate and to be a full partner in the world trading system. Zambia did not wish to be an observer in the global economy. His delegation appealed to Members to look at the plight of many developing countries, especially the LDCs, and to translate the Doha Declaration into something concrete.

160. The representative of Grenada said that his delegation was fully committed to working with the Chairman and the Director-General in achieving the objectives agreed to within the framework of the DDA. While Grenada was not completely satisfied with the Derbez text, it was prepared to adopt it as one of the tenets on which further progress towards getting the negotiations back on track would be based. The other basis for recommencing the negotiations should be the comprehensive reform agenda contained in the DDA. While some areas in the Derbez text would require further fine-tuning and elaboration – agriculture, for example – with the correct measure of political will and negotiating flexibility in Geneva, the differences would not be insurmountable. There were some elements of the Derbez text on which Grenada had seen some progress and convergence at Cancún and since. His delegation had already signaled that other areas would require continued negotiations.

161. On NAMA, Grenada acknowledged the areas of difficulty contained in the Chairman's report, which in particular highlighted the difficulties some Members had with the suggested formula. On the issue of sectoral initiatives, Grenada shared the position of other delegations that these initiatives should only be on a voluntary basis and should not be mandatory. As the Chairman's excellent report indicated, Members' continued efforts should be geared towards achieving a balanced outcome, where the more developed countries provided the requisite leadership by making deeper concessions. That sense of balance would still need to be pursued in the coming months, but this too was not an insurmountable task. Members needed to find a solution to the cotton issue – which might not necessarily have to await the conclusion of these negotiations – whether within the framework of the agricultural negotiations or elsewhere. On the Singapore issues, his delegation was heartened by the approach of unbundling these issues. This would provide the basis for a clear identification of the precise scope of the single undertaking. At the same time, all Members had to be prepared to show flexibility if they were to achieve their objectives within the initially agreed timeframe. There was a limit to that flexibility, particularly where the objective realities of the different sizes, capacities and resources of Members were concerned. Members should therefore give consideration to a three-plus-one approach, which would see the inclusion of trade facilitation as part of the single undertaking. Members could continue their dialogue on the other three issues after they had agreed to the process for restarting the negotiations.

162. Chile had raised an important question as to whether Members were prepared to commit to concluding the DDA on the basis of the consensus timeframe to which they had agreed. The unambiguous response from Grenada was yes, and that it was prepared to re-energize the process with a view to meeting that timeframe. However, if Members could not meet the agreed 2005 time-frame, they should seek to complete the negotiations at the earliest time thereafter. Grenada recognized that at some stage Members would need to examine the systemic and other implications for the process of any such delay. His delegation was similarly prepared to engage on the basis of the hybrid approach intimated in the United States' statement. On the question of framework versus modalities, Members should also be very flexible, and should be willing at the level of the General Council and the negotiating bodies to employ whatever method would give rise to an early consensus. He supported resumption of the process by February 2004. Finally, the Director-General's visit to the Caribbean had been quite beneficial, and Grenada wished to place on record its satisfaction with this engagement. Pursuant to these discussions, and premised on the issues contained in its submission that morning, Grenada endorsed the pragmatic process for re-energizing the negotiations outlined by the Director-General and the Chairman.

163. The representative of Cuba said his Government remained firmly committed in its search for a more balanced and equitable multilateral trading system, in which transparency and effective participation by all Members would become an increasingly tangible reality. In this connection, the developing countries had demonstrated their interest in playing a constructive part in the process and undertaking commitments, while the key players in international trade seemed to have failed in general to become involved in such efforts. This had again prevented Members from achieving concrete results, as Ministers had agreed in Cancún, for the successful conclusion of the negotiations. His delegation believed that the main players would have to show true political will in reaching meaningful decisions in the trade sphere, especially on issues relating to development and agriculture. In view of this, negotiations would have to begin in February 2004 in order for Members to be able to continue with a positive negotiating scenario in this process.

164. His delegation, along with those of other developing countries, had also demonstrated its support in moving the multilateral process forward through a commitment to ensure that the Doha work programme succeeded. Cuba had engaged in those efforts together with various other delegations and fully endorsed Botswana's statement on behalf of the ACP Group, Brazil's statement on behalf of the G-20 countries, and the statements made on behalf of the African Group and the LDCs. The G-20 had emerged strengthened from the recently held Ministerial meeting in Brasilia as a major player in a constructive dialogue in search of effective liberalization of agricultural trade, capable of accommodating the needs of developing countries and the complex realities of the international economic scene. His delegation was encouraged by the G-20's establishment of a common stance, since the agriculture negotiations were central to the successful implementation of the Doha Agenda. These principles should be reflected in any framework working towards modalities, to ensure that the negotiations on agriculture led to substantial reduction in domestic support, significant expansion of market access, the elimination of export subsidies, and operational and effective S&D treatment. All of the former should address the developing countries' food security and rural development concerns, as well as the situation of countries that were dependent on preferences.

165. Regarding the Singapore issues and in line with the document co-sponsored by Cuba (WT/GC/W/522), Cuba endorsed the position that the issues of investment, competition policy and transparency in government procurement should not be included in the WTO agenda. Regarding trade facilitation, the process of clarification should be pursued and explicit consensus reached on any decision concerning modalities, before the negotiations began. It was unacceptable that developing countries who were not demanders in this area would have to bear the financial costs of implementing any agreement that might come out of negotiations in this area. His delegation, along with others, underscored the importance of the statement by the Chairman, whose consultations had revealed the need to focus in 2004 on specific development-related issues and to give full attention to S&D treatment, implementation, the Work Programme on Small Economies, as well as the remaining working groups dealing with development matters. This included the Working Groups on trade, debt and finance and on trade and the transfer of technology – bearing in mind the need to restore the Doha Agenda's development dimension. The integrity of the Doha Agenda was the key to these negotiations. His delegation supported India's proposal to establish a negotiating group specifically to handle development issues in the context of the working groups under the Doha mandate. Cuba considered that in addition to using the Derbez text as a starting point, account should be taken of the remainder of the proposals, as reflected in the Cancún Ministerial statement. Cuba would continue to play a constructive role in the negotiations, giving priority to the interests of developing countries. It was important that the programme that would enable Members to pursue their task early in 2004 should include the ingredients necessary to move the negotiations ahead in a realistic way, and that Members should gain confidence and credibility in the process. To achieve those objectives, Cuba fully supported the re-activation of the negotiating groups and the TNC as soon as possible.

166. The representative of Uruguay said that the Chairman's and Director-General's efforts had, in a short period of time, made it possible to jump-start the negotiation process following Cancún. As

the Chairman and the Director-General had noted in their report, there was a sharp contrast between the clear statements of commitment to the Round at a political level, and the very clear lack of flexibility in positions around the negotiating table in Geneva in order to move forward in key areas of the negotiations. This flexibility was a necessary prerequisite for the new phase of the Round, which would be starting up early in 2004. Political will should of necessity be reflected in negotiating positions. At the present stage of the process, all Members had an obligation to contribute, but it was the major trading partners who should lead this process of rapprochement and finding common ground, giving the necessary signals of flexibility. On the key issues in these negotiations – issues which the Chairman had identified in his report – and on the state of play that the Chairman had given on each of these key issues, Uruguay agreed with the Chairman's analysis. This could be used as Members resumed work in 2004 on a constructive and realistic basis. His delegation would not refer now to each of the points identified in the Chairman's assessment, but rather when work in the negotiating groups was resumed.

167. His delegation wished to stress the key and central role of agriculture in these negotiations, and that any progress Members made in this area would be the best incentive to resolve many pending conflicts of interest and other aspects of the negotiations. Within agriculture, the elimination of export subsidies by a certain date should now be a necessary condition. Uruguay also joined those who had said it would be appropriate that Members concluded these negotiations within the agreed timeframe. The Chairman's suggestion that work in the negotiating groups be resumed was the appropriate way to proceed. Members also needed to re-start the TNC. However, doing all of this would not necessarily imply movement in these groups, and would not have any meaning if Members did not start off this new phase of negotiations by recovering a sense of urgency, as many delegations had said at the present meeting. A greater willingness to compromise was also required.

168. The representative of Guatemala said that in general, his delegation accepted the Chairman's approach. Guatemala was committed to the multilateral trading system and believed that in the long run, multilateralism would provide Members with the best results for all, particularly for those with small economies such as Guatemala. For some months the Chairman had been asking Members to be flexible, but it seemed that Members had not yet fully understood this request. Flexibility was key to moving these negotiations forward. In virtually all statements that had been made at the present meeting, Guatemala had heard the word "flexibility". Members needed, however, to be able to define it. According to one Spanish dictionary, flexibility meant (i) a willingness to bend easily; (ii) in a conflict, easily bowing to the opinion, the word or the position of another or others; (iii) not being subject to strict rules or dogmas; and (iv) susceptible to change or variation according to circumstances or needs. Any of these four definitions could apply to the present situation. Every Member needed to be flexible vis-à-vis the DDA and not vis-à-vis its own interpretation of it. The Doha mandate would bring Members to a scenario of greater economic liberalization, not one in which they maintained the status quo – a scenario of even greater protectionism. Those Members with freer economies than others should by definition have fewer problems in being flexible. Those who had greater distorting elements in their economies would have greater difficulties in showing this flexibility. Members could exercise flexibility in each of the four key areas addressed in the course of the consultations, and would then realise that in applying this principle properly in order to comply with the Doha mandate, they would have an almost immediate balance, and the pieces of the puzzle would begin to fall into place. Without sufficient flexibility shown by all, be they small, medium-sized or large countries, Members would not be able to move forward towards the next phase of the negotiations. Flexibility was where Members needed to focus their end-of-year thinking to give new energy to the process early in 2004.

169. The representative of Zimbabwe supported the statements by Mauritius on behalf of the Africa Group, Botswana on behalf of the ACP Group, Bangladesh on behalf of the LDC Group, Brazil on behalf of the G-20 countries, and Malaysia on behalf of the Core Group on the Singapore issues. His delegation wished to highlight three issues. In accepting the Derbez text as the basis for

further negotiations, Zimbabwe trusted that all the other proposals and suggestions submitted before and at Cancún would be taken into account, in order to have fair and balanced negotiations. With regard to the Singapore issues, Zimbabwe hoped that a decision would be taken by the General Council to drop all four of them from the WTO agenda and to concentrate on the core issues of market access, agriculture and S&D treatment. His delegation hoped that by reactivating the work of the negotiating groups, a clear mandate would be given to adhere to the DDA and work towards finalizing the modalities in NAMA and agriculture.

170. The representative of Morocco said that in spite of the efforts of the Chairman and the Director-General, and even though some positive results had been achieved since Cancún, the process was not yet back on track. In endorsing the statement by Mauritius on behalf of the African Group, his delegation wished to express its full support for the Chairman's approach. Morocco regretted that in spite of all the effort made thus far, Members had been unable to move ahead with the initial plan outlined by Ministers in Cancún. However, while divergences still remained, the problems were not insurmountable. Morocco agreed with the Chairman's analysis of the situation and with his proposed approach for dealing with the key issues, as well as with the suggested arrangements for pursuing work at the beginning of 2004. The Chairman's proposal was logical and coherent, and Morocco wished to launch an appeal for the resumption of negotiations as soon as possible.

171. The Derbez text contained positive elements that should be preserved, consolidated and exploited, particularly in the areas of agriculture and NAMA. The reactivation of all of the negotiating groups in these areas would unquestionably enable Members to move forward and to adopt a comprehensive and balanced approach, reflecting the interests of all participants and incorporating the development dimension as a fundamental element of the Doha Round. In this connection, Members had to draw inspiration from the spirit that had guided the consultations leading to the adoption of the Decision on the Implementation of Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health. Restarting the negotiations required the political commitment of all Members as well as their commitment to the multilateral trading system and to the DDA. As the Director-General had said, the time had come to transform the political will expressed by all into genuine flexibility in the negotiations. The present situation called for acts, rather than professions of faith. What was needed was a proper distribution of liberalization efforts among all Members, which, in turn, clearly presupposed the effective participation of all in the Doha Round of negotiations, and the full implementation of what had been achieved during the Uruguay Round. Moreover, the proposed process could not genuinely succeed unless Members found a proper solution to the question of selecting chairpersons for the negotiating groups. Morocco called on the Chairman to ensure, during the consultations to be held at the beginning of 2004, that the choice of chairpersons responded to the appropriate criteria, taking account of the importance of the current context, the overloaded work schedule for the coming year, the sensitivity of the subjects to be dealt with, and the deadline for the next Ministerial Conference.

