

**General Council
18 December 2007**

MINUTES OF MEETING

Held in the Centre William Rappard
on 18 December 2007

Chairman: Mr Muhamad Noor (Malaysia)

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1. Accession of Cape Verde – Report of the Working Party (WT/ACC/CPV/30 and Add. 1 and 2)

1. The Chairman recalled that in July 2000, the General Council had established a Working Party to examine the request by Cape Verde for accession to the WTO Agreement. The report of the Working Party was now before the General Council for consideration and adoption in WT/ACC/CPV/30 and Add.1 and 2.

2. Mr Shark (United States), Chairman of the Working Party, said that this day marked another important event for the WTO and its evolution into a global organization. Since 1995, the WTO had admitted 23 new Members through the accession negotiations pursuant to Article XII of the Marrakesh Agreement. Cape Verde would be the first country from Africa and the third LDC to complete the Article XII process. During its accession process, Cape Verde's policies had been founded on sound macroeconomic management and economic and trade reforms. The domestic reforms undertaken during the WTO accession process had complemented the pro-growth and pro-development strategies pursued by Cape Verde. The success of these strategies was evidenced by Cape Verde's impending graduation from its status as an LDC. The accession package – negotiated and concluded while Cape Verde was still an LDC – was fully supportive of the graduation and post-graduation phase. Cape Verde had requested accession to the WTO in November 1999 and a Working Party had been established by the General Council in July 2000. The process had gained momentum from 2003 onwards, with the first meeting of the Working Party in March 2004. The sixth and final meeting had been held on 6 December 2007. The documents before the General Council were the result of seven years of work. Over this period, Cape Verde, with a small but efficient administration, had worked hard to meet the challenges and complexity of the accession process. He wished to pay tribute to Cape Verde's authorities and its team of talented and committed negotiators. The entire team had done an admirable job, responding promptly to the numerous requests made by Members, right up to the final stages of the negotiations. Their success stemmed in no small way from Cape Verde's commitment to domestic reform and its view that the enactment and implementation of WTO-consistent legislation was an integral part of this process. Praise and appreciation also went to the membership, which had shown flexibility and goodwill to conclude this accession process successfully. Technical assistance, as requested by Cape Verde, had been provided by bilateral donors and multilateral agencies. He congratulated all concerned, including the Secretariat and its Accessions Division, for their valuable contributions. On a personal note, he wished to thank Members for having given him the opportunity to play a role in this process and for making his task as Chairman an enjoyable one. Having worked closely with Cape Verde's team, he had come away from this process with a firm conviction that Cape Verde had a great deal to offer the WTO as a Member, and that all would benefit from its active participation.

3. The results of the negotiations, constituting the terms of entry of Cape Verde into the WTO, were contained in the following documents: the report of the Working Party (WT/ACC/CPV/30), the Schedule of Concessions and Commitments in Goods (WT/ACC/CPV/30/Add.1), and the Schedule of Specific Commitments in Services (WT/ACC/CPV/30/Add.2). This accession package had been adopted by the Working Party at its meeting on 6 December 2007 on an *ad referendum* basis. By this action, the Working Party had completed its mandate and had forwarded the documentation to the General Council for decision as appropriate. The Appendix to the Report reproduced the draft Decision for the General Council and the Protocol of Accession of Cape Verde to the Agreement Establishing the WTO. In accordance with usual WTO practice, the Protocol of Accession incorporated, by reference, the specific commitments undertaken by Cape Verde in the report of the Working Party. He again wished to pay tribute to the continuous efforts, positive approach and spirit of compromise shown all around, particularly in the critical final stages. In his capacity as Chairman of the Working Party, he commended the report of the Working Party, as well as the draft Decision and Protocol of Accession, for approval by the General Council.

4. The Chairman thanked Mr Shark, on behalf of the General Council, for having served as Chairman of the Working Party.

5. The General Council then approved the draft Protocol of Accession of Cape Verde¹ contained in the report of the Working Party and, in accordance with the Decision-Making Procedures under Articles IX and XII of the WTO Agreement agreed in November 1995 (WT/L/93), adopted the draft Decision on the Accession of Cape Verde contained in the report of the Working Party.² The General Council next adopted the report of the Working Party as a whole in documents WT/ACC/CPV/30 and Add.1 and 2.

6. The Chairman said it gave him great pleasure to welcome the Decision Members had just taken on the Accession of Cape Verde to the WTO. He wished to extend his congratulations to the Minister of Economy, Growth and Competitiveness of Cape Verde, and his team of negotiators, and the people and Government of Cape Verde, on the successful completion of the WTO process. From a systemic point of view, Cape Verde's forthcoming entry as Member would take the WTO another step towards greater universality in its membership and add to its depth and diversity. With regard to the further steps towards Cape Verde's formal entry as a WTO Member, a ceremony for the signature of the Protocol of Accession would be held immediately following the present meeting. The Government of Cape Verde would then submit the Protocol for ratification by its legislative assembly. In keeping with WTO provisions, Cape Verde would become a Member of the WTO 30 days following the date of its ratification of the Protocol of Accession.

