

**General Council
13 December 2004**

MINUTES OF MEETING

Held in the Centre William Rappard
on 13 December 2004

Chairman: Mr. Shotaro Oshima (Japan)

Prior to the adoption of the agenda, the Director-General noted that the Textiles Monitoring Body had held its last meeting the previous week, and expressed gratitude on behalf of all to Mr. Andras Szepesi for the invaluable work the latter had done for the WTO as Chairman of the TMB throughout the entirety of its existence, and to all the individuals who had served on the TMB as members.

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

1. The Chairman drew attention to the communication from Iran in document 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. In the light of the views expressed at that meeting, he had said that he would continue to consult with delegations, and the Council had agreed to revert to this item at the present meeting. On 1 December, he had held a further consultation in order to see if there were any movements in position that might allow Members to work towards a satisfactory resolution to Iran's accession request. He had invited to this consultation all delegations who had spoken on this subject at previous Council meetings. It seemed clear from this consultation that a large part of the membership continued to be supportive of an early and positive action on this request in the Council, on the basis of the provisions of Article XII of the WTO Agreement. However, there still appeared to be no consensus at the present stage to accept Iran's request and to set up a working party for this purpose.

2. The representative of the United States said that the issue of Iran's accession to the WTO continued to be under review by her authorities. Her delegation had nothing to add to the statement it had made at the October meeting of the General Council.

3. The representative of Paraguay, speaking on behalf of the Informal Group of Developing Countries, thanked the Chairman for the consultations he had held on this subject. These countries took note of the statement by the United States and trusted that it would be able to complete its review rapidly, so as to be in a position to provide a positive reply to Iran's request for accession as soon as possible.

4. The representatives of Egypt, China, Indonesia, India, Cuba, Malaysia, Singapore, Pakistan and Venezuela supported the statement by Paraguay on behalf of the Informal Group of Developing Countries.

5. The representative of Turkey noted that Iran's request for accession had been on the Council's agenda for some time. His delegation fully supported Iran's request, which had to be treated on its own merits, independent of other considerations.

6. The representative of Egypt hoped that under the Chairman's leadership, the consultations on this matter would soon resolve the deadlock and prove her delegation's belief and deep conviction in the multilateral trading system and its universality, thus allowing Members to focus on the Doha Development Agenda and the huge technical work that awaited them leading up to the Hong Kong, China Ministerial Conference. Egypt welcomed all requests for accession to the WTO submitted in accordance with the provisions of Article XII of the WTO Agreement, and believed that such requests merited the encouragement of all Members. She assured the Chairman of her delegation's willingness

to participate constructively as a member of the accession working parties that Members might decide to establish at the present meeting.

7. The representative of China said that as a member of the Informal Group of Developing Countries, China fully supported the statements by Paraguay, Turkey and Egypt. His delegation once again wished to express serious concern about the way this request was being treated. Iran's application for accession to the WTO had been on the Council's agenda for years, and China found it difficult to understand why it could not be dealt with by Members in accordance with the standards that had been applied to other similar requests. Such non-action by the General Council was not in the interests of the multilateral trading system. An early completion of the review of this matter by the Member concerned would help Members resolve this long-pending issue. At the same time, China supported continued consultations by the Chairman with a view to resolving this issue as soon as possible. An early and positive consideration of Iran's request would definitely help Iran to become integrated into the multilateral trading system, to the benefit of all Members.

8. The representative of the European Communities noted that this matter had now been on the Council's agenda more than 15 times. The Community had always supported Iran's request, fully supported it now, and wished to see it approved. The Community's position on WTO applicants had been to treat each application on its own merits, independent of political considerations. Iran fulfilled the accession criteria of Article XII, and any decision on a request for accession should be made on the basis of objective economic criteria. Other countries that were in a lesser state of readiness than Iran already had accession negotiations under way, or would soon. The Community expected all Members to treat all applications in the same way. Moreover, starting discussions on WTO accession with Iran would help promote reform in that country. The basic WTO principles of transparency and non-discrimination were at the heart of good governance, which the Community wished to encourage. WTO involvement would also be beneficial to other peoples in the region, as an element to encourage and drive the process of economic and political reform in their countries. His delegation regretted to hear at the present meeting that the United States was still not able to agree to grant Iran's request. The Chairman had again held consultations prior to the present meeting, and he should continue this process in order to find a way out of the current deadlock.

9. The representative of Indonesia fully supported the statements by previous speakers that Iran's request should be resolved as soon as possible. Indonesia found it difficult to understand that Iran's request was still not acceptable to certain Members, even though the request itself met the standards that had been applied to other similar requests. It was without doubt that Iran should be given the same kind of consideration as other countries that had applied for accession. Indonesia wished to stress that all countries applying to join the WTO had to be treated in the same manner and be given an equal opportunity to become a member.

10. The representative of India reiterated India's strong support for Iran's accession to the WTO.

11. The representative of Cuba said that Iran's request should be given the same treatment as other requests for accession, and political matters should not in any way constitute an obstacle to dealing positively with this request, given that it met the requirements of Article XII.

12. The representative of Switzerland said that his delegation had made known its position on this matter several times in the General Council. He wished to confirm Switzerland's view that it would be normal for the Council to establish a working party in response to Iran's request for accession. Switzerland was increasingly concerned by the type of concerns, mostly unknown, that were preventing a positive response to Iran's request. His delegation commended the Chairman for the consultations he had been undertaking and encouraged him to continue and to intensify this process in order to reach a positive outcome. This was all the more necessary, given that there were new requests for accession and given the continuing refusal to establish a working party to examine Iran's

request. The credibility of the organization would be seriously affected, and this would not be a welcome development, especially at this important time in the organization's life.

13. The representative of Norway said that Norway's point of departure was that any state or separate customs territory that fulfilled the criteria for membership laid down in the WTO Agreement and that was willing and able to accept the obligations incumbent on members of this organization should be able to have its accession request referred to a working party. This was a systemic issue independent from political issues *per se*. His delegation noted that the Chairman had consulted on this issue as mandated by the General Council, but so far without success. Like others, Norway urged the Chairman to continue his consultations with interested Members with a view to advancing this issue.

14. The representative of Malaysia said he wished to urge the delegation concerned to expedite its consideration of this matter.

15. The representative of Singapore said that, as a matter of principle, Singapore strongly supported the objective of universal membership of the WTO. This principle was an important pillar of the current rule-based multilateral trading system. Any applicant who qualified for WTO membership should, upon satisfactory completion of the accession requirements, be admitted. It was important that this principle be applied consistently to all applicants. Otherwise, the credibility of the WTO would be affected. Singapore urged the Chairman to continue consultations with interested parties on Iran's request so that Members could reach a consensus expeditiously.

16. The representative of New Zealand said that in view of the number of requests for accession on the present Council's agenda, his delegation wished to set out clearly its position that any country meeting the requirements of Article XII should have the opportunity to begin the accession process. On this basis, New Zealand supported the establishment of an accession working party for Iran. His delegation hoped that the present deadlock would be broken in a timely way through consultations, and encouraged the Chairman in that work.

17. The representative of Chile said that when this matter had first been raised in the General Council, the response given had not been reasonable. Over a long period, this situation had evolved into an absurd one. First, it reflected very badly on the organization, and second, the consequences affected not only the applicant, but also the interests of other countries – those who might wish their trade relations with Iran to be conducted under the WTO. Therefore, the situation was not neutral in its effects. It was in the face of the absurdity of this situation and its effects on the organization, including its effects on other countries' interests, that his delegation – which had never before taken the floor on this matter – wished to react and to urge those who has been blocking this request to take all these elements into consideration.

18. The representative of Pakistan said his delegation strongly supported Iran's accession request. The General Council should treat all applications under Article XII in a similar manner, without any discrimination and on the basis of economic criteria only. Furthermore, transparency should be the hallmark of the multilateral system which should inculcate the practice of universal membership. Pakistan therefore urged the Chairman to continue consultations with a view to an early and positive response to Iran's request.

19. The representative of Venezuela reiterated his delegation's position, expressed at previous Council meetings, that Iran's request should be given a positive response. Venezuela hoped that the Chairman would continue his consultations in order to resolve this situation, which threatened to jeopardize the credibility of the organization.

20. The Chairman said that all had heard the statements that had been made. Unfortunately, there was still no consensus on this matter. However, there had been a strong expression of the wish to have this issue resolved as quickly as possible, and also that consultations be continued. In the light of the views expressed, he proposed that he continue his consultations and that the General Council revert to this matter at its next meeting.

21. The General Council took note of the statements and so agreed.

2. Afghanistan – Request for Accession (WT/ACC/AFG/1 and 2)

22. The Chairman drew attention to the communications from Afghanistan in documents WT/ACC/AFG/1 and 2, requesting accession to the WTO Agreement pursuant to Article XII. This request was on the agenda of the present meeting on the basis of consultations he had held recently with a large number of delegations, including coordinators of regional and other groupings. If delegations were agreeable to considering this request positively, he would propose for their consideration that the General Council agree to establish a working party to examine the request with the following standard terms of reference and composition:

Terms of Reference:

"To examine the application of the Government of Afghanistan to accede to the WTO Agreement under Article XII, and to submit to the General Council recommendations which may include a draft Protocol of Accession."

Membership:

Membership would be open to all Members indicating their wish to serve on the Working Party.

Chairmanship:

In keeping with customary practice, the General Council would authorize him as Chairman to designate the Chairperson of the Working Party in consultation with representatives of Members and with the representative of Afghanistan.

23. The General Council General Council agreed to establish a Working Party with the terms of reference and composition as read out by the Chairman.

24. The Chairman then invited the delegation of Afghanistan to consult with the Accessions Division of the Secretariat as to the further procedures, and in particular with regard to the basic documentation to be considered by the Working Party. He also wished to invite Afghanistan, on behalf of the General Council, to attend meetings of the General Council and, as appropriate, meetings of other WTO bodies as an observer during the period when the Working Party was carrying out its work.

25. The representative of Afghanistan, speaking as an observer, thanked all Members for their support and encouragement, which had resulted in the consensus on Afghanistan's request. After two decades of conflict and three years of relative peace, Afghanistan was leaving behind the war economy. The total cost over the past two decades, measured in terms of lost growth and cost of humanitarian assistance and military expenditure, amounted to roughly US\$240 billion. In 2002 and 2003 Afghanistan's GDP had grown by 29 and 18 per cent respectively. The GDP for 2004 was expected to grow by 16 per cent. Inflation had remained below 10 per cent, and despite significant inflows of foreign aid, the currency had remained stable. Overall, the economy had expanded more

than 40 per cent. In 2003, Afghanistan's exports had amounted to US\$170 million, while imports had been at a staggering US\$2 billion. Since 2002, the Government had significantly improved the economic climate. The peaceful completion of the first direct presidential elections had marked the end of the transitional period set forth in the historic Bonn Agreement and had heralded a new era of political stability. Security was expanding throughout the country, with the deployment of the newly trained national army and police forces. The long-term commitment of international security forces underwrote the global commitment to Afghanistan's stability.

26. Much had changed in Afghanistan over the past three years, and with these changes, the confidence of the Afghan people in the future of the country had increased. This was evidenced by the massive participation of Afghans in the voting process of October 2004 and the unprecedented return of over three and a half million refugees who were now rebuilding their lives in their homeland. Families were sending their boys and girls to school, rebuilding their homes and setting up their small- and medium-sized businesses. Being a land-locked developing country hampered Afghanistan's competitiveness in global trade. This handicap could, however, be turned into an asset by the country becoming an efficient transit location between Central Asia, South Asia, and the Indian Ocean. The Government would continue to focus on building roads to re-establish Afghanistan as the land bridge for trans-continental trade. Upon completion of Afghanistan's ring road, every major Central Asian capital would be less than 32 hours from the Persian Gulf and the port of Karachi, Pakistan. His Government was committed to building national productive capacities as well as efficient trading and transport infrastructures. It was fully aware of the changes in the global economy over the past decade. The twin processes of globalization and liberalization, combined with rapid advances in information and communication technologies, had opened up a new era in terms of government policies, enterprise organization and multilateral disciplines. The legislation, and in particular the Constitution, adopted by the Constitutional Assembly early in 2004 enshrined the protection of property and committed the country to a market economy.

27. The Government had significantly improved the investment climate. The existing investment law allowed for 100 per cent direct foreign ownership. The Government had created a simplified one-stop shop for investors. Already, private investment in Afghanistan's telecommunications had proved profitable, and investors were actively exploring construction, transport and light industries. The Government was committed to an export-oriented economy that could take advantage of preferential access to international markets. Afghanistan was rich in natural resources, including coal, copper and iron. Preliminary exploration indicated that Afghanistan was highly likely to have sizeable deposits of oil and gas. Traditionally, the country had also had a strong agricultural sector and was the largest exporter of dried fruits and nuts in the region. Foreign direct investment had had an impact on the export of domestic enterprises. This was particularly evident in the business linkages being established in the local economy. These linkages could, in an appropriate time, allow local firms access to international markets, finance, technology and managerial skills.

28. If Afghanistan was on the road to recovery, this was due to the fact that trade and investment had been identified within the National Development Framework as the engine for growth and development. Trade had been recognized as an integral component of economic revival of the country. Imports could bring in essential goods and services, while exports could restore incomes and livelihoods. This was why the formulation of trade policies, procedures, and the establishment of institutions had been recognized as immediate priorities. These policies included decisions about import regimes, a regulatory framework, import and export controls, insurance, payments, customs and transit arrangements. Reforms to the tariff, customs and tax systems had greatly reduced transaction costs. The central bank was autonomous, international commercial banks had begun operations under new regulations, and the Government strictly implemented no-deficit financing. The Government was fully committed, with the support of its development partners, to investing heavily in physical infrastructure and human capital. A seven-year public investment programme amounting

to US\$27.5 billion had secured the first three years of international financing, helping Afghanistan address bottlenecks in transportation, irrigation, power, and urban services.

29. The past three years had witnessed great achievements. However, establishing a stable, democratic and prosperous Afghanistan would require sustained and collaborative efforts by its people, its neighbours and the international community. Working together for a stable and prosperous Afghanistan was not only a successful example of international cooperation, but would also contribute to regional prosperity and global security. Participation in the international trading system would lead to more trade, investment, technology transfer, employment and income growth throughout the economy. In this respect, Afghanistan was convinced that there was a need for positive efforts to ensure its share of growth in international trade commensurate with the needs of its economic development. Afghanistan looked forward to participating in and taking advantage of technical cooperation and the flexibilities in the multilateral agreements on trade in goods, including the TBT, SPS and SCM Agreements, as well as GATS and TRIPS.

30. The representatives of the United States, Turkey, European Communities, Australia, Morocco, Japan, Paraguay, Canada, Kuwait (also on behalf of Bahrain, United Arab Emirates, Qatar and Oman) and Barbados welcomed the establishment of the Working Party on the accession of Afghanistan.¹

31. The representative of the European Communities said that his delegation looked forward to working closely and constructively with Afghanistan.

32. The representative of Morocco said that for his delegation, the decision of the Council with respect to the accession request of Afghanistan had great political symbolism insofar as the WTO was taking part in the efforts of the international community to make it possible for Afghanistan to reintegrate into the international community, and to adopt the reforms and measures necessary for its trade to increase and to make it possible for Afghanistan to return to the role it had to play in international trade. His delegation would contribute to this endeavour in participating in the work of the Working Party.

33. The representative of Japan said his delegation was convinced that the accession negotiations and full accession of Afghanistan would serve the reconstruction of Afghanistan's economy.