172. His delegation also hoped that discussions in the board to be appointed by the Director-General to improve the functioning of the Secretariat would help facilitate the substantive work Members would be called upon to perform at a later stage, and would contribute to providing suitable answers and appropriate solutions to the growing pains the organization was currently experiencing. The shock all had felt at the failure of Cancún had increased the atmosphere of uncertainty and the feeling of mistrust among Members. Given the scale of that event, this was perfectly logical. However, the history of multilateralism suggested that these situations, which were often short-lived, merely presaged sounder progress and more solid achievements to come. Morocco hoped that this would turn out to be the case in the weeks ahead and urged all to work towards that end.

173. The representative of Venezuela said that the wisdom and leadership of the Chairman had proved instrumental in bridging positions and bringing sides together in the search for renewed momentum that would enable Members to resume the work that had been assigned to them by

Ministers at Doha. According to the Chairman's statement, three major elements had emerged from the post-Cancún consultative process: (i) key issues and possible solutions; (ii) maintaining the primacy of the development dimension envisioned at Doha; and (iii) strengthening the multilateral forum of the WTO as a legitimate sphere in which to discuss trade relations in the context of the global economy. However, one thing Venezuela had learned in the period of reflection following Cancún was that the negotiating process was an open one, that it should be synergic with its own momentum and, as Switzerland had said, that Members should undertake negotiations without trepidation and without seeking to negotiate overly-hasty results. Her delegation had also gained from the learning experience of this process, which had been open and substantive and had related to the realities faced by people in the multilateral environment.

174. The Doha Declaration recognized the need for all peoples to benefit from the increased opportunities and welfare gains that the multilateral trading system could generate, and stated that international trade could play a major role in the promotion of economic development and the alleviation of poverty. It was therefore important to take into account the indicators in the United Nations Human Development Report for 2003, which revealed the following: (i) The number of poor people had increased from 6 to 24 million in Eastern Europe and Central Asia, from 40 to 57 million in Latin America, from 5 to 6 million in the Middle East, and from 241 to 315 million in Africa; (ii) over a billion people struggled for survival on less than a dollar a day; (iii) one child in five worldwide did not complete primary school; (iv) in the developing world, the HIV/AIDS pandemic was spreading at an increasing pace, with 20 million deaths, 42 million cases and 14 million children having lost one or both parents in 2001. Further, it was very significant that 800 million people, approximately 15 per cent of the world's population, suffered from chronic hunger, a fact which proved that food security should be a priority in the agricultural negotiations.

175. This record of the critically poor worldwide showed that the Doha mandate, whose objective was to address the concerns of developing countries to achieve real integration into international trade, was unquestionably the essential guide for future work. It should be made very clear that it was not a matter of re-launching the Doha work programme, but rather of preventing further delays in the negotiating schedule. This implied reactivating all of the bodies involved in the negotiating process through action which translated the political will of governments into tangible progress by negotiators. Development issues had to be treated as a priority, rather than diverting efforts away to issues that were not a priority. It was also necessary to retain a sense of urgency in addressing development issues, so that the problems of poverty and social exclusion could be tackled successfully. The aim of such an agreement was not merely to prevent any shrinking of the Doha mandate, but to fundamentally maintain confidence in the multilateral trading system.

176. On the negotiations on agriculture, her delegation welcomed and applauded the Chairman's proposal on the issues under review. Venezuela endorsed the statement by Brazil on behalf of the G-20 countries which made it clear that progress in these negotiations was conditional on a significant reduction in domestic support, in export subsidies and in other measures which distorted world agricultural markets. On cotton, Venezuela believed that this was not merely a technical or procedural issue, but required urgent and substantive decisions, as it was an issue upon which the fate and the lives of thousands of families depended. This issue should therefore be addressed from this point of view and with due urgency. Venezuela supported the co-sponsors who had introduced the cotton initiative.

177. Headway on NAMA remained dependent on progress in the agriculture negotiations. It should be borne in mind that S&D treatment implied recognizing not only longer timeframes for developing countries, but also the necessary margin required by such countries to be able to implement the agricultural, industrial and technological policies that would enable them to bridge the widening gap separating them from industrialized countries. On the Singapore issues, the only one that could truly help to implement the Doha mandate was trade facilitation, and this issue alone should

be addressed, concurrently with the development issues under the Doha Agenda. Venezuela supported the submission from a number of countries in WT/GC/W/522. Her delegation would continue to strive to bring the work to be undertaken in 2004 to a successful conclusion. Venezuela wished to recall that international trade was set in a framework of comprehensive development which should encompass inclusiveness, transparency, coherence and equity, and in which S&D treatment, technical assistance and capacity-building – the cross-cutting threads which made these negotiations possible – should be present in order to ensure good governance, quality of life and the promotion of peace. Her delegation was sure that Members would secure a consensus on these objectives in this multilateral forum.

178. The representative of Namibia said that his delegation had noted of the progress reported by the Chairman and the Director-General in the consultations after Cancún, and affirmed its commitment to completing the work programme agreed at Doha. The setback of Cancún had been a missed opportunity. Pessimists had said that Members had gone to Cancún with an empty bowl and had returned home with a broken one. However, his delegation was optimistic and confident that the process would be brought back on track. Namibia wished to stress its unwavering support for the multilateral trading system and for the Doha declarations and decisions. Namibia associated itself with the statements by Botswana on behalf of the ACP Group and by Mauritius on behalf of the African Group. His delegation also supported calls for renewed urgency to cover the lost ground and to inject much-needed momentum in the process, in order to realize the objectives Members had set in Doha. In this regard, Namibia called for renewed political will from developed partners, and for this to be translated into concrete practical realities and results. All Members needed the DDA to succeed, and Namibia was ready to contribute to the process.

179. Of paramount importance to Namibia was redressing the balance in favour of development issues, as enunciated and encapsulated in the DDA. Therefore, implementation-related issues and S&D treatment remained high on its agenda. For the Doha Agenda to succeed, Members had to live up to the spirit of the Doha mandate and to do so faithfully, openly and creatively. It was time to move away from entrenched and fixed positions and to apply innovative thinking, in order to move the overall negotiations forward with urgency. Members should now try to move beyond the rhetoric and to intensify their work to transform the Doha objectives into concrete results. Regarding the four key issues outlined by the Chairman, agriculture was the key to unlock the current logjam. This was crucial for the development of developing countries, and it was imperative that the developed world assumed the political leadership to move the process forward. The cotton issue should be addressed as a stand-alone issue and not be linked to the negotiations on agriculture, and Namibia asked Members not to backtrack from the political will shown and support given by Ministers in Cancún. By moving as Namibia suggested, developed partners would demonstrate their dedication and commitment to addressing the development concerns of the poor within the WTO.

180. On the Singapore issues, Namibia was willing to show flexibility and to engage in the process constructively, and would therefore study new proposals and ideas with an open mind. On NAMA, Namibia appreciated the linkages of the NAMA negotiations to the agriculture negotiations and hoped that the balance would help Members to eventually establish modalities in these two critical areas. His delegation also attached great importance to finding a solution to the problems of the dependency of many developing countries on a few commodities and the associated problems created by long-term declines and pronounced fluctuations in the prices of these commodities. On the organisation of future work, Namibia welcomed the reactivation of all the negotiating bodies as well as the TNC in 2004, and wished to emphasize the need for inclusiveness in this process. Issues were clearer than they had been earlier, and Namibia hoped to move with the required speed to conclude the DDA on time. However, 2004 should not be seen as the magic year to deliver the results of Doha. This required pragmatic efforts and the need to infuse impetus into the process, as well as the political will to exercise the necessary flexibility and compromise in search of common solutions for the challenges

posed by global trade. It had been said that talking trade was talking freedom, but Namibia would say that implementing free and fair trade was ensuring world peace and liberty.

181. The representative of Ecuador said that his delegation was committed to supporting the Chairman's efforts. Ecuador was convinced that the multilateral trading system was an instrument capable of producing real benefits for all participants, provided there was enough political will and commitment to recognize that the development dimension needed to be incorporated in these negotiations. In this respect, Ecuador considered that the Doha mandate provided the right framework to pursue the negotiations, and agreed that negotiations should be resumed as soon as possible in all of the respective groups. Members should begin by dealing with the four areas identified by the Chairman, without neglecting any of the other subjects, which were equally important in seeking a balance and success in this process, in particular the cross-cutting principles that guided the participation of the developing countries.

182. It was particularly important that Members considered the following elements, which were fundamental and derived from the DDA: Progress in the process as a whole should take place in a context of concrete progress in agriculture. For Ecuador, this issue was at the very heart of the negotiations and comprised the need for substantial reductions in subsidies, in particular the elimination of the blue box, the establishment of a ceiling and strict criteria for the green box, and ambitious targets and timeframes for the reduction of amber box commitments. A specific date also needed to be established for the elimination of export subsidies. Most of the assistance programmes for developing countries should be covered by S&D treatment provisions. Less aggressive tariff cuts, and market access for non-agricultural products should take account of the development dimension. To try to agree on a date and a non-linear tariff reduction formula in the industrial sector when there was no ambitious commitment in the agricultural sector was to neglect the fair balance that should prevail in the negotiations. It was therefore essential to establish differential concessions for developed and developing countries, and to adopt a voluntary sectoral reduction mechanism for the developing countries. On the Singapore issues, as Ecuador had repeatedly stated, it did not oppose the initiation of negotiations on any of these issues, but these issues could only be addressed if there was clear and concrete progress in the negotiations on agriculture. With respect to government procurement, the negotiations should be limited exclusively to transparency aspects.

183. Ecuador agreed with other delegations on the need to define the scope and coverage of the negotiations to decide how the work should be organized, both in capitals and in Geneva. Ecuador wished to see a strengthened multilateral trading system based on common rules and regulations that reflected the recognition of the differences between countries through S&D treatment for the developing countries and the LDCs, founded on the principles of balance and equity, and that would permit the enhanced presence of the developing countries in world trade in agricultural products, non-agricultural products, services and intellectual property. This priority was shared by many Members and should be a priority for all. It was time for the much-vaunted benefits of free trade to manifest themselves as tangible and credible benefits for all, and not merely as the exclusive privilege of a handful of Members.

184. The representative of El Salvador said that at the present meeting, his delegation would have liked to have had more concrete results enabling Members to advance the DDA. However, it was realistic and important for Members to maintain their objectives throughout the present phase, in the form of achievable goals. El Salvador agreed with the Chairman's assessment that one of the most significant results of the recent consultations was the reaffirmation of the commitment of all Members to the multilateral trading system. In this respect, the time had come to transform the political will expressed during both rounds of consultations into concrete action, involving a convergence of Members' positions, in order to provide the necessary impetus to put the process back on track as soon as possible. The messages which had come out of the visits by the Director-General to El Salvador and subsequently to Tegucigalpa for the regional meeting for Central America and Mexico had

demonstrated the firm commitment of El Salvador to the multilateral trading system and to the successful conclusion of the DDA. With regard to future work, El Salvador considered it appropriate to continue on the basis of the progress made to date, with the Derbez text serving as the foundation. El Salvador had taken note of the Chairman's report, which his delegation considered objective, and agreed with the Chairman's proposal on how to proceed. His delegation hoped that in the very near future, i.e. the first few months of 2004, Members would be able to agree, through a transparent procedure, on the reference framework necessary to give fresh impetus to the work of the negotiating groups and thus to make substantial progress in the work entrusted to Members under the Doha mandate.