7. The Director-General said he wished to join the Chairman in warmly welcoming Cape Verde's accession to the WTO. This accession was another sign of confidence in the organization and the multilateral trading system. This new WTO membership would facilitate Cape Verde's integration into the global economy and would provide a predictable and stable basis for growth and development, particularly pertinent now as Cape Verde was about to graduate from LDC status. For the WTO, Cape Verde's accession was adding another valuable member to the family and brought Members another step closer to universal membership. The successful completion of the accession process was a commendable achievement for the people and Government of Cape Verde. His congratulations went to the Minister of Economy, Growth and Competitiveness, and his entire team. The Minister's leadership and clarity of vision had been decisive in the last stages of the accession process. He wished to express appreciation also for the work done by the Chairman of the Working Party. As Members all knew, the latter was a hard worker and when he decided something should get done, it usually was done. His legitimacy in the Geneva family had also been a big asset in this accession. He also wished to thank Members for having shown the necessary flexibility in the accession negotiations of an LDC and hoped that this example would inspire them for other ongoing LDC accessions.

8. The representative of Cape Verde, speaking as an observer, said that it was a great honour for him to be participating at the present meeting. This day was particularly important for Cape Verde as his delegation would sign the Protocol to become a WTO Member. WTO membership for Cape Verde was a critical element of its national strategy for socioeconomic development and transformation. The only sustainable way for Cape Verde to develop its economy and continue to improve the standards of living of its people was to integrate competitively into the global marketplace. At the time of Cape Verde's independence in 1975, many had had serious doubts about its future. Thirty-two years later, however, Cape Verde was recognized by many international institutions as an emerging nation with successes on several fronts, from building a democratic culture, good governance, universal basic education, increasing income and quality of life, to deepening of the market economy. As a result, per-capita income, which had been US\$190 in 1975, was currently US\$2,300, primary school enrolment was about 100 per cent, while life expectancy was over 70 years.

¹ Subsequently circulated in document WT/L/715.

² The Decision was subsequently also circulated in document WT/L/715.

Cape Verde had already achieved some of the Millennium Development Goals and was on target to achieve the rest by 2015. These successes would lead to Cape Verde's graduation from the least-developed countries list to that of middle-income countries in January 2008. Cape Verde was now becoming a WTO Member to continue on the path of progress. Its belief and hope was that WTO membership would allow it to meet its national goals and objectives. In fact, in recent years Cape Verde had embarked on an audacious national agenda for transformation and modernization. Its aim was to build core economic sectors to anchor its transformation and development agenda. At the crossroads of the continents – Africa, Europe and the Americas – Cape Verde's aim was to integrate competitively into the global economy. Its transformation agenda included building: (i) high value-added tourism; (ii) fisheries processing and marketing; (iii) services, in the form of information technology outsourcing and financial services; and (iv) a transportation hub for both passengers and cargo. In addition, it was modernizing its state and society. This was why it had embarked on an agenda for state reform, which aimed to modernize Cape Verde's institutions while continuously upgrading its democracy and public administration. Recent results indicated that Cape Verde was on the right path. It was currently experiencing robust growth. GDP growth had averaged 5.7 per cent over 2000-2005, while exceeding 10 per cent in 2006. Inflation had remained low, at below 2 per cent in 2000-2005. Its information society project on e-governance was progressing smoothly, and through projects for public financial management it was able to monitor government expenditures in real time to ensure transparency. Other projects, such as Citizens House, National Identity Card and Cabo Verde Digital, were expected to make dealing with government easy and facilitate the delivery of essential services, such as one-day online business registration. The Government believed it would need the support of the international community while continuing to do its best as a nation.

9. To Cape Verde, upgrading its institutions and private sector, and building the national capability were crucial. The Government intended to continue to: (i) improve its governance, with a focus on state reform and strengthening of capacity and capability of the state to manage the economy; (ii) build its network and strategic partnerships, through membership in key institutions like the WTO and regional organizations like the African Union and ECOWAS, and also to focus on developing new relationships such as the special partnership with the European Union; (iii) build its human resources with a focus on building the human capacity and institutional capability to compete in the global economy; and (iv) build its economic and social infrastructure, with a focus on building the capabilities to develop its economy and to improve the quality of life for its citizens. WTO membership would allow Cape Verde to address these strategic challenges. However, as a highly vulnerable, insular small country with no resources, Cape Verde would continue to need the support and assistance of Members and the Secretariat to fully take advantage of its membership. Cape Verde therefore hoped to continue to benefit from access to Members' markets, to attract their investments and enterprises, as well as to receive their financial and technical assistance to reach its national goals and objectives, and in particular to implement the reforms it had agreed to undertake. The journey to membership had been a challenging one. Cape Verde had been able to reach this stage because of the universal support and assistance it had received from most Members. He thanked all Members for their cooperation and support throughout the accession process, as well as the WTO, UNCTAD, AITIC and other international organizations which had supported its efforts during the negotiations. He also thanked the Members of the Working Party for their hard work, support and dedication, as well as the Chairman of the Working Party for his guidance and contribution throughout the process. Cape Verde looked forward to becoming an active Member of the WTO and intended to do its best to contribute to building an effective global trading system.