34. The representative of Paraguay said that the accession of Afghanistan would contribute to the strengthening of the world trading system – an end which all were seeking to further – and would also be very positive for Afghanistan's economy. Afghanistan was a developing land-locked country with no outlet to the sea, and this made it more vulnerable. Afghanistan required the strong backing of the international community so that its trade could be developed, and so that it could build the proper infrastructure systems in order to be able to ship its exports abroad. Those exports would have to be shipped through other countries. Paraguay was also a land-locked country, and thus was sensitive to this condition. His delegation wished to underscore the importance of making it possible for Afghanistan to join the organization very quickly, so as to be able to benefit as soon as possible from the standards that had been developed in the WTO, including those that would be put in place within the framework of trade facilitation.

35. The General Council took note of the statements and of the expressions of welcome and support.

¹ See also the statement by Egypt under Item 1.

3. Iraq – Request for Accession (WT/ACC/IRQ/1)

36. The Chairman drew attention to the communication from Iraq in document WT/ACC/IRQ/1, requesting accession to the WTO Agreement pursuant to Article XII. This request was on the agenda of the present meeting on the basis of consultations he had held recently with a large number of delegations, including the coordinators of regional and other groupings. If delegations were agreeable to considering this request positively, he would propose for their consideration that the General Council agree to establish a working party to examine the request with the following standard terms of reference and composition:

Terms of Reference:

"To examine the application of the Government of Iraq to accede to the WTO Agreement under Article XII, and to submit to the General Council recommendations which may include a draft Protocol of Accession."

Membership:

Membership would be open to all Members indicating their wish to serve on the Working Party.

Chairmanship:

In keeping with customary practice, the General Council would authorize him as Chairman to designate the Chairperson of the Working Party in consultation with representatives of Members and with the representative of Iraq.

37. The General Council agreed to establish a Working Party with the terms of reference and composition as proposed by the Chairman

38. The Chairman then invited the delegation of Iraq to consult with the Accessions Division of the Secretariat as to the further procedures, and in particular with regard to the basic documentation to be considered by the Working Party.

39. The representative of Iraq, speaking as an observer, said this was an important day for his country, as the international community, represented by the WTO, had endorsed Iraq's request for accession to the WTO. This decision was yet another contribution of the WTO to Iraq's efforts to reform its economy, to which it was committed. It had taken major steps to re-align and reform existing policies, laws and practices. Since 11 February, when the General Council had granted Iraq observer status, Iraq had been diligently preparing for the accession process. His Government had drafted Iraq's Foreign Trade Regime Memorandum and was continuously working on refining it. It had established a National Committee for WTO Accession comprised of senior officials from 15 Government ministries, in addition to representatives from the private sector. Each of those ministries had formed its own specialized subcommittees to look into issues related to WTO accession. The Government was establishing an Iraqi representation in Geneva for the WTO and had been working hard on building the capacity of the Iraqis involved.

40. The past 10 months had witnessed extensive diplomatic efforts on the part of Iraqi officials to mobilize support for the country's economic reform programmes. The decision in November 2004 by the Paris Club to write off 80 per cent of Iraq's debt was a significant signal of international support. Members' decision to accept Iraq's accession request was yet another sign of support. These measures and other positive economic initiatives on the part of the international community would help bring stability and security to Iraq, which had suffered a lot and still was. Iraq was aware that transition in

the country would need a great deal of international assistance, both political and economic, but it was confident that after going through so much hardship and having done so much to alleviate it, Iraq would not be let down. One of the immediate steps along this path was the establishment of a working party to examine Iraq's accession request and to have accession negotiations start. At the present time, the accession process was far more important to Iraq than accession itself. His Government intended to use the accession process as an impulse for effecting economic reforms. The new Iraq looked with great optimism toward achieving political stability, economic prosperity and social development, and reintegration into the world trading system was an essential element to fulfill those aims. His Government was very grateful for the support and backing it had been receiving from the WTO and its Members. He wished to thank each and every one who had stood by Iraq in its endeavor, and looked forward to closer cooperation with all of Iraq's friends in the WTO.

41. All representatives who spoke welcomed the establishment of the Working Party on the accession of Iraq.²

42. The representative of the United States said that the United States strongly welcomed the decision to initiate WTO accession negotiations for Iraq, just as it had done regarding the decision on Afghanistan's request. Iraq had made significant economic progress during the past year in clearing its national debt and signing an emergency post-conflict assistance agreement. It had also made a good start in taking the economic steps necessary to become a WTO Member. Her delegation looked forward to working with Iraq in these negotiations.

43. The representative of Jordan thanked Iraq for its statement. The establishment of a working party on Iraq's accession meant that the WTO was participating in the efforts by the international community to help Iraq in its reform. Jordan welcomed all requests for accession from its region in the hope that the results of those accession processes would contribute significantly to economic growth in the region.

44. The representative of Turkey associated his delegation with the statements by the United States and Jordan regarding the decision just taken. It was of vital importance that the international community help Iraq in all respects and contribute to the gradual restoration of normal conditions in all fields in that country. The present decision was an important contribution in this regard.

45. The representative of the European Communities said that his delegation had listened with much interest to the statement by Iraq, and looked forward to working closely and constructively with Iraq.

46. The representative of Bulgaria supported Iraq's request for accession.

47. The representative of Australia said that Australia supported wider membership of the WTO, as this would contribute to further strengthening global economic reform and trade liberalization.

48. The representative of Morocco said that the decision just taken had great political symbolism insofar as the WTO was taking part in the efforts of the international community to make it possible for Iraq to reintegrate into the international community, and to adopt the reforms and measures necessary for its trade to increase and to make it possible for Iraq to return to the role it had to play in international trade. His delegation would contribute to this endeavour through its participation in the work of the Working Party.

49. The representative of Japan said his delegation was convinced that the accession negotiations and full accession of Iraq would serve the reconstruction of Iraq's economy.

² See also the statement by Egypt under Item 1.

50. The representative of Paraguay said that the accession of Iraq would contribute to the strengthening of the world trading system – an end which all were seeking to further – and would also be very positive for Iraq's economy.

51. The representative of Canada welcomed the establishment of a Working Party on the accession of Iraq and said that the opportunity to have a request for WTO accession be examined should be open to all economies on the basis of the principle of universal membership and to all applicants who met the basic WTO criteria.

52. The representative of Kuwait, speaking also on behalf of Bahrain and the United Arab Emirates, Qatar and Oman, said that these countries welcomed the request for accession from Iraq.

53. The representative of Barbados welcomed the establishment of the Working Party on the accession of Iraq.

54. The General Council took note of the statements and of the expressions of welcome and support.

4. China – Transitional Review Under Section 18.2 of the Protocol of Accession to the WTO Agreement (WT/GC/84, G/L/722, S/C/23, IP/C/34, WT/BOP/R/75)

55. The Chairman recalled that Section 18.2 of the Protocol of Accession of China to the WTO Agreement provided that "The General Council shall, within one year after accession, and in accordance with paragraph 4 of Section 18, review the implementation by China of the WTO Agreement and the provisions of this Protocol." Section 18.2 also provided that "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." The General Council's first review had been conducted in December 2002. Paragraph 4 of Section 18 further provided that this review should take place subsequently in each of the eight years following the first review, with a final review in the tenth year, or at an earlier date decided by the General Council.

56. The following issues were to be addressed by the General Council at the present meeting in accordance with Annex 1B of China's Protocol of Accession: first, reports of subsidiary bodies on China's implementation of the WTO Agreement and of the related provisions of the Protocol; second, development of China's trade with WTO Members and other trading partners; and finally, recent developments and cross-sectoral issues regarding China's trade regime. He proposed that, in addressing this agenda item, China as well as other delegations address all three of these points in a single intervention. In connection with this review, he drew attention to a communication from China recently circulated in document WT/GC/84, which provided information required under Sections I and III of Annex 1A of the Protocol of Accession. The reports of 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 WT/GC/84, G/L/722, S/C/23, IP/C/34 and WT/BOP/R/75.

57. The representative of China thanked Chairpersons of all the subsidiary bodies for their reports, and all Members for their active participation in the TRM. This mechanism helped provide an opportunity for Members to exchange information and to improve mutual understanding in the field of China's implementation. The previous weekend marked the third anniversary of China's accession to the WTO. Three years earlier, many of the representatives present might have witnessed the process of China's accession. As all knew, China's accession commitments were among the most

profound and comprehensive ever undertaken by a new Member. At the same time, the enormous difficulties faced by China were fully understood and clearly acknowledged by most Members. His Government had always taken a serious and responsible attitude to overcoming the difficulties and to fulfilling its commitments faithfully. Implementation itself was the very process that would enable China to carry forward its opening and reform policy and to integrate further in the world economic community.

58. He said that China had continued efforts in 2004 to amend laws and regulations and to make them WTO-consistent. The principle of transparency had been better observed through timely publication of all trade-related rules and regulations. Public hearings were being held to provide opportunities for the public to provide comments before enforcement was effected. In 2004, China had further reduced its tariffs. The average tariff level had been reduced to 10.4 per cent, with the average rate for industrial products reduced to 10.6 per cent from 11.5 per cent, and that for agricultural products reduced to 15.6 per cent from 16.8 per cent. Non-tariff measures such as import licenses and import quotas were being phased out according to schedules. As a result of the faithful implementation of its commitments, China's total imports had increased by 21 per cent in 2002, and by roughly 40 per cent in 2003. In 2004, total imports would increase by more than 35 per cent. It was safe to say that China's market was, as a result, much more open than it had been three years earlier, which was a tangible result of China's implementation of its obligations.

59. In the field of trade in services, there had been a continuation of the process of opening of the market in various sectors including telecoms, financial services, construction, distribution, tourism, transportation and so forth. Up to the present, 204 branches of foreign banks had obtained a license to operate in China, out of which 105 had obtained the approval to conduct local currency business. According to the China Insurance Regulatory Commission, 39 foreign insurers had set up 70 insurance operational entities in China, including 22 life insurers and 14 property insurers. In 2003, China's services trade had passed the US\$100 billion mark for the first time, making China the ninth largest trader in services in the world. This growth momentum had continued into the first half of 2004, with imports increasing by 27 per cent, which reflected the positive result of China's full implementation of its commitments in services.

60. His Government had always attached great importance to the protection of intellectual property rights. It was well known that the legislation regarding China's IPR protection was well advanced and up to international standards. Moreover, China had participated and ratified major international treaties and conventions for IPR protection. This remarkable process, which had taken some developed countries over 100 years to achieve, had been completed by China in merely two decades roughly. At the same time, China was fully aware that resolute and effective enforcement was an essential link for the legislation to exert its protective functions. China had worked hard to improve enforcement through both administrative and judicial channels. The implementation of its commitments in all fields had not only improved the sustainable and rapid development of the national economy, but also provided opportunities for growth of the global economy and expansion of foreign enterprises in China. During the first ten months of 2004, China's trade volume in goods had reached US\$926 billion, a 36 per cent growth over the same period of 2003. Imports, which amounted to US\$457 billion, had increased by 37 per cent. China's imports from other developing countries had increased by 44 per cent on average over the past three years, and China was the third-largest importer from the least-developed countries. Both the UNCTAD 2004 report and the WTO Director-General's annual report regarded China as one of the two growth engines for the world economy.

61. As a result of China's implementation of its commitments and continued improvement of the business environment to attract foreign investment, foreign direct investment had registered a record high of US\$53 billion in 2003, and the momentum had continued into the first nine months of 2004, with a US\$48 billion actual paid-in value. Foreign companies now produced 55 per cent of China's

exports. In industrial machinery this percentage had risen to almost 80 per cent. Since 20 September 2004, China had participated in 16 TRM reviews in all the relevant subsidiary bodies. To facilitate these reviews, the Government had devoted enormous human and other resources. Seventeen delegations from the capital had come to Geneva since September for the TRM reviews. This had involved officials and experts from more than 20 different government agencies. China approached the TRM in a constructive and cooperative spirit, and had submitted all relevant information, as required by paragraph 18 of the Protocol of the Accession. The capital-based experts had taken an active part in the discussions and had provided explanations, clarifications and necessary information. Many of the comments by Members would be taken back to the capital for further study and consideration, so as to help further improve the work of the related government departments. He wished once again to thank all Members for their participation and cooperation in the review process.

62. The representative of the United States said that as Members wrapped up the 2004 TRM for China, her delegation wished to share its observations on how the current year's reviews had gone. Her delegation also wished to discuss more broadly China's WTO implementation record in its third year of membership in the WTO. First, her delegation wished to express appreciation to the Chinese delegation and to the many Chinese officials from capital who had attended this year's meetings, for their hard work in making the TRM effective. The United States recognized the enormous amount of time and effort the TRM required, particularly on the part of China's Ministry of Commerce, which oversaw China's TRM efforts. Like the previous year's TRM, this year's TRM had gone relatively smoothly. Her delegation had noticed some improvement, as China had provided responses that were more detailed and candid. In large part, this had been due to the time and effort spent by China's Ministry of Commerce in organizing China's responses, along with the willingness of experts from capital to attend the TRM meetings. Where possible, the United States had also made an effort to use regular Committee and Council meetings throughout the year to undertake preparatory work for the TRM. In that setting, her delegation had raised a variety of implementation questions with China and generally had received informative responses, which had helped to clarify the matters that needed to be addressed during the TRM meetings. The reports of the various Committees and Councils conducted during the 2004 TRM were now before Members. Procedurally, these reports showed that many important questions had been raised, to which China had often provided detailed responses. The TRM activities in several subsidiary bodies had been especially useful, including, for example, the TRIPS Council, the Council for Trade in Services and the Committee on Trade in Financial Services. However, in few of the subsidiary bodies, such as the SPS Committee, the Committee on Subsidies and Countervailing Measures, and the Committee on Agriculture, the results had been more uneven.

63. As her delegation looked ahead to the following year, it still believed that the TRM exercise could be useful, positive and constructive, as the representative of China had described it. She recalled that the TRM had been created largely because China had been given WTO membership before it had revised all of its trade-related laws and regulations to make them WTO-compliant, and because China had been allowed a variety of transition periods before it took on certain WTO obligations. The TRM helped Members to better understand China's implementation efforts, and also allowed Members to convey their expectations to China. Through this process, China and other Members were able to clarify areas of both agreement and disagreement on important issues. At the same time, the United States believed that there was still room for improvement in the handling of the TRM. Her delegation looked forward to working with China and other delegations to improve this important exercise.

64. Substantively, the reports from the subsidiary bodies reflected the continued progress that China had made in implementing its WTO commitments, while also reflecting some areas where more progress was needed. Overall, her delegation welcomed the progress China had made, and continued to make, in implementing its WTO commitments. China deserved due recognition for the tremendous efforts it had made to reform its economy in order to comply with the requirements of the

WTO. Over the past year, China had taken many important steps. It had implemented its important trading rights commitment in July, nearly six months ahead of schedule. China had also issued regulations preparing for the opening of the various distribution services sectors several months ahead of the scheduled implementation date of 11 December 2004. Unfortunately, Members were still waiting for China to finalize the procedures that would actually permit foreign enterprises to begin providing these services. China had announced and had begun to implement an extensive action plan intended to ensure that it developed and implemented an effective system for IPR enforcement, as required by the TRIPS Agreement. It had implemented steps to improve the administration of its TRQ system for bulk agricultural commodities. It had agreed to withdraw discriminatory value-added tax policies that had favoured Chinese-produced semiconductors over imported semiconductors. It had agreed to revise problematic industrial policies that had promoted unique Chinese standards for wireless encryption and third-generation wireless telephony. China had achieved this progress even in the face of substantial continuing challenges, including the need to confront a host of dislocations inherent in its transition from a planned economy to a more market-oriented economy.