185. The Chairman said⁵ he would not try to make a full summary of what had happened over the past one and a half days. Given that there had been 52 interventions, many of them on behalf of groups of countries, he felt that the positions of the vast majority of Members had been expressed. These positions and views were not particularly new to him, but the usefulness of this exercise was that countries had been able to put on record positions and views that they had expressed over the past eight weeks informally during the consultations. This added value to the work. Although the present meeting had not brought a major breakthrough in the work, all had acknowledged that Members had made progress, that the key issues were clearer, that Members knew the challenges they would have to face, and that while the Round was not yet back on track, they had made considerable progress in that direction. He had not sensed from the meeting any sense of failure, crisis or disappointment. Rather, he had seen a pragmatic approach that more time was needed in order to deal with the unfinished business Ministers had given Members in Cancún and that Members had tried to implement over the past few weeks.

186. There had been a reconfirmation of engagement, and commitment to the DDA and the multilateral trading system had been highlighted by all. He had even seen – as a positive feature – renewed support for efforts directed at trying to finish the Round on time. This was a positive feature, because at times during the recent consultations, many had questioned the date of 2004. At the present meeting many delegations had committed themselves to do their utmost to try to fulfil that mandate. However, as he had sensed during the consultations and had reflected in his report, he had not seen at the present meeting any closing of the gap between expressions of flexibility, commitment and engagement and a translation of these into new negotiating positions that would allow Members to look for common ground or to accommodate the positions of others. This was work that would remain pending for the next few weeks. If Members wanted to make progress, they had to recapture the sense of urgency that seemed to have evaporated, as some delegations had said, and they had to narrow the gap between expressions of goodwill and commitment, and their translation into negotiating positions. Political determination and willingness to make compromises was the name of the game for the next few weeks and months ahead. He still felt that Members had a small window of opportunity to move forward, and they needed to use it to the fullest.

187. Regarding the future process, he sensed that his proposal had been generally accepted. There was a willingness to restart the work of the negotiating groups and of other bodies dealing with the Doha agenda, on the understanding that restarting this work did not in any way mean losing an overview of the process or a sense of the horizontal integration of the issues, which in his view remained an essential ingredient for success. He also felt that by identifying certain issues, his report gave a sense of direction and guidance as to future work. He sensed that all wished to build on the progress and valuable work achieved so far, and avoid unravelling what had been done. Some delegations had raised procedural questions or questions which combined procedural and substantive elements concerning difficult issues on which there was so far little convergence among delegations, such as the Singapore issues. He reiterated what he had already highlighted in his report with regard

⁵ The full text of the Chairman's closing remarks was subsequently circulated in document JOB(03)/227.

to these issues, which was that the work Members had already started would continue. This meant that Members would continue to explore the possibilities of agreements on a multilateral approach on trade facilitation and transparency in government procurement, and that this work would take place at the level of the General Council with assistance from Deputy Director-General Mr. Yerxa. He had not made any proposals with regard to the working groups.

188. All Members would understand that in such a situation concerning these issues, he as Chairman could not further clarify matters on which the membership had not yet found common ground. The problem was not lack of clarity from the Chair, but rather lack of agreement among Members. These were issues on which further reflection and consultation would be necessary, and he agreed strongly with those who had cautioned against trying to negotiate with Chairs. Members could be sure that Chairs did not want this either. The urgent need was for serious negotiation among Members. As he had said in his report, the Council Chair and the Director-General, who was also the TNC Chair, would continue to ensure the maintenance of a horizontal sense of the work programme, and as he had noted, some issues might require further consultation on how to take them forward. Views expressed at the present meeting, as well as in previous consultations, would of course form part of the context of any such future consultations.

189. He proposed that the General Council take note of his statement as well as of all the other statements that had been made during the consideration of this item.

190. The General Council so agreed.

2. Iran – Request for Accession (WT/ACC/IRN/1)

191. The Chairman drew attention to the communication from Iran in WT/ACC/IRN/1 requesting accession to the WTO Agreement pursuant to Article XII. He recalled that the General Council had last considered this matter at its meeting in October, and had agreed to revert to it at the present meeting.

192. The representative of the United States said that the issue of Iran's accession to the WTO continued to be under review by her Government, and her delegation had nothing to add to its statement at the October meeting of the General Council.

193. The representative of Tanzania, speaking on behalf of the Informal Group of Developing Countries, said that these countries took note of the statement by the United States. They hoped that the United States would complete its review soon and would be able to provide a positive response on this issue at the next meeting of the General Council.

194. The General Council took note of the statements and agreed to revert to this matter at its next meeting.

3. China – Transitional Review under Section 18.2 of the Protocol of Accession to the WTO Agreement (WT/GC/75, G/L/664, S/C/20, IP/C/31, WT/BOP/R/73)

195. The Chairman recalled that Section 18.2 of the Protocol of Accession of China to the WTO Agreement (WT/L/432) provided that: "The General Council shall, within one year after accession, and in accordance with paragraph 4 below, review the implementation by China of the WTO Agreement and the provisions of this Protocol. The General Council shall conduct such review in accordance with the framework set out in Annex 1B and in light of the results of any reviews held pursuant to paragraph 1. China can also raise issues relating to any reservations under Section 17 or to any other specific commitments made by other Members in this Protocol. The General Council may make recommendations to China and to other Members in these respects."

196. The General Council's first review had been conducted in December 2002. Paragraph 4 of Section 18 provided that this review should take place each year after China's accession for eight years, with a final review in the tenth year or at an earlier date decided by the General Council. In accordance with Annex 1B of China's Protocol of Accession, the following issues were to be addressed by the General Council: (i) reports of subsidiary bodies on China's implementation of the WTO Agreement and of the related provisions of the Protocol; (ii) development of China's trade with WTO Members and other trading partners; and (iii) recent developments and cross-sectoral issues regarding China's trade régime. He proposed that, in addressing this agenda item, delegations address all three of these points in a single intervention. In connection with the review, he drew attention to a communication from China in document WT/GC/75, which provided information required in Sections I and III of Annex 1A of the Protocol of Accession. The reports of the subsidiary bodies on their respective reviews of China's implementation of the WTO Agreement and of the related provisions of the Protocol of Accession were contained in documents G/L/664, S/C/20, IP/C/31 and WT/BOP/R/73.

197. The representative of China thanked the Chairs of all the subsidiary bodies for their reports. Just a few days earlier, China had celebrated the second anniversary of its accession to the WTO. During the past two years there had been a great enhancement of the Chinese people's awareness of the organization. In spite of the setbacks in Cancún for the current round of negotiations, China's commitment to the multilateral trading system remained as strong as ever. There was unabated enthusiasm among the Chinese people to study WTO rules, to discuss the impact of China's accession on economic and social life and to get ready to meet, in a positive manner, the huge challenges brought by WTO accession. The dramatic changes in China and the rapid growth of its economy were drawing ever-growing attention in the world. The Chinese Government had made tremendous efforts to fulfil its WTO commitments in a serious and responsible manner. Since the first transitional review in 2002, and in spite of all the difficulties – such as the uncertainty of the prospects of the world economy and the rapidly-changing domestic circumstances in China – the Chinese Government had adopted a whole series of positive measures to meet its WTO obligations, including measures to amend legislation in order to strengthen the legal framework and to enhance transparency in its trade policies, to lower import duties for the purpose of expanding market-access opportunities and improving the investment environment. The generally positive comments on China's performance by the 16 WTO subsidiary bodies were a fair reflection of China's efforts and achievements.

198. Since 25 September, transitional reviews had been conducted by the 16 subsidiary bodies within their respective terms of reference. In his delegation's view, the process so far had been positive, useful and constructive in the sense that it had strengthened understanding and communications between China and its trading partners. The Chinese Government had devoted a lot of resources to the review process. The work of preparation and collection of data and information had involved more than 30 Government agencies. Since September, 17 delegations with over 100 experts from various Government agencies had come to Geneva for the reviews. During the whole process, these experts had done their best to provide relevant information in accordance with paragraph 18 of China's Accession Protocol, had listened carefully to the opinions and concerns of China's trading partners and had engaged in a positive dialogue. This was conducive to further improvement of future work. He wished to stress the following issues which his delegation believed were relevant to the review work in the General Council.

199. First, regarding fulfilment of the transparency obligation, his Government attached great importance to this matter. During the two years since China's accession, more than 400 notifications had been made under various WTO agreements. As required by Annex 1A to China's Protocol of Accession, a large amount of information had been submitted in advance of the reviews in the subsidiary bodies. China had also submitted the required economic data and other information to the General Council. Following its accession, China had put emphasis on public comment in the process of drafting laws and regulations. Many foreign-funded enterprises in China had participated in this

process directly, and many of their comments and opinions had been taken into account in the drafting of relevant regulations. In an effort to promote a better understanding by Government officials at national and sub-national levels of WTO rules and China's commitments, and to enable them to better fulfil these commitments and participate in WTO activities, the Government had organized extensive training programmes for these officials.

200. Second, regarding the review and enforcement of laws and regulations, in order to meet its WTO commitments, the Chinese Government was gradually adapting its domestic legislation to WTO requirements and rules through the implementation of various legislative programmes. The draft of the law on foreign trade had been adopted in the executive meeting of the State Council and had been submitted to the Standing Committee of the National People's Congress for review. Furthermore, development and modification of laws and regulations relating to or having an impact on trade had already been incorporated into the agenda of legislation, including the law on commercial banks, regulations on import and export duties, regulations on protection of intellectual property rights at customs, regulations on the origin of import and export goods, and regulations on certification and accreditation. Third, regarding the uniform implementation of the trade regime and legislation review, China had set up a working mechanism allowing enterprises or individuals to make proposals to relevant bodies for review of any inconsistency between laws, regulations and other measures. As a result, the State Council had addressed 33 written proposals for review of conflicts between local measures and national legislation brought forward by relevant bodies, enterprises and individuals. At present, another 35 proposals were under review. The ongoing reforms in administrative mechanisms and government bodies had also laid a solid foundation for uniform enforcement of trade regimes.

201. Fourth, with respect to recent developments and cross-sectoral issues regarding China's trade regime, the trade regime of China was improving in accordance with WTO rules and China's commitments. The Government was now in the process of further streamlining the procedures for approvals under the principles of rationality, effectiveness, openness and accountability, and to improve administration work according to the laws. The introduction of a number of reforms had changed the previous traditional trade management mode into a more effective, fair and transparent one. The spirit of a market economy under WTO rules had been incorporated into the whole economic management system. He wished to reiterate that China had always taken its commitments seriously. His delegation thanked all the Members for their active participation in the review process. All of the comments and concerns of Members had been taken note of by China's experts, who would carefully study the specific issues and seek solutions in consultation with Members.

202. As a result of China's implementation of its commitments, its average tariffs for agricultural products had been reduced to 16.8 per cent in 2003 and would be lowered further to 15.1 per cent by 2005 – compared to the world average tariff of 62 per cent on agricultural products. This represented a major opening of the Chinese agricultural market. In 2003, China's tariffs for industrial goods had been reduced to an average of 10.3 per cent, which would be further lowered to 9.3 per cent in 2005. In addition, 100 per cent of China's tariffs on industrial goods were bound. Due to all the measures of liberalization taken by the Government, China's imports had grown rapidly over the past two years. In 2002, China's imports had increased by 21 per cent to reach US\$295 billion. In the first 9 months of 2003, its imports had expanded further, by 40.5 per cent, to reach US\$298 billion. China's total trade surplus would be narrowed from US\$30 billion in 2002 to about US\$15 billion in 2003. The environment for foreign investment had greatly improved due to the efforts of trade liberalization. In the first nine months of 2003, total foreign investment had amounted to US\$40.2 billion, an increase of 11.9 per cent over the same period in 2002. According to a recent survey by a foreign chamber of commerce, 93 per cent of the foreign companies surveyed which had invested in China expressed optimism for their business over the next five years. His delegation wished to express its sincere thanks to Members and to the Secretariat for the spirit of understanding and cooperation shown.

203. All delegations who spoke expressed appreciation to the Chinese delegation, including the experts from capital, for their enormous efforts in the course of the review exercise, and to the Chinese representative for his comprehensive statement.