65. Her delegation also recognized and welcomed the important contribution China's economic progress was making to global growth. China's trade with Members continued to be an important engine for global development. The United States also noted and welcomed China's report on its ever-increasing trade investment numbers. However, as her delegation had made clear on previous occasions, 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 implementation work was still incomplete, and opportunities for selective intervention by Chinese government officials in the market were still readily available. Indeed, just this type of intervention had made China's implementation efforts disappointing in some areas over the past year. The agriculture sector provided a good example. Imports by China had increased significantly in 2004, but trade in this sector continued to be plagued by uncertainty. Capricious practices by Chinese customs and quarantine officials often delayed or halted shipments of agricultural products into China, while sanitary and phytosanitary standards with questionable scientific bases and a generally opaque regulatory regime frequently bedeviled traders in agricultural commodities. As a result, in the past year, the United States' and other Members' trade officials had frequently had to engage China in order to contain the disruptive effects of various proposed or actual restrictions imposed by China's agricultural authorities. China's industrial policies were also problematic. China had increasingly resorted to policies that limited market access by non-Chinese origin goods and that aimed to extract technology and intellectual property from foreign rights-holders. China also continued to use export restrictions on coke and other raw materials. The situation had been further aggravated by China's apparently widespread subsidization of industry, including programmes possibly prohibited by the WTO Subsidies Agreement.

66. The United States also had serious concerns in several sectors where China's regulatory authorities had adopted policies designed to limit market access to major foreign businesses. For example, China's regulatory authorities had imposed capital requirements on foreign businesses in a number of service sectors that were significantly higher than international averages or that China's market conditions would dictate. With respect to the cross-cutting issue of transparency, the United States recognized that China had made important strides to improve transparency across a wide range of national and provincial authorities. While Chinese colleagues from the Ministry of Commerce should be particularly recognized for their important achievements in this area, a number of ministries and agencies, had made less than impressive efforts to improve their transparency. As a result, China's regulatory regimes continued to suffer from systemic opacity, frustrating efforts of both foreign and domestic businesses to achieve the potential benefits of China's WTO accession. Finally, but perhaps of greatest priority to her Government, was China's development and implementation of an effective system for IPR enforcement. The United States certainly welcomed China's action plan for improving enforcement. However, China's efforts to enforce intellectual property rights were still hampered by lack of coordination among Chinese government ministries and agencies, local

protectionism and corruption, high thresholds for criminal prosecution, lack of training and weak punishment. The United States urged China to take immediate steps to achieve substantial reductions in IPR infringement levels in the country. In particular, China's establishment of criminal enforcement standards that genuinely deterred IPR infringement was of great urgency.

67. As the United States looked ahead to 2005, it would look for substantial improvement in all of these areas. It would also closely monitor China's implementation of its key commitments on trading rights and distribution services. At the same time, the United States was encouraged that China, at senior levels of government, had indicated its resolve to expand trade, intensify economic cooperation, implement its WTO commitments, and further open its markets. In sum, the United States appreciated the efforts China had made in 2004 in implementing its WTO commitments and participating in the current year's TRM. Her delegation looked forward to improvements on both fronts in 2005 and beyond, and was committed to working with China and other Members in this important undertaking.

68. The representative of Zambia welcomed China's comprehensive statement. There was no doubt that China had effected some serious reforms within a record time in order to conform to the requirements of the WTO. His delegation therefore wished to congratulate China and to commend it for a job well done. It also wished China well and continued success.

69. The representative of the European Communities thanked China for its very comprehensive statement. The Community attached great importance to the TRM exercise as an important mechanism to ensure transparency. For a key WTO Member such as China to participate positively in this periodic review was an important signal of its commitment to enforce a multilateral trading institution. To ensure maximum effectiveness of the exercise, the Community had focussed its submissions on a limited number of priorities and had raised only issues already discussed a number of times in WTO Committees or in bilateral meetings, and therefore well known to China. However, the Community's assessment of the 2004 TRM exercise was somewhat mixed. Although there had been useful clarifications on several matters of concern, in particular in the Council for Trade in Services, the overall impression was that it had not always been possible to obtain satisfactory replies in terms of specificity, and his delegation wished to continue to encourage China to provide written replies as a signal of its commitment to this exercise. Earlier that morning, Members had received document WT/GC/84 with interesting information under Section 18 of China's Protocol of Accession. The Community had the impression that in some Committees, the current year's exercise had been less fruitful than the previous year's exercise. This was somewhat paradoxical, since it did not allow China to properly publicize its overall positive efforts in implementing its WTO commitments. As had been said by previous speakers, those efforts had been very important. This situation tended to create a perception of a lack of commitment to the proper functioning of these WTO mechanisms, even though his delegation was certain this was not the case.

70. China had made substantial overall progress in the implementation of its WTO commitments, but the Community still had some concerns. While these were described in detail in its written submissions to the various Committees and Councils involved in the TRM exercise, he wished to mention a few. First, the introduction of restrictions in the service sectors of major importance to the Community, specifically banking, telecommunications and construction. Second, in some areas, the setting up of industrial policies which impacted negatively on the activity of foreign firms. This was particularly the case in the automobile sector, and especially regarding legislation on the tariff reclassification of parts and vehicles. Third, was the issue of export restrictions on raw materials; however, the Community welcomed the announcement of the 2005 quota for coke carbon, but still felt that all export restrictions should be brought into line with WTO rules and should be abolished. Fourth, the Community still had concerns with IPR enforcement. In concluding, he believed that China had made substantial progress in the implementation of its WTO commitments. The

Community continued to attach importance to the TRM process and hoped to conduct future reviews in the same spirit as for this and previous reviews.

71. The representative of Kenya thanked China for its important and comprehensive statement. The level of reforms undertaken by China was a clear reflection of China's deep commitment to meeting its WTO obligations. Kenya was aware of the efforts involved in all that China had been doing. Her delegation had been deeply impressed by China's continuous determination to ensure that it met all its obligations, and wished to join those that had congratulated China on its efforts and achievements.

72. The representative of China thanked Members for their objective and positive comments on China's implementation of its commitments. His delegation had taken note of the concerns and the improvements to be achieved. All of these concerns had been discussed in various subsidiary bodies among China's experts. Quite a number of the concerns could be addressed through the new round of negotiations rather than in the context of the implementation of commitments. He reiterated that China was open to bilateral discussions at any time on issues of interest to Members. He once again thanked all the Chairs of the relevant bodies for their work and reports, the Secretariat for its efforts during the whole process, and all Members for their cooperation.

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

5. Report by the Chairman of the Trade Negotiations Committee

74. The Chairman recalled that at its first meeting in 2002, the Trade Negotiations Committee had agreed that it would report to each regular meeting of the General Council.

75. The Director-General, Chairman of the Trade Negotiations Committee, said that the TNC had held its fifteenth meeting on 9 December, which had been its second meeting since the adoption of the July General Council Decision on the Doha Work Programme. In his introductory remarks to the meeting, he had suggested that it would be appropriate to invite the TNC early in the new year to accelerate its collective consideration of the way forward for the Round as a whole. Maintaining a holistic view of the Round and of its overall balance and pace was one of the prime roles of the TNC. Since July, the work in the negotiating bodies was being pursued seriously and in a spirit of shared commitment. It was clear that major challenges lay ahead, and that there was no room for complacency. Overall, however, he saw a degree of progress in Geneva and, possibly more importantly, sufficient collective will to make further progress. Furthermore, compared to what many had expected at the TNC's meeting in October, recent renewed expressions of commitment at the political level to the Round and its conclusion showed that Members were not facing any significant hiatus following recent political events in some countries. Ministers he had met on his travels and in Geneva had expressed a clear commitment to press ahead with the Round.

76. For these reasons, he had informed participants at the December TNC meeting that he intended to launch a process of collective reflection early in the new year, which he hoped would lead to an early common understanding on Members' objectives for 2005, looking to the Hong Kong, China Ministerial and beyond. The latter was clearly an exercise that required serious thought and preparation, and he had asked participants to come back after the end-of-year break prepared to engage in consultations that he would conduct on these important questions. He hoped that these consultations would provide a basis for a productive discussion at the next meeting of the TNC, which would take place on 14 February. In announcing this intention, he wished to underline that advancing Members' overall strategic thinking in this way was in no sense intended to diminish the importance

of the so-called technical work in the negotiating bodies. On the contrary, this work needed to be maintained and intensified. It was simply that Members needed to operate on the micro and macro levels simultaneously and in a mutually reinforcing manner.

77. The TNC had also heard oral reports by all the Chairpersons of the bodies established by it. These reports clearly showed that, while good progress was being made in the technical work currently under way, Members had to intensify the negotiations. A large number of participants had made statements, reacting to both the Chairpersons' reports and to his own introductory statement. From this useful discussion, he believed it was clear that, despite the positive atmosphere that had characterized the work since July, Members could not allow themselves to be complacent. The discussion had centred around six main elements. First, a change of gear would be necessary in most areas sooner rather than later, and Members had to use the first couple of months of 2005 to ensure that this happened smoothly. Second, Members should engage in an exercise of collective reflection, with the aim of reaching an early understanding on their objectives for 2005, the Sixth Ministerial Conference and beyond. Third, Members should look at how the involvement of Ministers could assist the negotiations, bearing in mind that the main effort would have to be made in Geneva. Fourth, Members had to aim for balanced results across the board. Fifth, if Members were to reach the objectives they had set for themselves for Hong Kong, China, they had to achieve some 80 to 90 per cent of these objectives by the summer, and needed an effective work programme in place to be able to do so. Sixth, in the course of 2005, Members had to strive to replicate the way they had made progress in 2004, and by the summer would need serious results on all fronts.

78. Finally, he had made an interim report to the TNC on the work he had been undertaking on implementation in his capacity as Director-General, as he had foreshadowed at the October TNC meeting. In line with the July Decision, he had continued with his consultative process on all outstanding implementation issues under paragraph 12(b) of the Doha Declaration, including on issues related to the extension of the protection of geographical indications (GIs) provided for in Article 23 of the TRIPS Agreement to products other than wines and spirits. This process was being undertaken without prejudice to the positions of Members, in accordance with the July Decision. The work was progressing on two tracks. The first track concerned all outstanding paragraph 12(b) implementation issues except the GI extension issue. In the light of initial consultations he had undertaken in October, he had requested the Chairpersons of the WTO bodies concerned to act as his Friends, as allowed for in the July Decision. He had asked them to carry out consultations on his behalf on the scope for progress on the issues relevant to the WTO body they chaired. On the second track, which concerned the GI extension issue, in the light of a number of consultations he had undertaken in October and November, he had requested DDG Mr. Thompson-Flôres to conduct, on his behalf, a technical level process aimed at clarifying the issues related to GI extension, building on the work already undertaken. Work was ongoing on both of these tracks, and he intended to report again to the TNC on an interim basis at its meeting in February.

79. The representative of Switzerland thanked the Director-General for his comprehensive and substantive report. That report reflected the fact that the most recent discussion in the TNC had been more substantive than the preceding one. His delegation had the impression that Members were conscious that they had reached a stage where complacency was no longer an option, and that some kind of movement was essential if Members wished to reach a satisfactory and positive outcome in Hong Kong, China. What his delegation had also gathered from the discussion in the TNC was the rather broad feeling that at some stage, and perhaps not too late, political input might be necessary for the work in Geneva to advance at the proper pace. Switzerland had also taken note of and welcomed the various suggestions the Director-General had made in this matter. In addition to what his delegation had said at the TNC meeting in December, Switzerland wished to thank the Director-General for the consultation he had carried out on GIs. The outcome of this consultation was encouraging, and Switzerland looked forward to engaging actively and constructively on this issue with all Members. He drew attention to a communication on this issue which had been distributed

that day from Bulgaria, Guinea, India, Kenya, Liechtenstein, Madagascar, Moldova, Romania, Switzerland, Thailand and Turkey in document WT/GC/W/540.³ Switzerland hoped that this communication would serve as a contribution to the upcoming consultations by DDG Mr. Thompson-Flôres.

80. The representative of Nigeria, speaking on behalf of the African Group, commended the Chairman and the Director General, as well as Chairpersons of WTO bodies, for their hard work and the leadership demonstrated throughout the past year. These efforts, combined with the determination of the entire membership, had enabled the adoption of the July package that would guide the DDA negotiations. This had been a major achievement for the WTO in 2004. The African Group wished to assure the Director-General and the whole membership that it stood ready to engage constructively and positively in subsequent stages of this work. The Group also hoped and expected that in this future work, the process would continue to be open, transparent and inclusive. The African Group welcomed the report by the TNC Chairman on the work done under the TNC in 2004. This report was a reflection of the current state of play in the DDA negotiations. It was the African Group's expectation that the negotiating process would remain open and be guided by the mandates in the Doha Declaration, and that Members would give more priority to development-related issues in the DDA. The Doha Round was about development, and Members should work towards achieving an outcome that would lead to real development in developing countries. The African Group had high expectations of the negotiations on agriculture, NAMA, services, development issues and in other areas. It remained committed to these negotiations and hoped they would result in a win-win situation for all.

81. The representative of Zambia, speaking on behalf of the LDCs, said that the LDCs would, as usual, play their part in ensuring that the Director-General succeeded in his onerous responsibilities, by giving him their full cooperation. They also intended to cooperate with all delegations and, in turn, had no doubt that the Director-General and all delegations would continue to give them a listening ear. As the LDC Group had pointed out at the TNC meeting, it viewed the July package as an intermediate step in the negotiations only in selected areas. In other areas not covered in the July package, work was to proceed as well. As all were aware, the members of the LDC Group had made it clear that they wished to contribute to the success of the Ministerial Conference in Hong Kong, China. Failure of that Conference would not be in the interest of LDCs. In this regard, the LDCs looked forward to a constructive phase of engagement in each of the areas of interest to them and, as promised, would submit proposals for Members' consideration and approval. They looked forward to the usual understanding and cooperation of both their developing- and developed-country partners in the WTO. The LDCs hoped that in some areas, developed-country partners and those developing countries that were able to do so, would take some positive steps in favour of the LDCs.

82. It was important that Members continue to remind themselves of the plight of the LDCs. As the LDCs had continually pointed out, the Doha Round was about development, and development was about developing countries, especially LDCs. Therefore, the issues that needed urgent attention and that were clearly mentioned in the Doha Declaration could not be forgotten. These included implementation issues. Even in the negotiations, Members had always to remember that implementation issues took precedence in terms of priority. One could not call this round a Development Round if one ignored the importance of issues such as: (i) technical assistance for developing countries, especially LDCs; (ii) capacity building for LDCs, which meant much more than workshops and seminars; (iii) addressing supply-side constraints for LDCs, since for most LDCs, providing market access would not mean anything if supply-side constraints were not addressed; this was to help ensure that these countries had the appropriate economic infrastructure, such as road and rail networks, ports and harbours, manufacturing plants, and so forth; (iv) S&D issues – the LDCs noted that no agreement had yet been reached on S&D treatment; every aspect of WTO decisions

³ Also circulated as TN/C/W/21.

should include an element of S&D. Other areas of serious concern to the LDCs, which they had always pointed out, included: (i) preferences, on which many countries depended for their survival; (ii) the non-requirement for LDCs to take on commitments they could not fulfill; (iii) the provision of duty-free and quota-free access of LDC exports to developed-country markets and those markets in developing countries that were able to provide such access.

83. In concluding, he wished to highlight a serious problem that Members had not properly addressed but which was of grave concern to the LDCs and was clearly mentioned in the Doha Declaration, namely foreign debt. This problem was the least talked about at the WTO and yet was one that was stifling international trade for LDCs and was responsible for ravaging the economies of most LDC countries. This problem had to be brought to the center stage of Members' activities. The only way to deal with the foreign debt problem was to write it off completely. Otherwise, whatever one tried to do to integrate the LDCs into the world trading system would be an exercise in futility for those LDCs that were heavily indebted. One also had to deal with the problem of cotton and vigorously pursue this matter, so that a solution could be found as defined in the July package. This matter could not be relegated to a back burner. It had to be tackled head on, because for many LDCs, the problem of cotton was a matter of life and death. As the end of the year approached, Members should resolve that 2005 would be a year of success, because they had talked for a long time and now needed to take action, so that people in both developed and developing countries would be able to celebrate. The LDCs had to be taken seriously, because for a long time they had been kept waiting.

84. The representative of Kenya thanked the Director-General for his report and supported his proposal that the TNC meet early in 2005. Kenya agreed that 2005 should be a year in which Members could and should build on the July package and aim for a balanced result – balanced in a manner that would ensure that the aim of the DDA was preserved. While involving Ministers was and always had been a good idea and a welcome one, Geneva should remain the main theatre of activities, and Ministers should be involved when and if there was movement. The focus had to be on development-related issues in order to fulfil Members' hopes and the promises of Doha.

85. The representative of Lesotho congratulated the Director-General on his chairmanship of the TNC and for his presentation of the reports of the negotiating groups. Lesotho supported the statements by Nigeria on behalf of the African Group and by Zambia on behalf of the LDCs. All knew that the Doha Round was a development Round, and as such one would expect development issues to be at the forefront of the negotiations. On S&D treatment and implementation issues, which were the core development elements of the Doha Declaration, Members had been instructed to continue the work under way since 2002 and to reiterate the earlier commitments regarding technical assistance and the Work Programme for LDCs. As such, Lesotho hoped that S&D treatment would be incorporated into the architecture of WTO rules. His delegation was aware that differentiation among developing countries was one of the most contentious issues of the review of S&D treatment, and hoped that a solution would be found soon. Lesotho also hoped that the difficulties in meeting negotiated obligations and perceived imbalances in certain WTO rules in the context of implementation-related concerns would soon be resolved.

86. The July package confirmed that negotiations on trade facilitation had been agreed on the basis of explicit consensus, thus opening the way for negotiations to start in this area within the single undertaking. While Lesotho appreciated that flexibility could be included in the modalities for developing countries and LDCs – particularly relating to their implementation capacity and the requirements of support for infrastructure development – it was envisaged that implementation would have to be closely linked to the availability and effectiveness of technical and financial assistance for infrastructure and other supply-side constraints, which were not currently assured, consistent with an individual country's development and trade needs and administrative capabilities. Given this, the negotiations on trade facilitation could be considered as a breakthrough and success under the Singapore issues. However, ultimately, for countries like Lesotho which were actually benefiting

from tariff preferences or attached importance to these in the context of the current negotiations, it was critical to assess the value of trade preferences in order to engage in negotiations with an informed background on the importance of trade instruments for economic and social development, given the impact of trade liberalization on these countries. To this end, it had been found prudent to have an additional backup in the July package in order to support and give hope to the small economies that their preferences would be maintained consistent with the WTO mandate. In addition, other things being equal, the challenge was that, given flexibility, other trading partners, such as developed countries, would pursue their negotiations in a substantive manner, while developing countries, particularly the LDCs and small economies, would be left behind, but feeling safe under the assumption that the flexibility accorded to them covered their interests. To this end, some vigilance had to be exercised in making a clear assessment of costs and benefits that would potentially be derived from the agreed trade facilitation negotiations. It was therefore important to commission a study that would look into the implications of this commitment, would advise on the possible ways of addressing it, and would take cognizance of the relevant aspects of Articles V, VIII and X of the GATT 1994, in order to identify the trade facilitation needs and priorities of Members.

87. The representative of Chile commended the Director-General for an excellent report. He had been prompted to take the floor by the statement by Switzerland, which had drawn attention to a very recent communication on GIs. He did not wish to make any substantive comments, but merely to say that this communication stated that Members had to engage in a constructive manner in a substantive discussion and avoid moving in circles. Chile welcomed a change of attitude on certain delegations' part, and was willing to engage on such a basis. However, it was not helpful that in at least three places in document WT/GC/W/540, the concept of usurpation had been used. Usurpation implied that there was a right being taken away from some party. If such a right existed, one would have to resort to dispute settlement to try to remove it. What certain Members in reality wanted was to create rights. However, unless these rights existed, there could be no usurpation. It was not constructive to start a discussion using such language. Also, paragraph 18 of WT/GC/W/540 seemed to set out some limitations for, or establish the parameters of, the consultations. This would proscribe the discussion and limit it in a way that Chile did not agree with. Therefore, Chile thanked the Members in question for their contribution, but wished to put these preliminary comments on the record.

88. The representative of Australia said that in light of the comments by Chile and Switzerland, his delegation too wished to make a few comments on the communication in WT/GC/W/540. Australia had agreed with the Director-General's suggestion that Members engage in consultations on GIs. If Members were to have a proper discussion, it would be best to discuss not only the proposals made to modify the rights and obligations in the current TRIPS Agreement by extending the higher level of protection currently accorded to wines and spirits to other GIs, but also the proposals made by some Members – not all of whom had co-sponsored WT/GC/W/540 – who wanted to extinguish the rights accorded under the TRIPS Agreement to a designated, but at the current stage quite unspecified, list of GIs. Chile had just talked about usurpation. A classic case of usurpation was where some Members now wished to extinguish the rights Members currently had under the TRIPS Agreement, notwithstanding that there was no agreement in the Doha Declaration to re-examine, to review, or even to consider this particular issue. However, in the interests of having a constructive exchange on the whole question of GIs, Australia would be happy to participate in the consultations that the Deputy Director-General would carry out in the coming week.

89. The representative of Turkey said that his delegation wished to pick up on the points made by Chile and Australia, and to associate itself with the statement by Switzerland presenting the communication on GI extension. Turkey wished to assure the delegations concerned that it had taken note of the concerns expressed during the consultations held, and would continue to work in a constructive spirit in order to achieve a positive result on this important issue.

90. The representative of Trinidad and Tobago, speaking on behalf of the ACP Group, supported the Director-General's proposals for progress in the deliberations in 2005. In addition, the ACP Group also wished to associate itself with the statements by Nigeria, Zambia and Lesotho. He recalled that the ACP Group had made a substantive statement at the December TNC meeting, which outlined its initial thinking on the progress made in the negotiations since the adoption of the July package. In addition, document WT/GC/82, which had been submitted by the ACP Group following the October General Council meeting, also provided an overview of some of the issues that were central to the Group within the context of the current technical, pre-modalities and subsequent-modalities phases of the negotiations. It was not the Group's intention to repeat its negotiating positions, but rather to provide a few complementary perspectives that would assist in squaring the circle, as it were. First, the ACP Group had not lost sight of the fact that Doha was intended to be a development Round. For the ACP Group, what was paramount was the reform of the multilateral system, as well as the levelling of the playing field it represented, in a way that would make it more amenable to fostering the growth, economic recovery, and sustainable development of ACP countries' economies. This would undoubtedly require a genuine understanding among Members of the meaning of development, S&D and less-than-full reciprocity, within the context of global trade and multilateral trade rules. There should also be a parallel recognition of the peculiar circumstances facing LDCs, NFIDCs and the weaker and more vulnerable developing countries.

91. This fundamental approach to the current Round was necessary, particularly since the experience of the ACP countries with the reform process thus far had invariably been characterized by: (i) a somewhat distinct distribution of the benefits from growth in world trade in favour of developed countries and advanced developing countries; (ii) declining opportunities for the flow of ACP countries' products into the markets of the aforementioned two categories of countries; (iii) increasing non-competitiveness of domestic production systems and the subsequent displacement and declining market share in domestic and international markets; (iv) a slow rate of diversification of ACP economies; and (v) worsening terms of trade and the widening of the welfare gap between rural and urban areas. Second, regarding trade facilitation, the ACP Group was heartened by the positive start made to the negotiations in this area. The first meeting had attempted to discuss issues of concern to many ACP countries, with regard to any eventual multilateral rules-based regime governing the movement, release and clearance of goods, including those in transit.

92. However, as one proceeded it was imperative that the negotiations in this area not stray from the mandate of clarifying and improving relevant aspects of Articles V, VIII and X of GATT 1994. It was equally important for Members to ensure that the trade facilitation negotiations neither cast a shadow over, nor proceeded ahead of, other critical areas of the single undertaking, particularly the development dimensions. The NAMA and Trade Facilitation Negotiating Groups should make a collective effort to address the non-tariff barriers which affected ACP exports. Third, the Group also wished to highlight the need for the rules negotiations to move into the subsequent or negotiating phase. Fourth, the ACP Group looked forward to added impetus being provided to the work geared at implementing paragraph 11 of the July General Council Decision to implement paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health. In this regard, the Group wished to note that the communication by Nigeria on behalf of the African Union, dated 30 November 2004 (IP/C/W/437), provided a viable way forward. The ACP Group also wished to provide its support to, and anticipated, a favourable consideration in respect of the review of the following waivers under Item 11 of the Agenda: (i) the ACP-EC Partnership Agreement; (ii) the Canada-CARIBCAN waiver; and (iii) the waiver granted to Cuba with regard to Article XV.6 of GATT 1994.

93. The representative of Bulgaria thanked those who had spoken on GIs thus far for their readiness to engage constructively in the consultations initiated by the Chairman of the TNC, and which would be carried out on his behalf by DDG Mr. Thompson-Flôres. It was no secret that Bulgaria wanted these consultations to lead to substantive results, and this was why his delegation was taking the floor – because it had seen signs of engagement and declarations of constructive

participation in these consultations which led it to hope that these consultations would lead to something new on this matter, so that some results could be expected. This was Bulgaria's main preoccupation. His delegation did not understand what some delegations meant when they stated, for example, that Members should discuss not only proposals that had been made to modify the rights and obligations in the current TRIPS Agreement by extending the higher level of protection currently accorded to wines and spirits to other GIs, but also proposals made by some to extinguish certain rights accorded under the TRIPS Agreement. There was no proposal to extinguish rights under the TRIPS Agreement. On the contrary, there was a proposal to strengthen those rights, and his delegation disagreed with Chile's statement that paragraph 18 of WT/GC/W/540 proscribed the subject matter of the consultations. He wished to assure Chile that this was not the case. In these consultations, Bulgaria wished to discuss substance in order to arrive at a result on the technical aspects of the additional protection of the extension of GIs to products other than wines and spirits, so that at the end of the negotiations, Bulgaria would not be told that the issue was not ripe to be included in the basket of the final deal. In order to arrive at such a situation, it was not necessary – and his delegation had been underlining this – for the participants in the consultations to go back from their positions. Bulgaria was not seeking that others agree with the extension now, at these consultations, but also did not want a general discussion in which others would be trying to convince Bulgaria that they could not accept the extension. His delegation wished to deal with the concerns of others in a pragmatic and practical way, in order to see how they could be met, for example, under the exceptions of Article 24 of the TRIPS Agreement. Mere statements of confusion or of not being convinced would not be enough and would not lead Members to a clarification of the issues in a way that would help formulate a result that could be included in the final basket. It went without saying that for Bulgaria, it would be very important to have this in the final basket.

94. The representative of the European Communities said that he would not repeat what he had already said in the TNC in responding to the Director-General's report on work in the TNC. He wished merely to make a few remarks following the previous discussion on GIs. Regarding the statement by Chile concerning the term "usurpation", he noted that in Latin, the term was "usurpatio", which had been translated into English as "usurpation" – a term that had a certain pejorative notion. However, if one looked into this term in Roman law, one would not find any pejorative notion. Thus, no offence had been intended by the use of this term. He was certain that Chile would agree with him on this matter. The Community agreed very much with what had been stated by Bulgaria. Like Bulgaria, the Community also welcomed the fact, which had become clear in the consultations held by the Director-General, that Members were apparently ready to engage in a substantive discussion on this issue, based on the arguments for and against it. The Community looked forward to the first consultation to be organized, on behalf of the Director-General, by DDG Mr. Thompson-Flôres. The Community had agreed in informal consultations that the various parties would put forward documentation to assist the substantive discussion. The communication presented earlier by Switzerland was one such document, to which the Community fully subscribed. His delegation looked forward to a similar document from other Members, including those who had not been part of the group of Friends of GIs but who were always welcome to join that group at a later stage.

95. The General Council took note of the Director-General's report and of the statements.

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

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

97. Mr. Clarke (Barbados), Chairman of the Dedicated Session of the Committee on Trade and Development reported on the most recent meeting of the Dedicated Session of the CTD which had addressed the Work Programme on Small Economies on 3 November. The meeting had taken place during the Ninth "Geneva Week" programme for non-resident Members and observers so as to be able to take advantage of the presence of the non-resident delegations who had a strong interest in this subject. While he had hoped to be able to convene another meeting of the Dedicated Session before the present Council meeting in order to advance this work, this had unfortunately not been possible. The plan now was to have an informal meeting in mid-January in order to focus on the proposals made thus far in the Dedicated Session and to address any outstanding issues that could provide a focus for future work. Members had to accelerate their efforts in this forum in 2005 in order to have something meaningful to report to the Ministerial Conference in Hong Kong, China.

98. All delegations who spoke thanked the Chairman of the Dedicated Session of the CTD for his report.

99. The representative of Paraguay agreed with the Chairman of the Dedicated Session of the CTD that work in this forum needed to accelerate in 2005, given that in 2004 various events had prevented Members from moving forward as they would have wished. For Paraguay, it was fundamental to begin to examine the programme established under Paragraph 35 of the Doha Declaration, as the small economies aspired to reaping benefits from the Doha Round, rather than simply being spectators. As the Chairman of the Dedicated Session of the CTD had stated, it was necessary to have something quite substantial in this area for the Ministerial Conference in Hong Kong, China. For this reason, Paraguay hoped that very early in 2005, Members would be able to restart their work and move more decisively with the support of other delegations, principally the developed countries.

100. The representative of Bolivia said his delegation understood that due to the many end-of-year meetings, it had not been possible to hold a meeting of the Dedicated Session of the CTD the previous week. It was now expected that efforts would get under way in January to comply with Paragraph 35 of the Doha Declaration and to include this issue in the balanced package Members should present to Ministers in Hong Kong, China.

101. The representative of Guatemala said his country was one of those interested in having the Dedicated Session of the CTD move forward on the Work Programme on Small Economies. Guatemala was optimistic about progress in 2005, with the objective of having concrete results for the Ministerial Conference in Hong Kong, China.

102. The representative of Jamaica said this was a subject of considerable interest to Jamaica and to other countries in the sub-region who were small economies and who had put a lot of stock in the outcome of the work under Paragraph 35 of the Doha Declaration. His delegation joined Paraguay, Bolivia and Guatemala in looking forward to a concrete and action-orientated outcome of this work during the course of 2005, that would allow Ministers in Hong Kong, China to act decisively in favour of the interests of small economies.