204. The representative of the United States said that as Members wrapped up the current year's Transitional Review Mechanism (TRM) for China, her delegation wished to share its views on how that review had gone, and to discuss more broadly China's WTO implementation record in its second year of WTO membership. The United States recognized the enormous amount of time and effort the TRM required. In its view, the 2003 review had gone relatively smoothly. This had been due in large part to the time and effort spent by the Chinese delegation, along with its experts from capital that had attended the TRM meetings. The United States had also made an effort to use regular Committee and Council meetings throughout the year to undertake much of the preparatory work for the TRM. In that more routine setting, her delegation had raised implementation questions with China and had generally received informative responses, which had helped to clarify the matters that needed to be addressed more fully during the TRM meetings. Members now had before them the reports of the various Committees and Councils that had conducted their respective 2003 reviews under the TRM. Procedurally, these reports showed that important questions had been raised, and that China for the most part had been responsive. The TRM activities in the TRIPS Council, for example, had been especially useful. However, in other Committees and Councils, such as the Council for Trade in Services, the results had been more uneven. As Members looked ahead to 2004, her delegation still believed that this exercise was useful, positive and constructive – to use the words of the Chinese representative – and that there was still room for improvement in the handling of the TRM. The United States looked forward to working with China and other delegations to improve this important exercise.

205. Substantively, the reports from the subsidiary bodies reflected the important progress China had made in implementing its WTO commitments, while also reflecting areas where more progress was needed. Overall, while her delegation recognized that much remained to be done, it welcomed the progress China had made, and continued to make, in implementing its WTO commitments. China had taken steps to correct systemic problems in the administration of its TRQ system for bulk agricultural commodities. It had opened its motor vehicle financing sector, and reduced capitalization requirements in the insurance sector. It had solved outstanding concerns that had prevented its membership in the WTO Committee of Participants on the Expansion of Trade in Information Technology Products. In some areas, her delegation noted that China had even accelerated the implementation of its commitments. For example, China had lifted certain geographic restrictions in the insurance sector ahead of schedule. It had also lifted quotas on certain industrial products ahead of schedule. China had achieved this progress even in the face of substantial challenges in 2003, including a major leadership change, a difficult national SARS epidemic, a sizeable restructuring of the Government's economic and trade functions, and the need to confront a host of dislocations inherent in its transition from a planned economy to a more market-oriented economy. The United States also recognized and welcomed the important contribution China's economic progress was making to global growth. China's trade with Members was an important engine for global development.

206. However, expanding trade, no matter how impressive, was not the sole indicator of improvements in fairness, predictability, transparency or other systemic market reforms that were the true measure of WTO implementation. China's work was still incomplete, and opportunities for selective intervention by Chinese Government officials in the market were pervasive. Indeed, in a number of areas China's implementation efforts over the past year had been disappointing. In her delegation's view, looking back over 2003, China's WTO implementation efforts had lost a significant amount of momentum. In a number of different sectors, China had fallen short in implementing its WTO commitments, offsetting many of the gains made in other areas she had mentioned earlier. The agriculture sector provided a good example. Imports by China had increased significantly in 2003,

but US and other Members' trade officials had frequently had to engage China to contain the disruptive effects of various proposed or actual restrictions imposed by China's agricultural authorities. In the area of intellectual property rights, the United States welcomed China's efforts to bring its legal framework up to TRIPS Agreement standards. However, effective enforcement of intellectual property rights was still weak. Her delegation urged China to make intensified and sustained efforts to improve its enforcement of intellectual property rights, particularly through much more effective use of criminal remedies.

207. With respect to the cross-cutting issue of transparency, her delegation recognized that some Chinese Ministries and agencies had taken steps to improve opportunities for public comment on draft laws and regulations. However, China's overall effort was characterized by uncertainty and the lack of uniformity. Her delegation also had serious concerns in several sectors where China's regulatory authorities had adopted policies designed to limit market access to major foreign businesses, or designed to favour domestic products over imported products. For example, China's regulatory authorities had imposed high capital requirements on foreign businesses in a number of services sectors. China had also adopted tax policies that appeared to discriminate against a number of different types of imported products. Although still in draft form, China's new automobile policy raised serious national-treatment and other concerns. An area of particular concern, as Members looked ahead to 2004, involved China's important commitments on trading rights and distribution services. These commitments affected a wide range of sectors in China's economy, and full liberalization in these areas was required by 11 December 2004. It was essential that China got these commitments right, and the United States looked forward to China taking steps to implement these commitments well in advance of the deadline. The United States was encouraged that the Chinese Government, at senior levels, had recently indicated its resolve to expand trade, intensify economic cooperation, implement its WTO commitments and further open its markets. Her delegation looked forward to these statements being transformed into concrete actions in the coming year. In sum, the United States appreciated the efforts China had made in 2003 in implementing its WTO commitments and participating in the current year's TRM exercise. Her delegation looked forward to improvements on both fronts in 2004 and beyond, and was committed to working with China and other Members in this important undertaking.

208. The representative of the European Communities said that China's statement had provided a helpful overview of the review and China's implementation process. The Community was grateful for the documents and statements prepared in the course of the review – which it knew had involved a considerable amount of work – and also wished to thank the Chairs of the subsidiary bodies for their reports. He recalled that in 2002 the Community had listed a number of concerns with regard to China's implementation of WTO commitments. However, as 2002 had been the first year of China's accession, his delegation had maintained a cautious optimism. In the current year, with two years passed since China's accession and while recognizing a number of positive developments, there were grounds for some serious concerns on a number of implementation issues. These related either to questions flagged in 2002 but which remained unresolved, or to new problems that had appeared in the past 12 months. On the positive side, the Community welcomed the progress made by China in bringing its legislation closer to its commitments or general WTO rules in a number of areas. For example, the Community – as the United States had mentioned and had set out more fully than he would at the present meeting – welcomed China's decisions to lower capital requirements in the insurance sector, thus bringing them more into line with international practice. His delegation also welcomed the publication of the law on automobile financing, even though the latter was slightly behind schedule, as well as – in the area of SPS – the lifting of the ban imposed on Dutch products of animal origin imposed without, in the Community's opinion, scientific justification. The Community also very much welcomed the accession of China to the Information Technology Agreement.

209. However, having said this, on the negative side the Community had identified a number of key concerns that the discussions held in the context of the TRM exercise had not really dispelled, and

had sometimes even confirmed. The present meeting was not the place to provide an exhaustive list. These concerns were described in detail in the Community's written submissions to the various Committees and Councils involved in the TRM. However, he wished to at least mention three broad areas. First, the introduction of restrictions not foreseen under China's Protocol of Accession and which limited the access of foreign companies to a number of key sectors. This was notably the case in the services sectors – of major importance to the Community – of banking, telecommunications and construction. Second, the setting up in some areas of a multifaceted industrial policy which impacted very negatively on the activity of foreign firms. He wished to mention here the example of the automobile sector – which had already been cited by the US – where, among other areas, the Chinese authorities had confirmed their plan to set up separate distribution channels for imported and locally produced cars, which would impose a tremendous burden on foreign manufacturers and which might – as the Community understood it – soon cause the Community's industry to be confronted with new potentially very damaging legislation on tariff reclassification of parts in vehicles.

210. Third, there were a number of horizontal issues, such as enforcement of intellectual property rights, the granting of trading rights, and rights to import and export to foreign companies, which the Community hoped would be brought into compliance with China's commitments in the context of its future foreign trade law. He wished to reiterate a point his delegation had made in other bodies, that the Community's assessment was that the current year's exercise had been rather mixed. Although his delegation had obtained some very useful clarifications on several matters of concern, the Community's overall impression was that it had not been possible to obtain satisfactory replies to a number of questions. His delegation shared China's view that this exercise was of considerable importance. Therefore, along with other Members, the Community was keen that this exercise be conducted in such a way that it did not become a purely formal exercise without real substance. The WTO implementation issues raised by the Community during the present year's TRM were priorities for the Community's industry. His delegation would of course continue to pursue these issues throughout 2004, both in the context of regular activities of the WTO and in bilateral meetings with the Chinese authorities, and looked forward to working with China to ensure that the next year's TRM exercise was more productive and led to a greater degree of common understanding. In the meantime, he wished to thank the representative of China and his colleagues for their efforts in the current year's review.

211. The representative of Japan commended China's efforts to improve the effectiveness of the review process and expressed appreciation for the mutual understanding that had been achieved. There had been instances, however, in which the explanations received had not fully addressed Japan's concerns. His delegation wished to encourage China to make further improvements in this regard by the earlier submission of relevant responses and information. Japan looked forward to continuing consultations with China concerning issues of concern through various channels.

212. The representative of Korea said his delegation wished to congratulate China on the second anniversary of its accession to the WTO. Korea appreciated the tremendous efforts of the Chinese Government in implementing its WTO accession-related commitments in a faithful manner. Korea recognized that this was a difficult and challenging task for China. Rather than going into details, his delegation wished to take a positive approach and to note the progress China had made in meeting these challenges during the past year. Korea hoped, like others, that China would continue its efforts to meet its commitments within the framework of its accession Protocol, and looked forward to China engaging actively and positively in the TRM exercise in the years to come.

213. The representative of Australia said his delegation wished to congratulate the representative of China and the Chinese delegation for its very comprehensive statement under this item on China's accession related commitments. Like others, Australia welcomed the significant progress China had made since joining the WTO in implementing its accession commitments. In anyone's assessment, this had been a major achievement. As a result of China's accession, trade and commerce between

Australia and China was growing very rapidly. However, he wished to foreshadow his delegation's interest, as China knew very well, in China's tariff-rate quota administration. Australia welcomed the clarification China had already provided concerning its future plans for some products, but there was still some uncertainty regarding wool, and his delegation looked forward to discussing this issue with China in the relevant Committees.

214. The representative of Chile said the report China had presented showed a very notable macro-economic development in China's economy – China was perhaps unique, given the current world economic context, in being the only Member to register an increase in imports of over 40 per cent. Chile was certain that these results were the product of major and deep transformation, which were bound to cause difficulties and become concerns for other Members. Chile wished to express its recognition and acknowledgement of this, because China had been able to listen to these problems and, in the particular case of Chile, had responded effectively and promptly to solve one particular problem. Chile wished to put on record its appreciation to China for this very constructive attitude.

215. The representative of China thanked all delegations who had spoken for their comments and positive evaluation of the efforts and performance by China in implementing its WTO commitments. He had listened carefully to all the issues and concerns raised. However, his delegation did not wish to repeat what it had said in the subsidiary bodies and to enter into detailed discussions on those issues at the present meeting. Experts in his delegation had taken good note of the points raised and would study them carefully. China's long-term development goal was to build a well-off society in the coming two decades. In order to realize this objective, China would continue to open wider to the rest of the world and to further expand its trade and economic operation. His delegation hoped that in future the transitional review would be conducted in a more smooth and, if possible, more simplified manner, to meet Members' shared objectives and to the benefit of all. He again wished to express appreciation to the Chairman and to all delegations for their understanding and cooperation.

216. The General Council took note of the statements and of the reports submitted by the subsidiary bodies on the conduct of their respective reviews, and agreed that the second review by the General Council of China's implementation of the WTO Agreement and the provisions of its Protocol of Accession had been concluded.

4. Work Programme on Small Economies – Report by the Chairman of the Dedicated Sessions of the Committee on Trade and Development

217. The Chairman recalled that at its meeting in February and March 2002, the General Council had taken note of a framework and procedures for the conduct of the Work Programme on Small Economies, under which this Work Programme would be a standing item on the General Council's agenda. The framework and procedures also provided that the Committee on Trade and Development would report regularly to the General Council on the progress of work in its Dedicated Sessions on this subject.

218. Mr. Mansour (Tunisia), Chairman of the Dedicated Sessions of the Committee on Trade and Development, said that since his most recent report to the General Council in October, there had been no meetings of the CTD in Dedicated Sessions on small economies. However, work was continuing, with some Members currently revising some of the proposals in WT/COMTD/SE/W/3 for the fuller integration of small and vulnerable economies into the multilateral trading system. At the Dedicated Session on 17 October, it had been agreed that the authors of that document would revise some of their proposals and would present them to the next Dedicated Session, which would also examine any additional proposals Members might wish to submit, including specific suggestions for how to resolve the trade-related problems of land-locked developing countries.