103. The representative of Mauritius said his delegation joined others who had supported the Chairman of the Dedicated Session of the CTD in intensifying the work during the course of 2005, in order to have meaningful progress by the time of the Hong Kong, China Ministerial Conference.

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

7. Non-recognition of rights under Article XXIV:6 and Article XXVIII of GATT 1994 – Communication from Honduras and Guatemala (WT/GC/85)

105. The Chairman noted that this item was on the agenda at the request of Honduras and Guatemala, and invited their delegations to introduce it.

106. The representative of Honduras said that this item had been placed on the agenda in pursuance of the Procedures for Negotiations under Article XXVIII adopted by the GATT Committee on Tariff Concessions on 10 November 1980 and circulated in document C/113 and Corr.1. The matter concerned the non-recognition of rights by the European Communities in respect of the enlargement process under Article XXIV:6 and the modification of the Schedule of tariff concessions under Article XXVIII as regards bananas. With regard to Article XXIV:6, Honduras had sent a note on 28 April 2004 to the European Communities in which it had stated its claim of interest and had reserved its rights in respect of the notification circulated by the European Communities in documents G/SECRET/20 and G/SECRET/20/Add.1. In that note, Honduras had clearly identified a list of products, presented in an annex to that document, and had invoked its right to participate in the proceedings under Articles XXIV and XXVIII of the GATT 1994, including the tariff negotiations or consultations to establish the compensatory adjustment provided for under Article XXIV:6. On 7 July, the European Communities had replied to that note, recognizing Honduras's principal supplier status and substantial interest for certain products but not for others. Honduras had then sent the European Communities a communication on 12 July 2004 explaining the reasons for which it considered that it had rights in respect of one of the products for which it had been denied, namely, bananas. Honduras had also requested a number of clarifications concerning the modification of the Community's banana import regime (EEC document COM(2004)399). As it had received no reply, Honduras had sent another note to the European Communities on 1 October, requesting a meeting to discuss the above issues as well as a written reply to its queries. Despite Honduras's insistence, it had yet to receive a reply to its queries under Article XXIV:6. Subsequently, the EC had submitted its notification in document G/SECRET/22 concerning the modification of its concessions in respect of item 08030019 (bananas), and Honduras had reserved its rights in that respect through a note dated 1 October 2004.

107. His delegation wished to explain briefly why Honduras had the right to participate in the proceedings currently being conducted by the European Communities in respect of bananas, a product which was of the utmost importance to Honduras. First, Honduras had stated that it had a substantial interest in the context of the Article XXIV:6 proceedings, an interest Honduras believed to be genuine, since the Community, in its communication of 2 June, had clearly stated that the consequences of the enlargement could be "taken into account" in the Article XXVIII tariff proceedings. Second, it was clear that regarding bananas, the Community was trying to link the Article XXVIII discussions with the enlargement proceedings. In order to protect its interests, Honduras had therefore notified the Community that it had the right to participate in both proceedings. Unfortunately, not only had the Community refused to recognize Honduras's expression of interest in the enlargement proceedings under Article XXIV:6, but had once again rejected Honduras's declaration of substantial interest in the Article XXVIII proceedings. By failing to justify either of the refusals, the Community was adding insult to injury. The greatest source of concern was that the initial stages of the Community's proceedings to modify its Schedule of tariff concessions, including its refusal to accept Honduras's declaration of "substantial interest", already reflected the same injustices suffered by Honduras during the Article XXIV:6 proceedings, specifically as regards notification. Indeed, as with the Community's enlargement proceedings, the notification of 2 August under Article XXVIII:5 had not provided any clarification, but had merely indicated that the Community would be modifying the tariff applicable to bananas, without explaining what that modification would be.

108. Five weeks later, ignoring the usual discretion allowed in Article XXVIII proceedings, the Community had decided to reveal the new tariff, but rather than using the appropriate WTO channels to notify MFN suppliers, it had done so through the international press. Thus, Honduras had learned

through the press that the Community intended to increase yet again the already high tariff on bananas, from 75 euros per metric tonne, or 17 per cent *ad valorem*, to 230 euros per metric tonne, or approximately 55 per cent *ad valorem*. In other words, it had effectively tripled the tariff to be paid by Latin American developing countries. In an effort to win over public opinion, the European Commission had made a point of revealing that it had had to impose a tariff of 230 euros in order to protect what it called "market distribution" on behalf of Community and ACP producers. Two weeks following this revelation, the MFN suppliers had been summoned to a simple information meeting in Brussels with the Trade and Agriculture Commissioners. In the end, in a meeting that would go down in history as one of the shortest Honduras had ever attended, it had merely been informed of what it had already learned from the press, namely, that the EC was proposing a tariff of 230 euros.

109. What his delegation wished to stress was that before the new tariff proposal had been disclosed, Honduras had already fully established its "principal supplying interest" in accordance with paragraph 7 of the Notes and Supplementary Provisions concerning Article XXVIII. As all knew, that paragraph authorized Members to invoke substantial interest when, "in the absence of discriminatory quantitative restrictions affecting their exports [they] could reasonably be expected to have ... a significant share in the market of the contracting party seeking to modify or withdraw the concession." In Honduras's communication of 1 October, it had provided information to demonstrate that prior to the imposition of the discriminatory banana import regime, Honduras had supplied almost 10 per cent of the Community market, and sometimes even more. In its communication, Honduras had stressed that it was a small developing country whose per capita income stood at only US\$933 at current prices. It had also stressed that bananas were one of the most important agricultural products for Honduras's economy, generating more than US\$200 million per annum and providing more than 10,000 direct jobs. Honduras therefore trusted that the Community would be more receptive and would recognize its rights under Article XXVIII.

110. However difficult it might be to understand, following his delegation's serious and well orchestrated effort, the Community had sent it a terse reply informing it, in a single sentence, that it did not recognize Honduras's expression of interest. Once again, as when the Community had rejected Honduras's expression of interest under Article XXIV:6 with respect to seven tariff lines, the Community had not felt any need to explain or justify its outright rejection of Honduras's commercial interests. This outright and unjustified refusal to accept Honduras's participation in the Article XXVIII negotiations was all the more objectionable in that it reflected unequal treatment. Two weeks earlier, an official from the European Commission had stated before the numerous participants at a seminar in Ecuador that, in addition to holding consultations with the Latin American countries that "qualified", it was also openly consulting the ACP suppliers. The stated reason for this was that although they had no negotiating rights, these suppliers were interested third parties. In other words, the Community was ready to triple the MFN tariff on bananas – which clearly affected any supplier that had to pay it – while openly excluding from the Article XXVIII negotiations developing countries that were historical MFN suppliers, such as Honduras. This meant that the Community applied different criteria to the preferential suppliers and consulted with them as though they were interested parties.

111. Under WTO rules of due process, any principal and substantial supplier had the right to participate in the Community's proceedings on enlargement and on the adoption of a tariff-only regime. Honduras should be participating in both proceedings, not only because it was an important supplier in the relatively recent past, but also because it had lost its market position as a result of discrimination. The multilateral trading system could not accept the Community depriving Honduras of its rights to compensation under Article XXVIII, because such punishment would cap years of discrimination against Honduras. For this reason, Honduras was now asking for the support of the General Council as the highest body of the WTO, and respectfully requested the Chairman to consult with the interested parties in order to obtain a reply to Honduras's questions, and to ensure that the Community restored Honduras's rights. His delegation also requested that this item remain on the

Council's agenda in order to enable the Chairman and the interested parties to keep other Members informed, in the interests of transparency, of developments regarding this matter, which was currently weighing on Honduras's small economy.

112. The representative of Guatemala said that on 30 January 2004, the European Communities had submitted document G/SECRET/20 notifying its intention to enter into the procedures laid down in Articles XXIV and XXVIII of the GATT 1994, including tariff negotiations or consultations to address compensatory adjustments provided for under Article XXIV:6, in view of the enlargement of the European Union. In response to that document, on 28 April Guatemala had submitted a note to the European Communities in which it had reserved the right to participate in the Articles XXIV and XXVIII procedures, including tariff negotiations or consultations to establish the compensatory adjustments provided for under Article XXIV:6 products for which the European Communities recognized negotiating rights, as well as on products for which Guatemala considered itself to have rights, even though such rights had not been recognized. Such products included tuna, natural honey, "café oro", rum, vegetables, textile materials, fresh bananas and macadamia nuts.

113. Five months later, on 22 September, his delegation had received a note from the European Communities informing it, without any justification or explanation, that the Community did not agree with the request submitted by Guatemala. At the same time, and pursuant to EEC document COM(2004)399 of 2 June 2004, the European Commission had provided information regarding the European Communities' import regime for bananas during the following two stages: negotiations under Article XXIV:6 (enlargement) and Article XXVIII (tariff only) which, according to the above-mentioned document, would run in parallel. Therefore, on 2 August 2004, in document G/SECRET/22, the European Communities had notified, in accordance with the provisions and procedures of Article XXVIII:5, its intention to modify concessions on item 08030019 (bananas).

114. Furthermore, in that same document, the European Communities had expressed its intention to enter into negotiations and consultations with the appropriate Members under Article XXVIII and with respect to the above-mentioned tariff line. On the basis of the above, and in accordance with the provisions of Articles XXIV and XXVIII, their interpretative notes, the 1980 Guidelines and other legal instruments applicable to these types of negotiations, on 29 October 2004 Guatemala, a Member with a substantial interest in the concession which was to be the subject of negotiations and consultations under Article XXVIII, had communicated its claim of interest, in writing, to the European Communities, and had also informed the Secretariat. Guatemala had based its substantial interest on the following points: first, paragraph 3 of the Understanding on the Interpretation of Article XXVIII of the GATT 1994 provided that in determining whether there was substantial interest, only trade which had taken place on an MFN basis shall be taken into consideration. Accordingly, Guatemala had reminded the European Communities that in establishing "substantial interest" on the basis of the import statistics attached to its note, it could not take into account trade which had taken place under preferences. Second, paragraph 7 of the interpretative notes to paragraph 1 of Article XXVIII recognized that the expression "substantial interest" was not capable of precise definition and, accordingly, might present difficulties for Members. The same paragraph nonetheless stated that this expression was, however, intended to be construed to cover only those contracting parties which had – or, in the absence of discriminatory quantitative restrictions affecting their exports, could reasonably be expected to have – a significant share in the market of the contracting party seeking to modify or withdraw the concession.

115. In short, in the absence of the quantitative restrictions applied under the Community's regime for bananas introduced under Commission Regulation (EC) No. 404/93 of 1 July 1993, banana imports from Guatemala on an MFN basis during the period 2000-2002 could reasonably have had a significant share of the European market. However, and in spite of the strong arguments and justification Guatemala had put forward to support its substantial interest in these negotiations, the European Communities had once again stated, in a letter of 22 November 2004, that Guatemala's

claim of interest had not been accepted. For that reason, and pursuant to paragraph 4 of the 1980 Guidelines, Guatemala had now decided, together with Honduras, to raise this matter in the General Council and to inform Members that these countries reserved their rights in this matter and that this issue was one of importance to them. Furthermore, it was fundamental for Guatemala to insist on the need to find a solution that addressed its interests. Guatemala requested that the European Communities recognize negotiating rights on all those products on which Guatemala had proven that it had such rights.

116. Like Honduras, Guatemala wished to propose the following course of action: First, this matter should be considered as a standing item on the Council's agenda; second, in order to obtain concrete results, the General Council Chairman should hold consultations with the Members concerned; and third, as a result of these consultations, a report should be drawn up, presented and discussed in the Council. His delegation wished to thank the Chairman in advance for the action he would be taking on a matter which was of interest not only to Guatemala, but to all Members. His delegation also wished to convey to the European Communities its willingness to discuss or expand upon the information it had submitted in writing and had reiterated orally at the present meeting.

117. The representative of Costa Rica expressed his delegation's support for the statements by Honduras and Guatemala. Costa Rica considered that the reasons put forward by those delegations duly justified their right under Article XXIV:6 to participate in the negotiations on the Community's enlargement, and under Article XXVIII and the waiver for the Cotonou Agreement granted in November 2001 to participate in the negotiations aimed at modifying the Community's banana import regime. Costa Rica's only doubt in this connection was whether Honduras and Guatemala would obtain any more than they had obtained thus far from the Community, even if they were able to participate in the negotiations. Costa Rica was participating in these negotiations, and had obtained nothing but absolute intransigence from the Community. As Honduras had explained, the Community was trying to link these two processes which, by their nature and in view of the rights of other Members, should be dealt with separately. His delegation had insisted that the Community separate the two issues, but to no avail. Costa Rica reiterated once again that there was no practical or legal reason for linking these two processes, and that the Community should therefore hold separate negotiations with each of the interested Members on each one of the issues.

118. Costa Rica also shared the alarm expressed by other Members at the information received through the press that the Community intended to increase its tariff on MFN banana imports by more than 300 per cent. The discriminatory gap was seriously widening, to the detriment of Latin American countries and other MFN banana exporters. His delegation had drawn attention to the dangers and unforeseeable consequences of the Community's measures at a time when the WTO was in the midst of negotiating the current Round, whose mandate in the area of agriculture committed Members to the objective of establishing a fair and market-oriented trading system, substantial improvements in market access, and maximum liberalization for tropical products. The mandate of the current Round and the arbitrariness of the Community regarding this matter constituted an explosive situation that could cause enormous damage to the multilateral trading system. Costa Rica trusted that the consultations requested by Honduras and Guatemala would contribute to defusing this situation.

119. The representative of Ecuador said that his delegation agreed with a number of the arguments and opinions expressed by the previous speakers, and wished to make a statement regarding this and other subjects when the Council addressed agenda items 11(b)(v) and 11(b)(vi) regarding the review of the waivers granted to the EC for its Transitional Regime for the EC Autonomous Tariff Rate Quotas on Imports of Bananas, and for the ACP-EC Partnership Agreement, respectively, in order to provide a clearer picture of Ecuador's views.

120. The representative of Colombia said that Honduras and Guatemala had expressed their interest in two of the processes initiated by the European Communities, namely, enlargement under Article XXIV:6 and the possible adoption of a single tariff rate for bananas in accordance with the waiver agreed in Doha on 14 November 2001. Colombia, being a leading supplier of bananas to the European Communities, was participating in both negotiations and hoped to be compensated for the prejudice caused it by the enlargement of the European Union. Indeed, market access for bananas in the Community's ten new member States had been considerably restricted by their passage from a free import regime to a thoroughly restricted one, governed by licensing, quotas, and a tariff which, in itself, was high at 75 euros per tonne. Colombia hoped it would be possible to negotiate a rate that complied with the strict requirements set forth in the waiver. Indeed, it believed that the negotiations being conducted with the European Communities had their own particular legal framework, in that the waiver qualified the negotiations that could take place under Article XXVIII. While according to that Article, there was no limit to the renegotiation of a tariff, the waiver provided that the single rate adopted should result in at least maintaining total market access for MFN suppliers. In addition, it provided for a multilateral follow-up mechanism for the future. The waiver also specified the interested parties in the process, not limiting them to those provided for under Article XXVIII, but extending them to all those having an interest in the European banana market. Consequently, the interests of countries such as Honduras and Guatemala should be taken into account. Colombia reaffirmed that the rate of 230 euros per tonne announced by the European Commission did not reflect the mandate of the waiver because the access conditions of the MFN countries were not maintained, raising the risk of a fourth banana dispute.