219. The representative of Paraguay thanked the Chairman of the Dedicated Sessions of the CTD for his report. Paragraph 35 of the Doha Declaration spoke of achieving a better integration of the small and vulnerable economies into the multilateral trading system, and of not creating another category of Member. This was fully in line with the task outlined by Ministers. Pursuant to the mandate of the first international conference of developing, landlocked countries, transit and donor countries and the financial institutions for international development on cooperation in the area of transit transport held within the framework of the United Nations in Kazakstan in August 2003, Ministers from several developing landlocked countries – some, Members of the WTO, and others in the process of acceding to the WTO, such as Afghanistan, Albania, Azerbaijan, Bhutan, Bolivia, Botswana, Burkina Faso, Kazakhstan, Malawi, Mali, Mongolia, Paraguay, the Kyrgyz Republic, Rwanda, Swaziland, Uganda, Zambia, Zimbabwe, Nepal and Laos – had reviewed the report of the CTD in Dedicated Sessions on small economies. In this context, they had put forward a series of recommendations which had been distributed at the Cancún Ministerial Conference to all Members in document WT/MIN(03)/W/23. It was in that framework that the respective delegations had committed themselves to putting forward a proposal, in order that the marginalization suffered by many developing countries – and which was a danger faced by many others – could be discussed. This concern had been reiterated by Ministers since the First Ministerial Conference held in Singapore in 1996, and subsequently again in Geneva in 1998, in Doha in 2001 and recently in Cancún. As the CTD Chairman had said in his report, this was a matter which these delegations hoped would be tackled and discussed by Members in this framework.

220. The General Council took note of the statements and of the report by the Chairman of the Dedicated Sessions of the Committee on Trade and Development.

5. Review of the Exemption provided under paragraph 3 of GATT 1994 (WT/L/512)

221. The Chairman recalled that paragraph 3(a) of GATT 1994 provided an exemption from Part II of GATT 1994 for measures under specific mandatory legislation, enacted by a Member before it became a Contracting Party to GATT 1947, which prohibited the use, sale or lease of foreign-built or foreign-reconstructed vessels in commercial applications between points in national waters or waters of an exclusive economic zone. On 20 December 1994, the United States invoked the provisions of paragraph 3(a) with respect to specific legislation that met the requirements of that paragraph. Paragraph 3(b) of GATT 1994 called for a review of this exemption five years after the date of entry into force of the WTO Agreement – and thereafter every two years for as long as the exemption was in force – in order to examine whether the conditions which created the need for the exemption still prevailed.

222. In December 2002, the General Council had agreed, *inter alia*, as follows: (i) that under the two-yearly cycle provided in paragraph 3(b) of GATT 1994, this exemption would have to be reviewed again in 2003; (ii) that the General Council would come back to the issues raised at previous meetings of the General Council in the context of the review to be conducted in 2003; (iii) that this review would be on the Agenda of the first meeting of the General Council in 2003, and that the Chairman would invite interested delegations to submit comments and questions to the US regarding the operation of the legislation under the exemption, to which the US would be invited to respond. These questions and responses, together with the annual report to be provided by the US under paragraph 3(c) of GATT 1994, would form the basis for the review; (iv) that for the purposes of the review, this matter would be on the agenda of subsequent General Council meetings in the course of 2003 as the Chairman deemed appropriate or at the request of a Member; and (v) that at its meeting in December 2003, the General Council would be invited to take note of the discussions held in the course of the review until then, take any other action it might agree on, and take note that the subsequent review would normally be held in 2005.

223. The General Council had also taken note that, as provided in paragraph 3(e) of GATT 1994, this exemption was without prejudice to solutions concerning specific aspects of the legislation covered by this exemption negotiated in sectoral agreements or in other fora. He further recalled that in February 2003, the General Council had considered this matter – as well as an annual report circulated by the United States in document WT/L/512 – and had agreed to revert to this review at a future meeting. At the October General Council meeting, he had indicated, under "Other Business", that as agreed in December 2002, this matter would be on the agenda of the present meeting. In connection with the consideration of this item at the present meeting, he wished to draw attention to two communications recently received from Japan and the European Communities. These had been circulated as documents WT/GC/W/520 and 521, respectively.

224. The representative of the United States said that her delegation stood ready to participate in a review of the exemption under paragraph 3 of GATT 1994. This was the third review of this exemption. The United States had continued to provide Members with annual statistical reports pursuant to the requirements of paragraph 3(c) of the exemption. These reports provided detailed annual reporting of vessel orders and deliveries from US shipyards, as required by paragraph 3(c). As promised when this review had been initiated at the first General Council meeting of 2003, her delegation had tried to break out of the cycle of sterile debate on the nature of the review, by hosting an informal consultation where interested delegations had been free to discuss issues without prejudice to their national positions. Her delegation had been pleased with the high level of participation in this meeting and had welcomed the lively give and take. The United States had also done its utmost to respond to questions that had been put to it on a more formal basis.

225. The representative of Japan said that his delegation attached great importance to conducting a substantial review of the exemption provided for in paragraph 3 of GATT 1994. In order to contribute to a more substantive and effective discussion in the current review process, Japan had submitted a communication in document WT/GC/W/520 raising several points to which Japan requested the United States to respond. As that document contained the details of Japan's concerns and questions, he would not go into any detail at the present meeting, but wished to say that Japan wished to actively participate with all other Members in this review process.

226. The representative of the European Communities thanked the United States for its statement and for the consultation it had hosted on this matter. The Community, like Japan, had submitted a number of questions to the US which had been circulated in document WT/GC/W/521, and wished to thank the United States for the replies to these questions which his delegation had recently received and which he understood would be circulated to Members in due course. The Community was reviewing those responses, which in part suggested consulting a number of US websites of government agencies, something which the Community had not yet done. Accordingly, his delegation would not yet judge whether the replies represented a fully satisfactory response to its questions. On previous occasions when this item had been on the agenda of the General Council, the Community had made clear its general position on the scope and purpose of this review, and it stood by those points.

227. The representative of Australia said that as Members came to the final stages of the third scheduled review of the exemption under paragraph 3 of GATT 1994, many of the issues that had been raised regrettably remained unanswered. Continuing different perceptions on the nature of the review were at the heart of this problem, although Australia wished to reiterate its firmly held view that what was required was a substantive review of this exemption. While efforts by the US to bring an expert on the "Jones Act" legislation covered by the exemption to Geneva for informal discussions were appreciated, and while Australia welcomed the latest answers provided by the United States, the reality was that most of Australia's substantive concerns with the legislation had not been addressed. Australia's primary driving force in this issue was its concern at the overarching impact of the US restrictions. All access for vessels for commercial operations was effectively constrained through the

Jones Act restrictions on merchandise and passenger transport vessels, as well as restrictions on documentation. These effectively limited imports to personal vessels, while the areas where Australia had significant comparative advantage – such as cruise vessels and fast ferries – were effectively excluded. While the US continued to claim that there had been no change in circumstances that would warrant any adjustment to the laws covered by the exemption, his delegation continued to be confused about a number of aspects of how the legislation itself worked, and its questions about how waivers operated under the legislation or how provisions on "US-built" were interpreted by the Coast Guard had not been answered in any detail. In addition to these commercially motivated concerns, the review itself had turned into a largely sterile and meaningless discussion. Australia did not believe that obligations were properly met by merely submitting statistical information and saying that the conditions warranting an exemption still prevailed. The unilateral nature of this assertion was also troubling, as this was surely something that was for the membership as a whole to determine. Thus, his delegation looked forward to continuing consultations on this subject.

228. The representative of Norway said that this was an important issue for Norway as the waiver in essence made it very difficult to sell ships to the United States. Thus, his delegation had participated and intended to continue to participate actively in the consultations on this matter. Norway still believed that the review should focus on the salient point of paragraph 3(b), which was the examination of whether the conditions which created the need for the exemption still prevailed. Members needed to move beyond discussing merely the statistical information submitted under paragraph 3(c) and address also the conditions necessitating the exemption. His delegation wished to note that a number of questions had been put to the United States concerning previous notifications and the effects of the legislation. Depending on the answers and on the content of the next submission of the United States in 2004, Norway reserved its right to present further questions to the United States and to consult, as appropriate, in the General Council or elsewhere.

229. The representative of Panama said his delegation wished to reiterate its concern regarding the way legislation notified by the United States under paragraph 3 of GATT 1994 was being interpreted and applied. His delegation had already spoken in the past of the need to explore other options offered by paragraph 3(e) of GATT 1994. Panama wished to stress again the importance it attached to seeking solutions to specific questions raised by legislation notified in other forums or even at the bilateral level. Over the past two years, his delegation had had constructive technical discussions with the United States. While Panama was not in a position, for the moment, to announce that it had settled its differences with the United States, his delegation wished to thank the United States for the opportunity to discuss with its authorities in Washington and in Geneva the technical aspects of this matter. His delegation urged the United States to look into the possibility of settling the specific issues raised by Panama concerning the way in which the legislation in question was being interpreted and applied, with the firm intention of finding specific solutions to the specific problems the notified legislation posed for Panama. His delegation was confident that this approach offered the possibility of leading, finally, to the path Members had been seeking in vain over the past few years, and that Members would ultimately be able to reach a mutual understanding on this matter.

230. The representative of Hong Kong, China said that his delegation appreciated the opportunity to review again the exemption provided in paragraph 3 of GATT 1994, and recalled its wish to see a meaningful and substantive review undertaken. In this regard, his delegation welcomed the US initiative of bringing in an expert for informal consultations with concerned delegations and answering some factual questions. This constructive approach had helped to provide factual information for the purpose of facilitating the review. However, notwithstanding this constructive exchange, Hong Kong, China remained disappointed that the core purpose of the review, which was to examine the conditions which created the need for the exemption, had thus far still not been fulfilled. Such an examination should require, *inter alia*, a substantive and systematic analysis of whether the legislation covered by the exemption was still serving its intended objectives effectively and proportionately. His delegation therefore looked forward to seeing the substantive replies by the

United States to the questions raised by interested delegations, in order to enable a meaningful review. It would be essential for such replies to address the key question, i.e. whether the legislation was serving the objectives for which it was originally intended, and in an effective and proportionate manner.

231. His delegation also wished to know if there had been any legislative changes, and if so, whether those changes had affected the conditions for the exemption under paragraph 3(b) of GATT 1994. In this regard, Hong Kong, China would also appreciate the United States providing answers to the following questions: "(i) First, we understand during the informal consultations with the US expert that a waiver has been granted earlier this year to the legislation covered by the exemption. We would appreciate having in writing more detailed information regarding that waiver, including its rationale and the details of the actual waiver granted. (ii) Specifically, we would like to know whether this waiver has allowed a ship intended for commercial operation within US waters to be built outside the US, and whether this opportunity of building the ship is open to all Members. We would also like to know under what circumstances and for what reasons the waiver was granted, and whether that means the legislation covered by the exemption has become unwarranted under those circumstances or for those reasons. (iii) Furthermore, we would like to know whether this waiver has allowed a foreign-owned cruise company or ship to operate cruise services within US waters, and whether this opportunity of operating cruise services within US waters is also open to all Members. We would appreciate if figures could be provided on the amount of cruise services trade involved under the waiver and its proportion to the overall cruise services operations in the US. (iv) Lastly, we have also been given to understand that some other exceptions to the legislation covered by the exemption – e.g. small vessels, shortage of supply, specialized vessels – have been made previously and would appreciate more specific information on such exceptions made, preferably also in writing. Specifically, we would like to know whether those exceptions have the effect of allowing foreign-owned shipping companies or ships to operate within US waters."

232. Hong Kong, China wished to reiterate its position that this exemption under paragraph 3 of GATT 1994 was a major derogation from the fundamental principles of the WTO Agreement, and that its perpetuation was of great systemic concern to Hong Kong, China. His delegation was also puzzled by the continued demand for such an exemption for legislation which was outdated and which was not commensurate with the liberal trade regime of the United States overall, or with its level of ambitions in seeking trade liberalization, both in goods and services. Hong Kong, China would continue to contribute to this review on a rational and constructive basis.