121. The representative of Brazil said that his delegation had taken note of the statements by Honduras and Guatemala and supported their request. Much was said in the WTO about the participation of smaller countries. Now that there was a very important issue dealing with one of the most important export products of interest to these two countries, it was only fitting that Members should recognize it. His delegation hoped that a solution would be found as soon as possible.

122. The representative of the European Communities thanked Honduras and Guatemala for their detailed statements. Since those statements covered a lot of ground, he requested a copy of them to forward to his authorities. He also wished to thank other delegations for their interventions on this item. He assured the Council that the Community attached great importance to following the WTO agreements, and to ensuring that Members were able to exercise their rights and obligations, and also with respect to carrying out the procedures for making a tariff schedule for the 25-member European Community. Since its notifications under Articles XXIV and XXVIII, the Community had received claims from quite a number of Members. These had been carefully examined with a view to establishing supplying rights, as provided by the WTO agreements. The Community had returned the results of these examinations to Members directly, inviting them to discuss the matter further should they believe that the results of the Community's examination were mistaken. Accordingly, the Community had, upon request, looked further into the claims of Honduras and Guatemala. No mistakes had been found, and Honduras and Guatemala had not submitted further information to support their case for supplying rights.

123. In recognizing or rejecting claims, the Community had based itself on WTO law and well-established practice. Regarding Article XXVIII, his delegation was ready to meet again with Guatemala and Honduras to discuss their concerns on the Article XXVIII process. Regarding Article XXIV:6, in the determination of rights and calculations of debits and credits, the Community had based itself on WTO rules and procedures applied across the board to all tariff lines and to all Members. Equally, the Community was ready to have further meetings with Honduras and/or Guatemala, and if necessary to provide further explanations. His delegation saw the processes of Articles XXIV:6 and XXVIII as essentially bilateral. Nevertheless, the Community took note of Honduras's suggestion that the Chairman hold informal consultations. He reiterated the Community's willingness to meet bilaterally with Honduras, Guatemala or any other delegation to explain in more

detail where it was in this process and, where relevant, to provide further insight as to how negotiating rights had been established. The Community was equally open to participating in informal consultations with the Chairman, if the latter decided to call them. However, he wished to make it perfectly clear, and to insist, that such consultations or further bilateral contacts would be without prejudice to the Community's rights, in particular under the two bilateral processes of Articles XXIV:6 and XXVIII, or the timetable within which the Community was working.

124. The representative of Panama expressed his delegation's support for the statements by Honduras, Guatemala, Costa Rica, Ecuador and Colombia on this matter. The issue of the regime for imports of bananas into the European Union was a long-standing one, and went beyond the existence of the WTO. The intention to further the discrimination against Latin American countries and other exporters of bananas with MFN status could have an effect on the current Round of negotiations. Panama shared the concerns voiced by various delegations regarding the future of this issue and how it would unfold, and was ready to take an active part in crafting a solution.

125. The representative of Jamaica said that Jamaica had a considerable interest in the matter under discussion and had taken careful note of the statements made. He looked forward to receiving the full text of the statements by Honduras and Guatemala. His delegation understood from Honduras's statement that consultations were being held with ACP countries. Although Jamaica was an ACP country and an exporter of bananas to the European Union, he wished to make clear that Jamaica had not been party to any consultations in the framework of Article XXVIII as far as this issue was concerned.

126. The representative of Honduras expressed his delegation's appreciation to all those who had spoken. Honduras had taken note of the Community's statement, and once again wished to reaffirm its position on this matter and its hope that the necessary action would be taken. He added that in the consultations Honduras was requesting with the European Communities to discuss this matter, the Chairman should be present. Honduras also wished to know on the basis of what rights these consultations would be held, since the communication sent to Honduras did not actually mention any rights.

127. The representative of the Philippines recalled that at the 20 October General Council meeting his delegation had made known its concerns regarding the process the Community had undertaken in relation to the EU's enlargement. Among others, his delegation had emphasized that the Community should not preclude Article XXIV:6 or Article XXVIII negotiations with Members that the Community had itself already identified in its notification as having a substantial or principal supplying interest regarding the countries joining the enlarged EU market. The Philippines had also noted that, in any case, the provisions of the relevant WTO agreements and decisions, including the 1980 Guidelines and Procedures, required the Community to come up with an offer of adequate compensatory adjustments to take account of the adverse consequences the modification of the schedules of the EU's new acceding members might have on other WTO Members. The offer of compensatory adjustments had so far not been undertaken by the Community. These same concerns and reservations had in fact been raised at the meeting of the Council for Trade in Goods on 1 October 2004, and subsequently in the General Council on 20 October. His delegation trusted that the minutes of both of these meetings reflected the points raised by the Philippines.

128. Since the October General Council meeting, the Community had, commendably, engaged the Philippines in substantive discussions, both in terms of trying to explain the procedure the Community was undertaking and the methodology it was using to determine the trade effects of the EU's enlargement on other Members. While no agreement had been reached, and there were disagreements on the methodologies and rights involved as well as the applicable rules, his delegation hoped that the Community would remain constructively engaged with the Philippines in this process, with a view to agreeing on a mutually acceptable solution to the adverse consequences the Philippines might suffer

as a result of the EU's enlargement. In this regard, his delegation encouraged the Community to have, or to continue, constructive engagement with other Members who were also affected by the EU's enlargement, and thus provide the kind of leadership needed to maintain developing countries' belief in the multilateral trading system, and to preserve the overall balance of commitments embodied in the WTO Schedules bound and agreed upon by all Members.

129. The Chairman said that he had listened carefully to the statements as well as the suggestions that had been made regarding this matter. He proposed that, in the light of the views expressed, he reflect on how best to proceed on this matter and on possible ways forward in consultation with delegations, and that the General Council revert to this matter at its next meeting as appropriate.

130. The General Council took note of the statements and so agreed.

8. Follow-up to the July General Council Decision on the Doha Work Programme – Report by the Director-General on the development assistance aspects of cotton (WT/GC/83 and Add.1)

131. The Chairman recalled that in Paragraph 1.b of its July Decision on the Doha Work Programme (WT/L/579), the General Council, *inter alia*, had taken note of the bilateral and multilateral efforts to make progress on the development assistance aspects of the Cotton Initiative, and had instructed the Secretariat to continue to work with the development community and to provide the Council with periodic reports on relevant developments. The Council had also instructed the Director-General to consult with the relevant international organizations, including the Bretton Woods Institutions, the Food and Agriculture Organization and the International Trade Centre, to direct effectively existing programmes and any additional resources towards development of the economies where cotton had vital importance. A report on this matter under the July General Council Decision had recently been submitted by the Director-General in WT/GC/83 and Add.1.

132. The Director-General said he was pleased to report to the membership on the implementation and follow-up to the decisions on the development assistance aspects of cotton in accordance with paragraph 1.b of the July General Council Decision on the Doha Work Programme. The compilation of the contributions and the outcomes from the Secretariat-organized African Regional Workshop in Cotonou in March 2004 had been circulated earlier in document WT/L/587. Implementation and follow up on the development assistance aspects had started well. However, there was scope for further progress, because of the complex and challenging situation in the proponent countries. The initial report in WT/GC/83 and Add.1 was comprehensive and substantive. It laid the foundation for future reports, which would provide periodic updates, at appropriate intervals, and might be somewhat shorter. He wished to highlight several key aspects in the report. First, a key feature of follow-up action was the consultative framework bringing together the cotton proponent countries, the bilateral donors and the relevant multilateral/regional institutions and agencies. Within this consultative framework, all participants were systematically addressing specific questions in a structured format, exchanging information, and drawing attention to those critical areas where cotton-specific financial and technical assistance was most needed. Two rounds of consultations had been held thus far, on 22 October and 18 November. The information exchange had been very useful. The process had enhanced coordination, focused follow-up action, encouraged continued commitment on the part of the three parties, and had provided the Secretariat with valuable information for appropriate periodic reports to the membership. He attached great importance to this exercise and urged the continued commitment of all participants.

133. Second, the proponent countries had welcomed the process and considered that the starting point was satisfactory. They were contributing, in response to the questions put to them on areas of need, project proposals, and the reflection of cotton sector priorities in their PRSPs and national strategy papers. They had indicated that they would be providing more information as it became

available from their national authorities. Their contributions, including on their continuing domestic reform, were essential in ensuring that the assistance provided would have the desired effect. Third, he was encouraged by the rapid action taken by bilateral donor Members to reflect cotton sector priorities in their bilateral donor programmes. Donor Members had underlined the sector as a priority in the support they provided to agencies and institutions. As indicated in the contributions by these countries, in the Addendum to his report, the change in gear by the European Communities, Japan and the United States was self-evident. Their contributions showed that substantial and increased resources were being set aside in implementation of the July Decision. He wished to acknowledge the initial measures taken by donor Members. At the same time, he continued to urge an up-scaling in assistance and support, in light of the complex challenges that faced proponent countries. In doing so, however, he was mindful that the continued positive evolution of implementation action would require corresponding and mutually supportive action, not just by donor Members, but by the proponents as well.

134. Fourth, follow-up action had also been taken by relevant multilateral and regional agencies and institutions. The participating institutions were adjusting existing mechanisms and facilities, taking into account the concerns and priorities of the cotton proponent countries. Several were designing new programmes. Others were considering new facilities for more precise and targeted follow up. The World Bank and the IMF were in a close and strong partnership with the WTO Secretariat. Their contributions were crucial, particularly in light of their country reach. The African Development Bank had also responded to the challenge, and was in the process of designing a project with broad regional and cross-country scope, based on the private sector. Other institutions were also very actively engaged in direct follow up to the July Decision. These included the Development Assistance Committee of the OECD, the FAO, ITC and UNIDO. Fifth, as requested by the membership, he had also taken specific follow-up action to provide impetus and ensure momentum. Of particular importance were the following: his contacts with the Development Assistance Committee of the OECD; the treatment of this item at the General Council meeting on Coherence with Mr. Wolfensohn of the World Bank and Mr. Rodrigo de Rato of the IMF; the introduction of this issue at the Brussels Session of the Parliamentary Conference on the WTO; and Secretariat contacts with the Secretariat of the UK Commission for Africa. He would continue to vigorously pursue these lines of action in 2005 and in the process leading up to the next WTO Ministerial Conference.

135. Sixth, implementation thus far strongly suggested that there was wide scope for improved coordination. There was a real need for enhanced coordination, both in the requests that were being made and in the offers of financial and technical assistance. The contributions, as reflected in the Addendum to WT/GC/83, showed, on the one hand, duplicated national requests, and on the other hand, a rush by providers to offer assistance in almost identical areas. This could be interpreted as a positive indication that one was focussing on the right areas. However, there also had to be room for some rationalization of requests and enhanced coordination by development assistance providers. The process could be rationalised, and he believed that the consultative framework that had been established could contribute to addressing these problems. He also wished to recall that mechanisms such as the Integrated Framework and the JITAP were designed to address the challenge of donor and beneficiary coordination. The DAC/OECD Briefing scheduled for January, and which was in direct follow up to the July Council Decision, could also make an important contribution to coordination. He was confident that 2005 would provide further opportunities for progress on the development assistance aspects. Much of the confidence building currently established on the cotton issue was based on the positive treatment of the Sectoral Initiative on Cotton in the July Decision and the establishment of the Sub-Committee on Cotton on 19 November 2004. Continued progress on the issue as a whole would be reflected by the extent of coordination and complementarity on the two aspects of the issue.

136. All delegations who spoke thanked the Director-General for his report.

137. The representative of the United States said that the US Trade Representative's successful trip to Africa the previous week showed that the United States remained an active and engaged participant in the multilateral effort related to the development aspects of cotton. The Director-General's report was a fine compilation of development-related cotton assistance activities. Obviously, there was a lot currently occurring, and coordination was going to be key. Her delegation looked forward to working with Members to figure out how to involve further the World Bank and others in the coordination process. Since July, the United States had continued the full mobilization of its development and technical agencies to address obstacles that had been identified. The Millennium Challenge Corporation (MCC), USAID, USDA, and the United States Trade and Development Agency were all working on complementary actions based on input received from the United States' African partners.

138. The MCC continued to offer a significant opportunity for many key countries – Benin, Mali, Senegal as eligible, and Burkina Faso as a threshold country – to address long-term development obstacles. The United States also recognized that concrete steps in the near-term were important. This was why it had worked hard to bring Ministers of the four cotton-proponent countries and of Senegal to the United States in July, and why the United States had sent an assessment team and a National Cotton Council representative to West Africa in October. Her delegation looked forward to following up these steps with activities, including a high-level reciprocal visit by USDA Undersecretary Mr. Penn, the National Cotton Council and USAID officials to the region – who would discuss findings of the US team and problems and opportunities in the cotton sector. The United States also supported a Ministerial Science and Technology Conference in Mali in June 2005.

139. The representative of Benin said that the Director-General's report on development-related aspects of the cotton issue described the first actions and initiatives undertaken by the WTO Secretariat and by the bilateral and multilateral partners of the African cotton-producing and exporting countries in response to the July Decision on cotton and the recommendations of the Regional Workshop on Cotton held in Cotonou on 22 and 23 March 2004. His delegation fully appreciated the Director-General's efforts to ensure the implementation of the measures adopted by Members to solve the problems facing the cotton sub-sector in Africa, and hoped that the collective commitment of Members and the momentum they had developed in dealing with this issue ambitiously, rapidly and specifically, would yield concrete results very soon. At the same time, his delegation strongly recommended that the implementation of the announced measures and the initiatives taken, which were reflected in the Director-General's report, be evaluated periodically so that Members could have a clear idea of what had been done and what remained to be done.

140. The cotton price situation was extremely worrying, and called for vigorous measures to reverse the trends and to help the African cotton-producing countries and the rural communities concerned to overcome the current gloomy climate. Hence, it was important to recall the coherence between trade and development aspects that Members had agreed was necessary in dealing with the cotton issue. Benin nevertheless had welcomed the establishment of the WTO Sub-Committee on Cotton on 19 November 2004, and hoped that when it began its work, it would take full account of the vital nature of this consideration for the economies of several African countries, as well as the need to find appropriate solutions to the problems encountered in the cotton sub-sector in those countries, particularly in the least-developed among them. His delegation wished to thank the countries and institutions that had already notified the type of assistance they intended to provide in order to strengthen the cotton sub-sector, and urged the other bilateral and multilateral partners to support the cotton sub-sector in Africa. In doing so, these countries would be contributing to the improvement of the economic and social situation of the African cotton-producing and exporting countries, and hence to poverty reduction.

141. The representative of Nigeria, speaking on behalf of the African Group, thanked the Director-General for his report on the development assistance aspect of cotton. The African Group urged the bilateral and multilateral institutions to continue their efforts in providing assistance in order to find

an early and expeditious solution under the Cotton Initiative. The Group urged them to continue working more closely with African countries and other countries to properly address the development aspect of cotton. The African Group also hoped that there would be periodic assessment of the results achieved, in order to determine specifically what more remained to be done. The African Group continued to attach importance to cotton, and considered it a priority and a development issue, requiring action on both the trade and development aspects. It called on all Members, especially the major developed countries, to work with the Sub-Committee on Cotton to find an early and satisfactory solution under the Cotton Initiative.