233. The representative of the Philippines welcomed the opportunity to discuss this issue in the context of the review mandated under paragraph 3(b) of GATT 1994, and thanked the United States for its consultations with interested delegations and for its statement at the present meeting. His delegation's interest in this issue stemmed from systemic concerns rather than purely commercial ones. The Philippines remained unconvinced by the US interpretation that the review mandated under paragraph 3(b) of GATT 1994 relating to the question of whether the conditions which created the need for exemptions still prevailed, simply required a sole beneficiary Member, i.e. the US, to show that the legislation which had given rise to the exemption was still in force and that it had not been amended, changed or otherwise superseded in a way that would alter its conformity with Part II of GATT 1994. The US insistence on such an interpretation had reduced the current and two previous reviews to pro forma exercises which could not have been the intent of the provisions, given the exemption's stark deviation from the fundamental principles governing the multilateral trading system. As his own and several other delegations had said on numerous occasions, the review called for by paragraph 3(b) required an examination of whether the conditions, be they economic or otherwise, which gave rise to the legislation being exempted from WTO rules remained valid grounds for maintaining the exemption.

234. The United States had throughout each of the review cycles abstained from undertaking such an examination. However, if – as the United States maintained in its various interventions – the context or conditions for this legislation were such that US commercial shipbuilding for domestic trade could sustain the US core shipbuilding industrial base in light of declining military orders from the US Navy, then at least this observation could be made. Evidence had to show that commercial shipbuilding for domestic trade, in and of itself was sufficient to maintain or sustain the US shipbuilding industrial base. In this regard, the US responses to the questions recently posed by Japan would provide useful guidance. According to previous statistical reports by the United States, the average tonnage delivered appeared to have been insubstantial, and thus contrary to the underlying context claimed by the United States. Other observations could be made, but his delegation would abstain from offering these at the present time. The Philippines merely wished to emphasize that Members were supposed to examine whether the conditions that had created the need for the exemption still prevailed. His delegation continued to ask whether – in a case where there was, or appeared to be, no consensus that the conditions still prevailed – the exemption should not lapse automatically. In any case, given Members' present context of broad-based negotiations, the United States could perhaps avail itself of an appropriate opportunity to revisit this exemption.

235. The representative of New Zealand said that his delegation had not been particularly active in the current review, and in particular had not been able to participate in the informal consultation hosted by the United States, although it appreciated having been invited. New Zealand had nevertheless been following this issue from a distance, and in the previous two reviews had set out its positions and concerns in some detail. Other delegations had outlined at the present meeting the core issues as they saw them. His delegation would not comment in any detail at the present meeting, but wished to record two points. First, New Zealand shared the view expressed by Hong Kong, China and others on the continuing systemic importance of this issue. Second, it shared the interest of other delegations who had spoken with regard to achieving a genuine substantive review of this exemption and the continuing basis for it.

236. The representative of the United States noted that Hong Kong, China had asked several detailed questions in its intervention, and said that her delegation would be responding to these questions as they had been asked.

237. The General Council took note of the statements and also that the subsequent review under the two-yearly cycle provided in paragraph 3(b) of GATT 1994 would normally be held in 2005.

6. WTO Pension Plan – Annual report of the Management Board for 2002 (WT/L/546)

238. The Chairman said that the Annual Report of the Management Board for 2002 (WT/L/546) was being submitted to the General Council in accordance with Article 5(d) of the Regulations of the Pension Plan. This was the fourth report of the Management Board since the establishment of the Pension Plan on 1 January 1999.

239. Mr. Jóhannesson (Iceland), Chairman of the Management Board, introducing the Board's annual report, said the Board had been confronted by a number of difficulties in 2002. The Board had met on only four occasions during the year. The relatively small number of meetings was a reflection not of a lack of business to be dealt with, but of the difficulty in gathering the necessary quorum to conduct business. He was pleased to report that this difficulty had been overcome in 2003, and the Board had been able to make better progress with its work in 2003. As indicated in the report, the performance of the Pension Plan's investments had been poor in 2002. The real rate of return for the year had been minus 19.21 per cent. The principal reason for this result was the continuing gloom in the world's stock markets. It should be recalled that for a pension plan it was important to maintain a long-term perspective with respect to the investment strategy, and not to resort to short-term measures in order to seek to maximise returns. Striking the right balance between profitability and security was

vital. That having been said, the Board was fully conscious of the need to review the investment strategy on a regular basis and had recently retained the services of an outside consultant for this purpose. The external auditor had also recommended that such a review should be carried out.

240. The results of the first triennial actuarial valuation of the Pension Plan had been made available in 2002, showing that despite the poor performance of the investments, the contribution rate required over the long term in order to ensure the balance of the Plan could remain unchanged. The Board had decided that the actuarial position should continue to be monitored on an annual basis. At the end of 2002, the consulting actuary had again confirmed that the current contribution rates and benefit levels should remain unchanged. The external auditor had confirmed the wisdom of regular monitoring of the actuarial position of the Plan. In 2002, the Board had decided to establish an Investment Committee in order to provide advice to the Board on the investment strategy and the performance of the fund managers. The Committee had begun its work towards the end of 2002, but had unfortunately not been able to continue, owing to the resignation of two of its members. The Board intended to reconstitute the Committee in order to complement the work to be undertaken by the outside consultant. In conclusion, although 2002 had not been a particularly good year for the Pension Plan, the long-term actuarial situation remained sound and no change was required at present to the contribution and/or benefit structure. Indeed, the latest information indicated that 2003 would prove to be a much better year from the point of view of investment performance. He remained ready to respond to any questions delegations might wish to pose.

241. The General Council took note of the statement and of the Annual Report of the Management Board for 2002 in WT/L/546.

7. Committee on Budget, Finance and Administration

(a) Report of the Committee on its meetings of 11 July, 14 August and 25 September 2003 (WT/BFA/68)

242. The Chairman drew attention to the report of the Committee on Budget, Finance and Administration contained in document WT/BFA/68.

243. Mr. Law (Hong Kong, China), Chairman of the Committee on Budget, Finance and Administration, said the report covered the meetings held from July to September 2003 and should be read in conjunction with document WT/BFA/67, which contained part of the report's recommendations. Those recommendations had been presented to and approved by the General Council on 26 August 2003. The agenda taken up by the Committee in these meetings were contained in documents WTO/AIR/2142 and Add.1 and Corr.1 and WTO/AIR/2158. They included (i) various administrative up-dates and progress reports; (ii) financial matters: the Director-General's Budgetary and Financial Report for 2002 and Report of the External Auditor thereon, Divisional Reporting on Objectives and Expenditures for 2002, and Report on Extra-Budgetary Funds for 2002; (iii) Results-Based Budgeting; (iv) WTO Salaries: calculation of Alpha adjustment to net salaries and dependency allowances; (v) Biennial Budget; (vi) Appellate Body Operating Fund; and (vii) Review of the Guidelines on Voluntary Contributions from Non-Governmental donors. He drew attention to paragraphs 15 and 16 of the report. The recommendation in paragraph 15 concerned transfers between budgetary sections in the final audited accounts for 2002 of the WTO Secretariat and the Appellate Body and its Secretariat. The recommendation in paragraph 16 concerned the approval of the audited accounts for 2002 and an expression of thanks to the External Auditor. Both paragraphs required the approval of the General Council.

244. The General Council took note of the statement, approved the Budget Committee's specific recommendations in paragraphs 15 and 16 of the report in WT/BFA/68, and adopted the report.

- (b) Recommendations of the Committee following its meetings of November and December 2003 (WT/BFA/70)

245. The Chairman drew attention to the recommendations of the Budget Committee which had resulted from its meetings of November and December 2003, and which had been circulated in document WT/BFA/70.

246. Mr. Law (Hong Kong, China), Chairman of the Committee on Budget, Finance and Administration, introducing the recommendations in document WT/BFA/70, said that these recommendations concerned (i) the International Trade Centre (ITC) budget estimates for 2004-2005; (ii) the Doha Development Agenda Global Trust Fund 2004; (iii) the new Annexe Building for the WTO; and (iv) the WTO budget estimates for 2004 and 2005. The Committee had examined the 2004 and 2005 budget proposals for the ITC and had formulated recommendations in paragraphs 1 and 2 of WT/BFA/70 that the budgets amounting to Sw F 32,014,300 and Sw F 32,254,100 respectively, be approved. The relevant WTO contributions to the budgets of the ITC – Sw F 15,889,400 for 2004 and Sw F 16,009,300 for 2005 – formed part of the budgets for the WTO as a whole. With regard to the Doha Development Agenda Global Trust Fund, the target level of resources in 2004 had been set at Sw F 24 million. In this context, Members were urged to pledge additional contributions to the DDA Global Trust Fund up to the 2004 target level in order to ensure a stable and solid financial basis for the WTO programme of technical assistance and training. The relevant recommendation was contained in paragraph 3 of WT/BFA/70.

247. The Committee had also recalled the authorization of the General Council to launch, in cooperation with the Swiss authorities, a draft project study aimed at producing a building plan for a new annexe building for the WTO. The Committee had formulated a recommendation which was contained in paragraph 4 of WT/BFA/70, to the effect that the project identified as “Golden Eye” be implemented, bearing in mind the overall envelope of Sw F 50 million. With regard to the WTO Budget Estimates for 2004 and 2005, the recommendations contained in WT/BFA/70 were the fruits of various meetings and consultations over the past weeks. In this context, he wished to recognize that there had been a pragmatic approach and constructive dialogue on the part of Members, which had permitted this exercise to be completed. The recommended budgets for the WTO Secretariat and the Appellate Body and its Secretariat, as contained in paragraphs 5 and 6 of WT/BFA/70, amounted to Sw F 161,776,500 for 2004 and Sw F 166,804,200 for 2005, representing increases of 4.4 per cent and 3.11 per cent respectively. These figures included the contributions to the ITC for 2004 and 2005, which he had mentioned earlier.

248. Two themes had come up frequently in the course of the Committee’s meetings. First, the Committee had felt that the uncertainty regarding the workload, especially in 2005, rendered the projection of 2005 budget estimates difficult. For this reason, the draft recommendation on page 4 contained specific reference to the need to review the proposals for 2005 in the context of the mid-term review referred to in the guidelines for biennial budgeting. Members had also frequently brought up the problem concerning their Governments’ own resources, which were becoming more limited than in the past. Consequently, Members had felt that further efforts at efficiency, cost-effectiveness and rationalization in the WTO were necessary. In this regard, the Committee was looking forward to having information on the establishment of a standing committee within the WTO Secretariat, which would be charged with examining possibilities for cost savings on an on-going basis. With regard to staff resources, the Committee had noted that the Director-General would bear in mind the views expressed by Members and inform the Committee of his decision on the allocation of the two new posts for 2004 as soon as he had decided. Finally, the Committee intended to follow closely further initiatives on the Director-General’s efforts in the area of redeployment of resources, out-sourcing and structural rationalization, as well as the question of control of long-term temporary assistance posts. In concluding, he drew attention to paragraphs 1 through 6 of WT/BFA/70, which required decisions by the General Council.

249. The representative of Japan expressed his delegation's gratitude to the Chairman of the Budget Committee for his report and particularly for his efforts in producing an agreement on the budget estimates for 2004 and 2005. Japan supported approval and adoption of the Committee's recommendations. These budget proposals were indeed precedent-setting in that they accounted for the first biennial budget programme for the WTO, which had been introduced at a time when the WTO was expanding its membership and its responsibilities. It was an achievement worth noting that Members had been able to carefully examine all the budget items, reverting to the fundamentals of each item, rather than simply focussing on the overall budget increase. It was thus important to realise that the budget compiled by the Secretariat, as well as the budgetary exercise, had been based on initiatives by Members. Japan was very grateful to the Secretariat for having provided Members with a detailed explanation in order to meet their high expectations. Japan also appreciated the work of the Budget Committee, which had engaged in extensive discussions, beginning with the necessity of such a budget, examining the justification thereof and even conferring on the final allocation of assets. While the 2004 budget had been increased by 4.4 per cent, a more effective and efficient use of the budget was required, and in Japan's view this was a matter of importance for all Members, regardless of their financial contribution to the WTO. The amount of the budget had now been fixed. However, it was still important to continue to thoroughly examine the biennial budget, in order to prevent any unnecessary divergence or increments, and to prevent it from becoming a black box, thereby ensuring that transparency was maintained. Japan was fully aware that the present year's budgetary exercise was a turning point for all Members. Japan also wished to thank the Director of the Administration and General Services Division of the Secretariat and his team for their great efforts. Japan hoped the Secretariat would be able to make further efforts towards improvement in the cost-efficiency exercise.