142. The representative of Burkina Faso said that while Benin spoke on behalf of Burkina Faso regarding cotton issues within the WTO, he wished to express his appreciation to the various countries and international organizations for the support provided recently to the cotton industry through initiatives and actions. Burkina Faso was pleased with the recent establishment of the Sub-Committee on Cotton within the Agriculture Committee, because at present the cotton industry was going through tremendous difficulties in the cotton-producing developing countries, and if nothing was done fairly rapidly, this industry would be beset with serious difficulties. Thus, his delegation viewed with satisfaction the action already being undertaken to try to provide new momentum to the industry by the European Communities as well as by the World Bank and other bilateral partners. In this regard, Burkina Faso welcomed with great satisfaction the announcement by the United States, and the fact that Burkina Faso would also be able to benefit in the near future from the programmes of Millennium Challenge Corporation. His delegation was very pleased to see that many actions were being undertaken that required follow up. His country would do everything it could to ensure that any useful information was made available to its partners in development, and particularly to friendly countries who were supporting it on this issue, in order to give new momentum to the cotton industry.

143. The representative of Paraguay said that this was a sector of great importance, not just for the African countries who had proposed the sectoral initiative, but also for Paraguay. Cotton was Paraguay's second export product, and had a direct impact on its social and economic development. Paraguay hoped that the July General Council Decision and the establishment of the Sub-Committee on Cotton would yield concrete results for the Ministerial Conference in Hong Kong China.

144. The representative of Senegal said that the question of cotton was also of concern to his country. Senegal was very pleased at the momentum under way at the bilateral as well as multilateral levels, and considered that the recent visit by the US Trade Representative to the West African region was testimony to this. His delegation hoped that this dynamic would be maintained, and even accelerated, because this question was vital for the economies involved. Senegal therefore welcomed with great satisfaction the actions already undertaken and encouraged their acceleration, because this sector was vital for the countries involved. It was in this spirit of hope that Senegal encouraged the Director-General to continue his efforts, and encouraged all its partners to redouble their efforts to enable the African countries who depended on this commodity to be able to develop further and to participate in a way that was beneficial to international trade.

145. The representative of Uganda thanked those who had spoken previously about this issue and the Director-General for his efforts. Uganda welcomed the Sub-Committee on Cotton which had recently been established. The plight of the cotton-producing countries continued to worsen. At the very moment this issue was being discussed, cotton was being harvested in East Africa for which the price would be miserable, and it was not certain that the populations currently growing cotton would be able to continue to do so in the coming years. If the coordination the Director-General had spoken about was quickly realized, and if a solution to the cotton problem could be found as soon as possible, this industry that was so important for the respective countries might be rescued. Benin and the West African countries had highlighted these problems.

146. The representative of Côte d'Ivoire thanked the Director-General for his efforts to assist the cotton industry. All agreed that cotton played an extremely important growth and development role in certain regions in West Africa, as well as in Central Africa. Judging from the evolution of cotton production over recent years, which had gone from 50,000 tonnes at the beginning of the 1970s to more than 3 million tonnes, this was an impressive performance to which tribute should be paid. Côte d'Ivoire encouraged and was satisfied by the initiatives taken by bilateral and multilateral partners, and hoped that these would serve to reinvigorate the cotton industry. His delegation also hoped that the promises made by these donors would be honoured and that this would have an impact on the cotton industry. Cote d'Ivoire was not a co-sponsor of the Cotton Initiative but vigorously supported all action taken in this regard and the initiatives proposed by the proponents. His delegation supported the effort being led by the four co-sponsors of the Cotton Initiative.

147. The representative of the European Communities said his delegation attached a high priority to the Cotton Initiative, and recalled the importance attached to the complementarity between the trade and development dimensions of this initiative, as reflected in the July General Council Decision. To make real progress on this issue, Members needed to advance in an integrated manner on both tracks. The Director-General's report focused on the development assistance aspects only. On the development side, the Community had taken decisive action and had also stepped up its financial and technical assistance on cotton. However, for this assistance to be effective, there was a shared responsibility. The African countries also needed to undertake domestic reforms and actions. These fell in three areas: to continue cotton-sector reforms, as agreed in the EU/ACP Cotonou Agreement, and to improve competitiveness, through improvements in production, distribution, buying and selling, and the legislative framework, *inter alia*; to develop cotton-specific project proposals; and to include cotton-sector priorities in the PRSPs. The European Commission had prioritized and encouraged "support to cotton" as one of the areas under the 2004 mid-term review of the national indicative programmes. A total of €40 million had been proposed for the four cotton-producing countries. In addition, an international capacity programme on cotton for the ACP countries amounting to a total of €15 million was foreseen, allowing for multi-donor cooperation.

148. An EU-Africa Cotton Forum had been held in July 2004 which had agreed on a joint Cotton Action Plan. This Action Plan covered a number of areas addressing both the development and trade angles – for example, national cotton strategies, risk management, chain integration and international trade. His delegation wished to underline again the importance of enhanced coordination of assistance between bilateral donors and multilateral institutions. In terms of future orientations, Members might also wish to consider who should take the lead in the coordination of this information exercise, and possibly seek a stronger role for the JITAP or the Integrated Framework.

149. The representative of Mali said that the Director-General's report took account of all the various concerns of the cotton-producing countries, where there was currently a great need for poverty-alleviation efforts. Mali supported the various actions already undertaken and asked all its partners to make the cotton issue a priority. Mali also wished to strongly emphasize the importance of implementation of projects that would be decided on in the context of the Integrated Framework and the JITAP.

150. The General Council took note of the report by the Director-General and of the statements.

9. Committee on Budget, Finance and Administration – Recommendations of the Committee following its meetings of October, November and December 2004 (WT/BFA/75)

151. The Chairman drew attention to the recommendations of the Committee on Budget, Finance and Administration in document WT/BFA/75.

152. Mr. Iversen (Denmark), Chairman of the Committee on Budget, Finance and Administration, said that document WT/BFA/75 contained the recommendations of the Committee's meetings held from October to December 2004. These recommendations, which required decision by the General Council, concerned the following: (i) Financial matters: the Director-General's budgetary and financial report for 2003 and report of the external auditor thereon; divisional reporting on objectives and expenditures for 2003 and report on extra-budgetary funds for 2003; (ii) Assessment of additional contribution to the 2004 budget and advance to the working capital fund with regard to the accession of the Kingdom of Cambodia to the WTO; (iii) Adjustment to dependency allowances; (iv) International Trade Centre UNCTAD/WTO – 2005 revised budget estimates; (v) Doha Development Agenda Global Trust Fund for 2005; (vi) Remuneration of Appellate Body members; and (vii) WTO revised budget estimates for 2005.

153. The Committee had examined the financial reports for 2003, had taken note of the three relevant documents and had formulated the recommendations in paragraphs 1 and 2 of WT/BFA/75. With regard to the additional contribution to the 2004 budget and advance to the working capital fund subsequent to the accession of Cambodia, the Committee had formulated the recommendation contained in paragraph 3. The recommendations on adjustment to dependency allowances and the remuneration of the Appellate Body members could be found in paragraphs 4 and 7, respectively. The Committee had examined the 2005 budget proposals for the ITC and had formulated the recommendation in paragraph 5. The total ITC budget had amounted to Sw F 34,191,200. The WTO contribution to the ITC budget had amounted to Sw F 16,280,250 and formed part of the budget for the WTO as a whole.

154. With regard to the Doha Development Agenda Global Trust Fund, the target level of resources in 2005 had been set at Sw F 24 million. The relevant recommendation was contained in paragraph 6. In this context, Members were urged to pledge additional contributions to this Fund up to the 2005 target level, in order to ensure a stable and solid financial basis for the WTO programme of technical assistance and training. With regard to the WTO revised budget estimates for 2005, the recommendation in paragraph 9 was the fruit of various meetings and consultations over the past weeks. He drew attention to paragraph 8, which highlighted the approach and view of the Committee in formulating the recommendation on the WTO revised 2005 budget estimates. In this context, he wished to recognize the pragmatic approach and constructive dialogue on the part of the Members and the Secretariat, which had permitted this exercise to be completed. He wished to address two points in particular – security and human resources. The Committee had examined in detail over a number of months the proposal with regard to the Security Enhancement Programme. In accepting the multi-year security programme, the Committee wished to place on record the very high importance Members attached to the security and safety of all in the WTO. The resources for 2005 had been included in the budget that was before Members for approval. In addition, a Management Group composed of representatives of Members, the Secretariat and the Swiss authorities had been formed to identify rapid solutions to related questions, including those concerning the security of, and access to, the grounds surrounding the Centre William Rappard.

155. The second point concerned human resources in the WTO. The Committee had welcomed the initiative of the Secretariat with regard to the Resource Allocation Exercise, which was intended to move towards a rationalization and reallocation of available resources, including those relating to textiles, as well as issues that would not form part of the Doha negotiations. The Committee had also appreciated the spirit in which the new approach to temporary staffing had been presented by the Secretariat in response to Members' concerns. Having endorsed the new approach with regard to temporary assistance, the Committee was confident that, in conjunction with the Resource Allocation Exercise, both measures would contribute to ensuring a more solid human resources environment, so that the Secretariat would be in a position to continue to meet the present and growing challenges facing the WTO. The recommended 2005 revised budgets for the WTO Secretariat and the Appellate Body and its Secretariat, contained in paragraph 9, amounted to a total of Sw F 168,703,400. He drew

attention to page 3 of the document, where there were a number of bullet points explaining the Committee's recommendations and considerations around the 2005 budget, and underlined that these bullet points formed an integral part of the Committee's recommendations. In conclusion, he said that paragraphs 1 through 9 of WT/BFA/75 required decision by the General Council.

156. The Chairman thanked the Budget Committee Chairman for his extensive report, and for having shouldered a very difficult and arduous task.

157. The representative of Japan expressed his delegation's appreciation to the Budget Committee Chairman for his tireless efforts in producing agreement on the recommendations contained in WT/BFA/75. Japan also wished to commend the efforts made by the Secretariat, and in particular, by the Director of the Finance and General Services Division and his team. There were important positive elements in the revised budget estimates for 2005. Above all, ensuring transparency in the budgeting process was highly important from the standpoint of accountability. Japan wished to point out that a so-called "zero-growth principle" was imposed on most Members in the context of their contributions to international organizations. However, Members had accepted both nominal and real growth of the WTO budget. His delegation understood this as evidence that Members correctly evaluated the role of each organization and highly valued the WTO. Japan encouraged the Secretariat to meet Members' expectations during the whole budgetary process, starting from the proposal-making stage through the decision-making stage, followed by implementation. During this process, discussion in the Budget Committee was crucial, as this was fundamental to ensuring mutual understanding about budget proposals, given that the WTO was a growing organization. His delegation believed that this budgetary discussion would become much deeper and wider, thereby strengthening the credibility of the WTO Secretariat, which consisted of excellent specialists. Japan wished to applaud the outgoing Director of the Finance and General Services Division, who would soon retire after 20 years of dedicated service to the organization. Japan was convinced that his successor would provide similar excellent service to Members over the years.

158. The General Council took note of the statements and approved the Budget Committee's specific recommendations in document WT/BFA/75.

159. The Chairman of the Committee, said that he, too, wished to thank the outgoing Director of the Finance and General Services Division for the latter's tireless efforts during several decades in order to assist this difficult process, and to pay tribute to his knowledge and helpfulness, without which the Budget Committee would not have succeeded in its tasks in 2005. He wished the Director all the best for his retirement.

160. The Director-General said he wished to make a few comments on the 2005 Budget just adopted and the various decisions that went with it. First, regarding the Security Enhancement Programme, he wished to thank the Chairman and members of the Budget Committee for their hard work on this since the summer, and to congratulate them on the outcome. He recognized the importance of the political message the Budget Committee had given – that improved security, in the context of an uncertain world, was the top priority for all who worked in the WTO. He had noted that there was still work to do to finalize the part of the programme that depended on decisions by the WTO's Swiss hosts. As the Budget Committee Chairman had stated, a management group had been established to pursue this matter, bringing together the Swiss authorities, the WTO management and representatives of Members. Work would continue, in order to see how best to take this matter forward.

161. The rest of the programme to be implemented by the WTO had now been formally approved. There were some delicate aspects for the WTO management to put in place, especially in the area of reorganization of personnel, which was of the greatest importance to management and to its relations with WTO staff. This part of the exercise was already under way. His other comment related to

management and administration. He considered these to be among the most important of his functions as Director-General, and he welcomed the broad policy indications and strategic oversight contributed by the Budget Committee in this area. He wished to focus on two resource matters mentioned in the Committee's report: the need for continuing redeployment of WTO staff and adaptation to changes in the WTO's level of activity, and the need to make a start in tackling the use of funds for temporary assistance or short-term contract staff. In both cases, Members had given clear signals of their wish to have a more vigorous policy applied and stricter control of these resources. He was aware of the pressure on resources exerted by many Member governments at the national level, and had referred to this in his presentation of the 2005 budget. An internal resource allocation exercise had been conducted in 2004 to begin to respond to such pressures, although he accepted that there was a need to make a more determined effort in the direction indicated.

162. At the same time, he would be failing in his duty if he did not remind Members that there were also conflicting signals: Members' demands in areas such as technical assistance and training, their activities in dispute settlement and the level of detailed reporting required both in this and in other areas, their demands for facilities for bilateral and regional group activities – all of these were creating substantial additional pressure on existing resources which, at present, was simply being absorbed. The Secretariat would not be able to do this indefinitely. Thus, the WTO Secretariat was ready to take up the challenge, but would ask Members in turn to allow it the necessary space to tackle these difficult policy changes. The Secretariat of course had to work within the rules and regulations Members approved, and often faced legal and personnel constraints which complicated the task. Progress was being made, but real policy change would only be possible in a gradual and progressive fashion. This was the nature of an international organization. In closing, he wished to acknowledge, on behalf of the outgoing Director of the Finance and General Services Division, the tributes that had been paid to him.

163. The General Council took note of the statements.

10. Committee on Balance-of-Payments Restrictions

(a) Consultation with Bangladesh (WT/BOP/R/76)

(b) Note of the meeting of 29 November 2004 (WT/BOP/R/77)

164. The Chairman suggested that these two sub-items be taken up together.

165. Mr. De Vito (Italy), speaking on behalf of the Chairman of the Committee on Balance-of-Payments Restrictions, introduced the Committee's report on its consultation with Bangladesh (WT/BOP/R/76). The conclusions of the consultations were that Members recognized that Bangladesh had, in 2002, been granted justification under the balance-of-payments provisions to restrict the import of chicks, eggs, common salt and cartons until 2009. Members had welcomed the dismantling of other restrictions in accordance with the time table submitted in WT/BOP/N/54 and looked forward to the notification by the Government of Bangladesh regarding the final elimination of quantitative restrictions on these items on 1 January 2005. On the understanding that Bangladesh would submit a time table for the removal of the remaining restrictions by 2007, it was agreed that the next consultations would be held in the spring of 2007.

166. In addition to the consultations with Bangladesh, the Committee at its meeting in November had also held its third transitional review of China under Section 18 of China's Protocol of Accession, and had adopted its Annual Report. The Note on the meeting of 29 November at which these matters were considered was contained in WT/BOP/R/77.

167. The General Council took note of the statement and of the information contained in the Note of the Committee's meeting of 29 November in document WT/BOP/R/77, and adopted the report on the consultation with Bangladesh in document WT/BOP/R/76.

11. Waivers under Article IX of the WTO Agreement

(a) Introduction of Harmonized System 2002 changes into WTO schedules of tariff concessions – Draft decision (G/C/W/500/Rev.1)

168. The Chairman drew attention to the draft decision in document G/C/W/500/Rev.1 to waive obligations under Article II of GATT 1994 for Members listed in the Annex to the decision with regard to the introduction of HS2002 changes into WTO schedules of tariff concessions.