250. The General Council took note of the statements, approved the Budget Committee's specific recommendations in paragraphs 1 through 6 of document WT/BFA/70, including the draft Resolutions referred to in paragraphs 5 and 6, and adopted the draft Resolution on the Revised Expenditure of the WTO in 2004 and the Ways and Means to Meet Such Expenditure, as well as the draft Resolution on the Expenditure of the WTO in 2005.

8. Waivers under Article IX of the WTO Agreement

- (a) Introduction of Harmonized System 1996 changes into WTO schedules of tariff concessions – Requests for waivers from Israel and Thailand

251. The Chairman drew attention to the requests for waivers from Israel (G/L/646) and Thailand (G/L/647), and to the relevant draft decisions in documents G/C/W/468 and 470, respectively.

252. Mr. Hovorka (Czech Republic), Chairman of the Council for Trade in Goods, reported on that Council's consideration of these matters.

253. The Chairman proposed that, in accordance with the Decision-Making Procedures under Articles IX and XII of the WTO Agreement agreed in November 1995 (WT/L/93), the General Council adopt the draft decisions in G/C/W/468 and G/C/W/470.

254. The General Council took note of the statement and so agreed.⁶

⁶ The Decisions were subsequently circulated in documents WT/L/554 and 555.

(b) Sri Lanka – Establishment of new Schedule VI – Request for extension of time-limit (G/L/644, G/C/W/469)

255. The Chairman drew attention to the request from Sri Lanka for an extension of the waiver previously granted in connection with its establishment of a new Schedule VI (G/L/644), and to the related draft decision in G/C/W/469.

256. Mr. Hovorka (Czech Republic), Chairman of the Council for Trade in Goods, reported on that Council's consideration of this matter.

257. The Chairman proposed that, in accordance with the Decision-Making Procedures under Articles IX and XII of the WTO Agreement agreed in November 1995 (WT/L/93), the General Council adopt the draft decision in G/C/W/469.

258. The General Council took note of the statement and so agreed.⁷

(c) Review of Waivers under Article IX:4 of the WTO Agreement

259. The Chairman recalled that, in accordance with paragraph 4 of Article IX of the WTO Agreement, "any waiver granted for a period of more than one year shall be reviewed by the Ministerial Conference not later than one year after it is granted, and thereafter annually until the waiver terminates". There were thirteen waivers before the General Council for review:

- El Salvador – Agreement on Implementation of Article VII of GATT 1994 (WT/L/476);
- LDCs – Article 70.9 of the TRIPS Agreement with respect to pharmaceutical products (WT/L/478);
- Canada – CARIBCAN (WT/L/185);
- Preferential Tariff Treatment for Least-Developed Countries (WT/L/304);
- Switzerland – Preferences for Albania and Bosnia-Herzegovina (WT/L/406);
- United States – Former Trust Territory of the Pacific Islands (WT/L/183);
- Cuba – Article XV:6 of GATT 1994 (WT/L/440);
- Colombia – Extension of the Application of Article 5.2 of the Agreement on Trade-Related Investment Measures (WT/L/441);
- EC – Autonomous Preferential Treatment to the Countries of the Western Balkans (WT/L/380);
- EC – Transitional Regime for the EC Autonomous Tariff Rate Quotas on Imports of Bananas (WT/L/437);
- EC – The ACP-EC Partnership Agreement (WT/L/436);
- Turkey – Preferential Treatment for Bosnia-Herzegovina (WT/L/381);
- United States – Caribbean Basin Economic Recovery Act (WT/L/104).

260. The Decisions on the waivers for Canada, Cuba, Switzerland, Turkey and the United States, and on two of the waivers for the EC, provided that an annual report be submitted by these Members on the operation or implementation of the respective waivers, with a view to facilitating their annual review by the General Council under paragraph 4 of Article IX. The reports from these delegations on the relevant waivers had been circulated in documents WT/L/545, WT/L/547, WT/L/548, WT/L/550 through 553 and WT/L/549, respectively.

261. The representative of Turkey said that with regard to Turkey's waiver for preferential treatment for Bosnia-Herzegovina, granted on 8 December 2000, her delegation wished to inform the

⁷ The Decision was subsequently circulated in document WT/L/556.

General Council that Turkey had signed a Free Trade Agreement with Bosnia-Herzegovina which had entered into force on 1 July 2003. This Agreement, which covered all of the issues in the waiver, had been notified to the WTO in September in document WT/REG157/N/1 and considered by the Council for Trade in Goods on 26 November. Since Turkey had accorded no preferential treatment for Bosnia-Herzegovina since 1 July 2003, and trade between the two countries was conducted in accordance with the FTA, Turkey called for the termination of the waiver.

262. The Chairman proposed, in the light of Turkey's statement, that the General Council take note of that statement and that the exceptional circumstances justifying the waiver no longer existed, and decide, in accordance with the terms of paragraph 4 of Article IX of the WTO Agreement, that the waiver for Turkey's preferential treatment for Bosnia-Herzegovina granted on 8 December 2000, contained in document WT/L/381, was terminated.

263. The General Council so agreed, and took note of the reports contained in documents WT/L/545 and WT/L/547-553.

9. Trade in Textiles and Clothing – Developing Members' concerns about potential reduction in market (quota) access in 2004 (WT/GC/W/503) – Statement by the Chairman

264. The Chairman recalled that at its meeting in July, the General Council had considered a communication from a number of developing-country textiles and clothing exporters outlining difficulties they would face as a result of any decrease in quota access in 2004 due to the non-availability of the quota "carry forward" provision of the Agreement on Textiles and Clothing (ATC) in that year. These countries had requested the General Council to recommend that restraining developed-country Members take steps to ensure there was no diminution of effective quota access for developing-country Members on account of a denial of quota carry-forward in 2004. In the light of the discussion at that meeting, he had suggested that more time would be needed to reflect on this proposal and to provide a response to it, and that the General Council was not then in a position to take a decision as requested by the co-sponsors. He had also indicated his intention to hold consultations as to the best way to deal with this matter. At the October Council meeting, he had indicated his intention to hold these consultations with the aim of making a report to the December Council meeting. He wished to inform delegations that on 10 December he had held consultations with the interested parties with the aim of exploring this matter further, as well as possible means to meet the concerns raised.

265. At the consultations, the exporting countries had reiterated their concerns about the adverse economic and social impact of potential reductions in market access in 2004 as a result of the loss of quota carry-forward, and also their concerns about resulting shifts in market share. It had also been suggested that these concerns were shared by a number of importers and retail organizations in the restraining countries. The exporting developing countries had urged a collective consideration on the part of Members to see how the potential difficulties could be overcome, and had indicated flexibility as to the instruments that might be used. The restraining Members, for their part, had reiterated that the important watershed event was the phase-out of all quotas by 1 January 2005, and had reaffirmed their commitment to the full and faithful implementation of the ATC in this respect. They had also added that the ATC had led to a significant expansion of quotas since 1995, and that although quota carry forward would not be available in 2004, there were other flexibilities provided in the ATC, such as "swing" or "carry-over", which could provide some assistance in 2004. Two of the restraining Members had also indicated that under special programmes for least-developed countries, textiles and clothing products from these countries entered their markets quota and/or duty free, thereby providing them the stable market access they sought. His conclusion on the basis of this discussion was that the reaffirmation of the commitment to the full and faithful implementation of the ATC, as well as the measures that had been undertaken in favour of the LDCs, were both positive signals. However,

regarding the proponents' request for consideration of measures to ensure there would be no diminution of quota access because of the loss of carry forward, his sense from the consultations was that this proposal did not have a favourable response, unless any Member had new developments to report at the present meeting.

266. The representative of India, speaking on behalf of the co-sponsors of the proposal in WT/GC/W/503, thanked the Chairman for his report and for the consultations he had held to follow up on the discussion at the July General Council meeting. These countries were disappointed that a resolution of this issue had not yet been possible, but they were not discouraged. Indeed, they were confident that with goodwill, Members could find a way to ensure that market-access possibilities for developing-country Members' exports of textiles and clothing in 2004 were not reduced. Their confidence was based on the merits of their case. As he had noted in his statement introducing the joint submission to the General Council in July, the overarching objective and purpose of the WTO was to increase market-access opportunities, not to reduce them. If "carry-forward" possibilities were denied, it would cause significant reductions in these countries' exports. The issue raised in WT/GC/W/503 was at once a developmental issue, an S&D issue, a market-access issue, an implementation issue and a systemic issue. As he had pointed out during the consultations on 10 December, a number of developing-country Members were faced with the prospect of losing millions of dollars' worth of export opportunities if the carry-forward facility was not made available in 2004.

267. He then gave examples of the potential losses to only a few countries. Bangladesh's loss was estimated at 53 million square meter equivalent of garment exports, valued at over US\$100 million. This would amount to a loss of around 25,000 jobs during the year. This was not merely a theoretical calculation, because Bangladesh had continued to use its quotas in full, including by utilizing the carry-forward quotas year after year. Likewise, Pakistan's export loss in one market would be 76 million square meter equivalent of exports, about 20,000 tons of exports in the second market, and 4 million square meters equivalent to the third. Taking only the products in which Pakistan fully utilized its quotas, the total export loss would be US\$120 million. This translated to about 24,000 jobs, given the fact that Pakistan's export mix was different from that of Bangladesh. For India, the loss of potential access to one market was calculated at 47 million square meter equivalent of exports, over 16,000 tons of exports to the second, and to the third about 3 million square meter equivalent. In the case of Indonesia, the access loss in the first market was calculated at 62 million square meter equivalent of exports, to the second about 10,000 tons of exports, and to the third 3 million square meter equivalent. Thailand's potential loss in one market would be 67 million square meter equivalent of exports, in the second 7,000 tons, and in the third 2.5 million square meters.

268. He would not cite the losses for each of the developing-country Members concerned, but similar losses were likely for China; Hong Kong, China; Macao, China; Sri Lanka and many others. In short, it was a matter of the loss of millions of dollars worth of exports and thousands of jobs in each case. India trusted that the General Council would be in a position to respond positively to a problem of this magnitude. As he had mentioned in his statement in July, the problem had been exacerbated by the manner in which the restraining Members had implemented their integration programme under the ATC, back-loading the phase-out of quota restrictions to the end of the transition period. This was also a matter of systemic concern for the WTO. The tight quota access in 2004 would keep export prices artificially high. After quotas were eliminated at the beginning of 2005, there would be a sharp downward pressure on prices, which, in turn, might generate pressure for recourse to anti-dumping actions. It was therefore in the interest of both the exporting and importing Members, as well as the multilateral trading system, to prevent this situation from developing. The exporting developing countries therefore urged the General Council to approach this issue in the best interests of all concerned, and of the multilateral trading system itself. The suggestion in the submission was a modest one. There was nothing in the ATC that prohibited the restraining countries from allowing the continued use of carry-forward in 2004.

269. During the consultations on 10 December, a point had been made by one restraining Member that even if carry-forward was not available, one could use other flexibilities, such as carry-over of some unutilized quotas from the previous year, or swing provisions. While this suggestion might theoretically sound plausible, it did not entirely mitigate the problem of loss of carry-forward. In the case of a number of exporting Members, the large majority of quotas had been fully utilized, making it impossible to transfer quotas from one category of product to another. Moreover, there were also ceilings on the use of carry over as well as swing. In short, therefore, the use of other flexibility provisions did not fully solve the problem. These countries were open to any constructive solution that the restraining Members themselves might wish to propose. They urged the General Council to recommend that the restraining developed-country Members take steps to ensure that there was no reduction in effective quota access for developing-country Members on account of the denial of carry forward in 2004. Such concrete steps would create developmental space for developing-country Members. These countries requested the Chairman to continue his efforts to bring a satisfactory resolution to this issue.