169. Mr. Choi (Korea), Chairman of the Council for Trade in Goods, said that at its meeting on 25 November, the Council had approved the draft waiver decision in G/C/W/500/Rev.1, and had agreed to forward it to the General Council for adoption.

170. 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/500/Rev.1.

171. The General Council took note of the statement and so agreed.⁴

(b) Review of waivers pursuant to Article IX:4 of the WTO Agreement

(i) *United States – Caribbean Basin Economic Recovery Act, granted on 15 November 1995 until 31 December 2005 (WT/L/104, WT/L/593)*

(ii) *Canada – Caribcan, granted on 14 October 1996 until 31 December 2006 (WT/L/185, WT/L/595)*

(iii) *United States – Former Trust Territory of the Pacific Islands, granted on 14 October 1996 until 31 December 2006 (WT/L/183, WT/L/594)*

(iv) *EC – Autonomous Preferential Treatment to the Countries of the Western Balkans, granted on 8 December 2000 until 31 December 2006 (WT/L/380, WT/L/596)*

(v) *EC – Transitional Regime for the EC Autonomous Tariff Rate Quotas on Imports of Bananas, granted on 14 November 2001 until 31 December 2005 (WT/L/437)*

(vi) *EC – The ACP-EC Partnership Agreement, granted on 14 November 2001 until 31 December 2007 (WT/L/436, WT/L/597)*

(vii) *Cuba – Article XV:6 of GATT 1994, granted on 20 December 2001 until 31 December 2006 (WT/L/440, WT/L/592)*

172. The Chairman recalled that, in accordance with paragraph 4 of Article IX of the WTO Agreement, "[a]ny 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." Seven waivers were before the General Council for review. The Decisions on the waivers for Canada, Cuba, and the United States, and on two of the waivers for the European

⁴ The Decision was subsequently circulated in document WT/L/598.

Communities provided that an annual report should be submitted by these Members on the operation or implementation of the respective waivers, with a view to facilitating the annual review by the General Council under paragraph 4 of Article IX. The reports from these Members on the relevant waivers had been circulated in documents WT/L/592 through 597.

173. The representative of Ecuador, referring to sub-items 11(b)(v) and 11(b)(vi) jointly, expressed his delegation's appreciation for the information provided by the EC on the functioning of these two waivers, which had been granted more than three years earlier, and the review of which was one of the requirements established under current WTO rules. He recalled that the conditions and atmosphere prevailing at the time these waivers had been granted had been far from ideal. The waivers had been granted following a number of important DSB decisions that comprised, in connection with bananas, a number of vital elements that strengthened the institutional framework of the multilateral trading system. In any case, these waivers had also been adopted in the framework of the Doha Ministerial Conference, which had set out the guidelines for the crucial process of seeking to develop a more harmonious relationship between trade and development.

174. In examining these two waivers, which were directly linked to a product of crucial importance to Ecuador, his delegation wished to reiterate once again that acceptance of these waivers had been, and remained, a reflection of Ecuador's spirit of cooperation, as it was convinced that short, transitional arrangements would strengthen the chief objectives that guided the international trading system. Ecuador had accepted these waivers and continued to accept them, in spite of the burden they imposed on its population and economy – a developing-country economy – and on its producers, who were in great need of relief. Ecuador had done so in spite of the waivers' adverse impact on its exports. This contribution and willingness to cooperate with many of Ecuador's LDC and ACP partners should be duly appreciated, particularly since it did not come from a developed country – as such cooperation should – but from another developing country seeking to ensure that the rules applied under the international trading system were equal for all, that S&D treatment was not paid for by the developing countries themselves, and that the course of a country's development was not predetermined by those granting tariff preferences.

175. His delegation wished to reiterate that the central pillar of this organization, Article I of GATT 1994, had to continue to be the substantive basis of a just international trading system, and that exceptions were no substitute for this fundamental rule. On the other hand, regarding the functioning of the waivers under review, access to the European market for Ecuadorean bananas – under the prevailing exceptional conditions and subject to the conceptual considerations discussed above – had to function within this framework. This status quo was reassuring for Ecuador's exports. However, his delegation wished to note that these two waivers had been granted when the EU market had been made up of 15 countries. As all knew, the nature and size of the EU market had changed significantly with the accession of 10 new members. Ecuador wished to see this change in conditions, and its consequences, to be taken properly into consideration during the ongoing consultations and negotiations in relation to the enlargement of the European Union to 25 members.

176. As on previous occasions, his delegation wished to stress that it considered the establishment of a tariff-only regime for bananas, governed by Article XXVIII of the GATT, to be a separate and different process from the negotiations relating to the enlargement of the European Union, which was governed by Article XXIV of GATT 1994. He recalled that the waiver for the ACP-EC Partnership Agreement provided, among other things, for the application of Article XXVIII, with a view to the implementation by the Community of a tariff-only regime for the entry of bananas into its market as from 1 January 2006. In that connection, it was essential to bear in mind that the Annex to the ACP-EC Partnership Agreement expressly stated that the envisaged rebinding of the EC tariff on bananas would result "in at least maintaining total market access for MFN banana suppliers". His delegation wished to reiterate its concern that the Community had thus far failed to proceed in accordance with the Annex to this waiver, particularly regarding any genuine intention of establishing a mutually

satisfactory tariff that would ensure compliance with the above-mentioned condition – i.e. at least to maintain total market access for MFN banana suppliers to the EU market.

177. Ecuador had taken note of the information provided by the EC with respect to the methodology used to arrive at its proposal of a tariff of 230 euros per metric tonne. However, Ecuador had also expressed its non-acceptance of that methodology, because the price gap in itself was insufficient and did not comply with the obligation of the European Communities at least to maintain total access to its market. In other words, it did not square with the commitment assumed by the Community when the waiver had been adopted. It was also important to recall that the Community had to guarantee total access for MFN bananas, not only during the year of entry into force of the tariff-only regime, but also into the future. Ecuador therefore insisted that the method used by the EC should be supplemented with econometric studies establishing the tariff level that would permit total EU market access for MFN bananas, as well as the impact in terms of volume, income and prices that the establishment of a single tariff could have for Latin American suppliers.

178. The contacts that had taken place between representatives of the Community and Ecuador had shown that there was no real desire on the part of the Community to effectively negotiate the single tariff to be applied to MFN bananas in accordance with its commitment under the agreements and waivers under review at the present meeting. In other words, the Community was not ready to alter its original position – unexpectedly announced to a group of ACP countries – of applying a tariff of 230 euros per metric tonne. The only thing that had clearly emerged from those contacts was that the EC's intention was not to alter the protection it was currently granting to bananas from its partners under the Cotonou Agreement. The Community's statements suggested that all it wished to do was to replace the current system of tariff quotas and licensing with a tariff that would maintain the same degree of protection. In other words, it intended merely to change the form of protection, and Ecuador clearly could not accept this, any more than it could accept the proposed tariff or the attempts at protectionism that ran counter to the spirit of the organization. Access to the European market for Latin American bananas was a binding commitment the Community had assumed under the waivers in question. In closing, his delegation wished to draw attention to the fact that the European Community had committed itself to the entry into force of the new EC tariff-only regime on 1 January 2006. As mentioned on previous occasions, Ecuador, in the short time that remained under the annex to the waiver in document WT/L/436, stood ready to enter into consultations as stipulated in the waiver agreement, prior to arbitration – which was also provided for under the waiver – with a view to reaching a mutually satisfactory solution. His delegation wished this statement to be viewed as an example of the positive and constructive spirit that had always guided Ecuador.

179. The representative of Honduras said he wished to echo the concerns expressed by Ecuador.

180. The General Council took note of the statements and of reports by Members contained in documents WT/L/592 through 597.

12. Review under Paragraph 8 of the Decision on the Implementation of Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health (WT/L/540) – Report of the Council for TRIPS (IP/C/33)

181. The Chairman recalled that on 30 August 2003, the General Council adopted a Decision on the Implementation of Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health. Paragraph 8 of that Decision provides that the TRIPS Council shall review annually the functioning of the system set out in the Decision with a view to ensuring its effective operation, and shall annually report on its operation to the General Council. The Decision also provides that the review by the TRIPS Council shall be deemed to fulfil the review requirements of Article IX.4 of the WTO Agreement. The report by the TRIPS Council on its first review under paragraph 8 of the General Council Decision was before Members in document IP/C/33.

182. Mr. Miller (Hong Kong, China), Chairman of the TRIPS Council, said that, at its meeting on 1 and 2 December, the TRIPS Council had taken up the annual review pursuant to paragraph 8 of the Decision on the Implementation of Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health. As the Chairman had noted, the Council's report to the General Council had been circulated in document IP/C/33. The cover note of this document set out factual information regarding the implementation of the Decision and the work pursuant to its paragraph 11 on the amendment to the TRIPS Agreement. The record of the discussion that had taken place under that agenda item was attached to it.

183. The representative of Nigeria, speaking on behalf of the African Group, said that the process of converting the 30 August 2003 Decision into a permanent solution should be a priority area of Members' work in the WTO. The African Group was of the view that a permanent solution was more predictable and legally certain. The Group had stated this in the TRIPS Council, and urged all Members to work positively and constructively to meet the deadline of March 2005 for completing the amendment process. The African Group stood ready to work with other Members, and hoped that all would show the necessary flexibility and political will needed to convert the temporary solution into a permanent one.

184. The General Council took note of the statements and of the report of the TRIPS Council.

13. Appointment of Officers to WTO Bodies – Announcement by the Chairman pursuant to paragraph 7.1(a) of the Guidelines (WT/L/510)

185. The Chairman recalled that the Guidelines for the Appointment of Officers to WTO bodies (WT/L/510) 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 General 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. As delegations were aware, the three working groups on the Singapore issues were inactive at the present time, and he would therefore not be consulting regarding their chairpersons. In accordance with paragraph 7.1(b) of the Guidelines, he would be assisted in the selection process by the serving Chairperson of the DSB, Mrs. Mohamed (Kenya). In keeping with paragraph 7.1(d), Mrs. Mohamed 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. Finally, in keeping with the provisions of paragraph 7.1(c) of the Guidelines, he requested 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.

186. The General Council took note of the statement.

14. Review of WTO activities

- Reports of:

- (a) General Council (WT/GC/W/538), Dispute Settlement Body (WT/DSB/37 and Add.1), Trade Policy Review Body (WT/TPR/154)**
- (b) Sectoral Councils (G/L/721, S/C/22 and IP/C/32)**
- (c) Committees on Trade and Development (WT/COMTD/50), Trade and Environment (WT/CTE/11), Balance-of-Payments Restrictions (WT/BOP/R/74), Budget, Finance and Administration (WT/BFA/74), and Regional Trade Agreements (WT/REG/14)**
- (d) Working Groups on Trade, Debt and Finance (WT/WGTDF/3), and Trade and Transfer of Technology (WT/WGTTT/6)**
- (e) Committees under the Plurilateral Trade Agreements (GPA/82, WT/L/591)**

187. 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 Councils and Committees that had been submitted for consideration under this Agenda item. He proposed that, in the interests of allowing Members to conclude the present meeting on schedule, the Chairpersons of the various Councils and Committees not introduce their respective reports orally. He would invite only those Chairpersons who wished to draw particular attention to any aspect of the work carried out in their bodies to take the floor.

188. Mr. Choi (Korea), Chairman of the Council for Trade in Goods, said that since the circulation of the annual report of the Council for Trade in Goods (CTG) in document G/L/721, the CTG had on 10 December concluded the Major Review of the Implementation of the Agreement on Textiles and Clothing (ATC) in the Third Stage of Integration, by adopting a report contained in document G/L/725. Consequently, an Addendum to the CTG's annual report had recently been circulated to reflect this development. He wished to underscore the historic importance of this moment. The major review concluded the previous week marked the final major review of the ATC. Also the previous week, the Textiles Monitoring Body had held its final meeting. These were significant developments and major accomplishments for the WTO. They signaled the expiry of the ATC in approximately two weeks, which would conclude the implementation of one of the major results from the Uruguay Round. It was evident that the conclusion of ATC implementation would enhance the credibility of the rules-based system, strengthen the institution, provide impetus to the ongoing negotiations, and bring considerable gains and benefits to the global economy. He wished to express sincere gratitude to all Members, not just for their hard work and persistence, but also for their flexibility and compromise, which had enabled the conclusion of the last major review. He also wished to thank the WTO Secretariat for its vital contributions and hard work, which had facilitated agreement among Members.

189. The General Council took note of the statement, adopted the report of the Committee on Trade and Development (WT/COMTD/50), and took note of the reports of the other WTO bodies, including the reports of the Committees under the Plurilateral Trade Agreements as follows: Dispute Settlement Body (WT/DSB/37 and Add.1), Trade Policy Review Body (WT/TPR/154), Council for Trade in Goods (G/L/721 and Add.1), Council for Trade in Services (S/C/22), Council for TRIPS (IP/C/32), Committee on Trade and Environment (WT/CTE/11), Committee on Balance-of-Payments Restrictions (WT/BOP/R/74), Committee on Budget, Finance and Administration (WT/BFA/74), Committee on Regional Trade Agreements (WT/REG/14), Working Group on Trade, Debt and

Finance (WT/WGTDF/3), Working Group on Trade and Transfer of Technology (WG/TTT/6), Committee on Government Procurement (GPA/82), and Committee on Trade in Civil Aircraft (WT/L/591).

190. The General Council then adopted the draft report of the General Council contained in document WT/GC/W/538, 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.⁵

15. 10th Anniversary of the WTO – Statement by the Director-General

191. The Director-General, speaking under "Other Business", recalled that on 2 December he had circulated a letter to all delegations regarding the 10th Anniversary of the WTO in 2005. That occasion would provide Members with a good opportunity not only to celebrate, but more importantly to reflect upon the past ten years, and to renew their commitment to the multilateral trading system. From the outset, he wished to reassure Members, as he had stated in the letter, that he did not intend to organize any major events that might distract Members from their main task, which was advancing the DDA and preparing for the Hong Kong, China Ministerial Conference. The strategy would be to take advantage of a series of events, conferences or seminars that were being organized elsewhere, and to inject into such programmes a serious discussion about the multilateral trading system, ten years after the establishment of the WTO. As these events would mostly be organized by other institutions, there should be no major financial burden on the WTO budget. He also wished to confirm to the membership that the report by his Consultative Board would be ready for distribution by the middle of January 2005. He intended to provide an opportunity for all delegations to exchange views on this report with members of the Board. To this effect, an informal meeting had been scheduled for 24 January. He hoped the report would provide a good basis for mature reflection about the state of the organization ten years after its entry into force. He also intended to host a modest reception for delegations in the margins of the February General Council meeting.

192. The General Council took note of the statement.

16. Chairmanship of the Working Party on the Accession of Belarus – Announcement by the Chairman

193. The Chairman, speaking under "Other Business", informed Members that, following consultations between the respective Working Party members and the authorities of Belarus, and in accordance with usual WTO practice, it had been agreed that Ms. Mia Horn Af Rantzien (Sweden) would replace the outgoing Chair of the Working Party, Mr. Christer Manhusen (Sweden). On behalf of the General Council, he wished to thank Mr. Manhusen for his work as Chair of this accession Working Party.

194. The General Council took note of this information.

⁵ The annual report of the General Council was subsequently circulated in document WT/GC/86.