270. The representatives of Pakistan, Indonesia, Bangladesh and Thailand said that as co-sponsors of WT/GC/W/503, their delegations fully supported the statement by India on this important issue.

271. The representative of Pakistan said that Members had already heard the details of the number of jobs involved and the social, economic and political problems that might result if this issue was not satisfactorily resolved. As already noted by India, this issue was not only a market-access issue but had several other dimensions. It was an implementation issue which Members had been discussing for a long time. As indicated by India, the co-sponsors of the submission were flexible on this matter and were open to any meaningful solution. Pakistan urged the General Council to make a categorical recommendation that there should be no reduction in the quotas in question for 2004, so that the countries involved would be able to avoid problems in the quota-free 2005 scenario. Furthermore, this would show that the multilateral trading system worked.

272. The representative of Indonesia said that his delegation was not going to repeatedly raise this issue, as it had been very frequently discussed. However, as this issue was of great importance to Indonesia and other developing-country Members, his delegation was of the view that the more Members discussed it, the more likely it was they would find a way to resolve it. The ATC was a transitional agreement to eventually integrate the textiles and clothing sector into the GATT 1994. Nevertheless, the ATC had never been fully and faithfully implemented, since there had been no meaningful integration in every integration stage. The fact was that although the integration process had been done in three stages, the bulk of quotas were still in place. In Indonesia's view, the failure of the ATC to phase out quota restrictions in a smooth manner had created other problems. The worst effect was that no adjustment could be made by the developing-country Members during the transitional period for those quotas which had not yet been phased out. There was a big problem as 2004 approached, in relation to the termination of the ATC. As all knew, the ATC did not have any provision to settle the problem of carry forward. Members were now realizing that the ATC was actually flawed and left many questions unanswered. The weakness of the ATC as a transitional agreement would remain in place until its termination at the end of 2004.

273. Article 2.16 of the ATC was only focused to maintain provisions governing flexibility such as swing, carry-over and carry-forward applicable to all restrictions maintained under the Multi-Fibre Arrangement. Those forms of flexibility could only be used if quota restrictions were still in place. Logically, because there would be no more quotas in place for 2005, the right to use flexibility in the form of carry forward in 2004 was not possible, and if that was the case, this would no doubt very adversely affect trade in textiles and clothing in 2004, due to the reduced supply. This situation would ultimately substantially decrease the benefit to both developed and developing countries. The Doha Declaration clearly stated that positive efforts shall be continued to ensure that developing countries, and especially the least-developed, secured a share in the growth of world trade commensurate with

the needs of their economic development. In this context, his delegation strongly urged the General Council to take the necessary steps and to recommend that developed-country Members ensure that there was no loss of carry forward in 2004. The solution his delegation wished to propose was the adjustment of 2004 quota levels upwards, as if there were quotas in 2005. As only a short time remained, Indonesia wished to see political will from the developed-country Members to resolve this matter. As India had just proposed, Indonesia strongly wished to have a constructive solution to this problem and fully supported the Chairman's efforts to seek a mutually satisfactory resolution.

274. The representative of Bangladesh said that his delegation attached great importance to this issue. Any reduction in market access due to inequitable implementation of the ATC would cause immense hardship to Bangladesh's export sector and to the millions who would be affected. In 2002 Bangladesh had utilized the facility of carry forward in 19 out of 20 export categories in a major importing country. The same situation was likely to persist in 2003 and 2004 because of its consistently high utilization rate in the quota category. India, which held the chairmanship of the International Clothing and Textiles Bureau, had given an account of the loss Bangladesh would incur. He wished to add a few words to highlight the significance of this loss for Bangladesh. The garment sector accounted for 75 per cent of Bangladesh's total export earnings during 2001 and 2002. This sector had generated direct employment opportunities for two million workers, of whom 80 per cent were female. In addition, one million workers were engaged in the accessories and recycling industries related to garments. The business of banks, insurance, hotels, c.i.f. agents, transport, shipping and many other backward and forward linkage operations had flourished with the growth of this sector. All in all, around ten million people were indirectly dependent on the garment sector in Bangladesh. Bangladesh was an LDC and was striving hard to develop, using an export-led growth strategy. Bangladesh was doing its utmost to develop its industry on a competitive basis. At the present stage, if Bangladesh faced a non-tariff, market-distorting hurdle, this would set back its efforts to develop its industry. As an LDC, Bangladesh faced the reality of erosion of preferences. At the same time, his delegation had seen the non-implementation of the footnote to paragraph 2 of Article 1 of the ATC, permitting meaningful increases in access possibilities for least-developed country Members in the field of textiles and clothing trade. Bangladesh hoped that its developed-country partners would realize its difficulties and make a special concession for LDCs, and also implement the WTO Agreement in spirit and not only in letter. His delegation wished to highlight that the WTO membership could take a pragmatic approach to the LDCs and could ensure that there was no diminution of quota access for these countries during 2004. A legal construct should not deter Members from taking a realistic approach to this matter.

275. The representative of Thailand said that, as indicated by India, the potential losses in quota access to markets of the three restraining Members were phenomenal. For Thailand, a loss in access of that magnitude was liable to affect thousands of jobs in the country. Thailand could not afford to absorb such losses. In addition, this matter also concerned the credibility of the multilateral trading system and its ability to respond to the concerns of developing countries. His delegation therefore added its voice to India's and urged the Chairman to continue his consultations until a resolution of this issue was found, to the mutual satisfaction of all concerned.

276. The Chairman said that the General Council had heard the statements made under this item, including the suggestions by India and others as to the General Council taking steps that would enable a solution to be found to this matter. However, from the consultations he had held, it was clear that no agreement existed among Members on this issue, and there was thus no basis for a General Council decision on it. As General Council Chairman, he wished to encourage the proponents and the restraining Members to continue their dialogue to see if there were other possibilities for addressing these concerns.

277. The General Council took note of the statements.

10. Appointment of Officers to WTO bodies – Announcement by the Chairman

278. The Chairman recalled that in December 2002, the General Council had adopted Guidelines for the Appointment of Officers to WTO bodies (WT/L/510). These Guidelines provided that the outgoing Chairman of the General Council would conduct consultations on the appointment of chairpersons to the WTO bodies outlined in Groups 1, 2, 4 and 5 of the Annex to the Guidelines. The Guidelines also provided, in paragraph 7.1(a), that in order to promote transparency, the selection process should be started with an announcement by the Chairman at the General Council meeting held in December each year. Accordingly, he wished to inform the Council that he would be starting the selection process for the appointment of chairpersons to the WTO bodies outlined in Groups 1, 2, 4 and 5 of the Annex to the Guidelines. In accordance with paragraph 7.1(b) of the Guidelines, he would be assisted in the selection process by the serving Chairman of the Dispute Settlement Body, Mr. Oshima (Japan), and any former Chairpersons of the General Council still serving in Geneva as Permanent Representatives, in this case Mr. Marchi (Canada). Further, in keeping with paragraph 7.1(c), he would request the Secretariat to distribute to delegations in the meeting Room a list of past Chairs of major bodies, in order to provide some structure for Members' subsequent deliberations on the possible distribution of chairs based on past practice and the need for balance. Also, in keeping with paragraph 7.1(d), his colleagues and he would communicate, as early as possible, a specified time-period in which they would be available to hear the views and suggestions, if any, of Members, individually and/or in groups. He also wished to note that, in accordance with paragraph 2.1 of the Guidelines, representatives of Members in financial arrears for over one full year could not be considered for appointment.

279. The General Council took note of the statement.

11. Review of WTO activities

- Reports of:

- (a) **General Council (WT/GC/W/518), Dispute Settlement Body (WT/DSB/35 and Add.1), Trade Policy Review Body (WT/TPR/140)**
- (b) **Sectoral Councils (G/L/665, S/C/19, IP/C/30)**
- (c) **Committees on Trade and Development (WT/COMTD/48), Balance-of-Payments Restrictions (WT/BOP/R/72), Budget, Finance and Administration (WT/BFA/69), Regional Trade Agreements (WT/REG/13) and Trade and Environment (WT/CTE/10)**
- (d) **Committees under the Plurilateral Trade Agreements (WT/L/544 and Corr.1)**

280. The Chairman, in pursuance of the Decision concerning procedures for an annual overview of WTO activities and for reporting under the WTO (WT/L/105), drew attention to the annual reports of the various Councils and Committees in the above documents. He noted that a number of WTO bodies had not met in the period since the Cancún Ministerial Conference, and had therefore not submitted any reports covering their work since they last reported to the General Council in July. This was the case with regard to the bodies dealing with the four Singapore issues, the Working Groups on Trade, Debt and Finance and on Trade and Transfer of Technology, and the Committee on Government Procurement. He suggested that since the reports before the Council covered mostly the work of these bodies since the Cancún Ministerial Conference in September, the respective Chairpersons not introduce the reports orally at the present meeting, unless they felt they should draw particular attention to some aspect of the work carried out in their respective bodies.

281. The General Council took note of the statement, adopted the report of the Committee on Trade and Development (WT/COMTD/48), and took note of the following reports of the other WTO bodies, including the reports of the bodies under the Plurilateral Trade Agreements: Dispute Settlement Body (WT/DSB/35 and Add.1), Trade Policy Review Body (WT/TPR/140), Council for Trade in Goods (G/L/665), Council for Trade in Services (S/C/19), Council for TRIPS (IP/C/30), Committee on Balance-of-Payments Restrictions (WT/BOP/R/72), Committee on Budget, Finance and Administration (WT/BFA/69), Committee on Regional Trade Agreements (WT/REG/13), Committee on Trade and Environment (WT/CTE/10), Committee on Trade in Civil Aircraft (WT/L/544 and Corr.1).

282. The General Council then adopted the draft report of the General Council contained in WT/GC/W/518, on the understanding that the Secretariat would make the necessary adjustments to that draft report so as to include matters that had been considered at the present meeting.⁸

12. Widening of EC textiles quota restrictions following accession of new member States

283. The representative of India, speaking under "Other Business", on behalf of members of the International Textiles and Clothing Bureau that were also Members or observers of the WTO, recalled that at the General Council meeting in October 2003, he had drawn attention to an Act published in the official journal of the European Union, dated 23 September 2003, concerning the conditions of accession of ten newly-acceding countries which *inter alia* stipulated that quantitative restrictions applied by the Community on imports of textile and clothing products shall be adjusted to take into account the accession of the new member States to the Community. This matter was of great

⁸ The report was subsequently circulated in document WT/GC/76.

importance, both because of its systemic implications for the multilateral trading system and the economic and practical considerations related to it. This Act was to become effective as from 1 May 2004, which was just eight months before the scheduled elimination of all quantitative restrictions on 1 January 2005 pursuant to the Agreement on Textiles and Clothing. India had requested the European Communities to provide the General Council with further details in this respect, and the Community had stated that it would come back with answers in due course. India would appreciate the Community informing the General Council of its plans and providing further details on this matter as soon as possible.

284. The representative of the European Communities said that his delegation was unfortunately not in a position to say anything on this matter at the present meeting. The Community had obviously reconsidered the position it had taken earlier. The services of the European Commission were examining an adjustment to the bilateral quotas from 1 May 2004, which would ultimately lead to a proposal to the Council of the European Communities. However, this had not yet taken place, and it was only the Council that could take a decision on this matter. This was expected in the coming weeks.

285. The General Council took note of the statements.

13. Chairmanship of the Working Party on the Accession of the Russian Federation

286. The Chairman, speaking under "Other Business", said that following consultations held on his behalf by the Accessions Division of the Secretariat, and upon its recommendation, he wished to inform delegations that Mr. Jóhannesson (Iceland) had kindly agreed to Chair the Working Party on the Accession of the Russian Federation, replacing Mr. Bryn (Norway) who had left Geneva and was no longer available to Chair the Working Party.

287. The General Council took note of this information.