10. The representatives of Japan, Mexico, Korea, Nigeria and Switzerland, and all other representatives who spoke congratulated Cape Verde and its Minister of Economy, Growth and Competitiveness on the successful conclusion of its accession negotiations and looked forward to working with Cape Verde in the WTO. They also paid tribute to the Chairman of the Working Party for his hard work

11. The representative of Lesotho, on behalf of the LDCs, said it was particularly satisfying for the Group to see an LDC join the organization. The more the LDCs were integrated into the multilateral trading system, the more these countries would benefit from trade. The Group had listened with great interest to the statement by Cape Verde and welcomed the message bearing signals of rapid transformation, promise and hope. Cape Verde was also the first African country to accede to the WTO under the Article XII procedures. It had concluded its membership negotiations as an LDC, although it would soon be graduating from LDC status. The Group hoped the flexibilities Cape Verde had secured would help it integrate beneficially into the multilateral trading system. For the first time since the establishment of the WTO, two LDCs – Cambodia and Nepal – had acceded to the organization in 2003. There had been a lean period since then as far as LDCs accessions were concerned. The Group hoped that Cape Verde's accession would bring new enthusiasm to the ongoing LDC accession negotiations. With Cape Verde joining the WTO, there would be 17 LDCs outside the multilateral trading system, ten of which were at various stages of their accession process. This represented one-third of all ongoing accession negotiations. Cape Verde's accession should not make Members complacent. Some LDCs had started their accession negotiations prior to Cape Verde but had yet to conclude these negotiations. Cape Verde was a small island LDC. However, it had taken more than seven years for it to accede to the WTO. It had not been an easy task for the Government of Cape Verde to engage in this long negotiating process, given its financial, human and institutional capacity constraints. Cape Verde had undergone tough negotiations with Members. This underlined again the need for flexibility and cooperation from Members to facilitate LDCs' accession to the WTO. The Group hoped that the Government of Cape Verde would soon complete the ratification process and start benefiting from the multilateral trading system. Cape Verde was also to be congratulated for graduating out of the LDC Group. Generic policies were needed to make landing in the new development zone not a painful jolt, and arrangements should be made for a soft landing that provided a decent interval for the still-fragile economy to adjust accordingly. This would be an enticement to others to brave graduating out of the LDC category.

12. The representative of Uganda, on behalf of the African Group, fully associated his Group with the statement by Lesotho for the LDCs.

13. The representative of Jamaica, on behalf of the ACP Group, said the Group was particularly pleased with this decision, as Cape Verde was a member of the ACP Group. It looked forward to working with Cape Verde in future, as Members pursued their collective interests in the WTO.

14. The representative of Sri Lanka, on behalf of the Informal Group of Developing Countries, said the Group was pleased to see new Members joining the organization, as this enriched Members' work and gave the organization a truly global character. The great achievements realized in Cape Verde's economy as well as in its social and political spheres were highly commendable. The Informal Group wished to convey its best wishes for prosperity to the Government and people of Cape Verde.

15. The representative of Brazil said Brazil had been the first country to sign a bilateral protocol with Cape Verde and had never doubted that Cape Verde was ready to become a full and active Member of this organization. Brazil had followed closely the progress made by Cape Verde since its independence in 1975, and was well aware of its achievements and great potential. Cape Verde was an example for all developing countries. With both limited human and natural resources, Cape Verde had been able to increase per capita income by 1,200 per cent in 32 years, and maintained an elevated life expectancy and school enrolment, which had made the country attain the level of Medium Human Development on the Human Development Index. Brazil hoped that with its WTO accession, Cape Verde would be in a better position to continue the economic and social reforms that had proven to be so effective. Bilateral relations between Brazil and Cape Verde were flourishing, a sign of the priority Brazil's President attached to Africa, in particular to its Portuguese-speaking countries. While bilateral trade between Cape Verde and Brazil was still small, it had been growing steadily for the

past few years, from US\$3.7 million in 2000 to US\$33 million in 2007. Brazil was confident that this figure would continue to grow. Improvements planned for the development of the infrastructure, as well as the increase in the number of sea and air links, would help further. He reaffirmed Brazil's commitment to support Cape Verde in its initial steps in the WTO. Brazil and Cape Verde shared a long history that dated back to the 16th century. Both countries had a common heritage, common cultural identity and, most of all, a common language. Their paths had always brought them together, and it would be a pleasure to continue to work together in the WTO.

16. The representative of Angola said his country maintained excellent relations of fraternity and friendship with Cape Verde at a bilateral level in the context of the community of Portuguese-speaking countries. He wished to welcome the efforts undertaken by Cape Verde to permit its graduation from the list of LDCs. This exemplified the determination of African governments to break the vicious circle of poverty, famine and underdevelopment, and to embark on the path of sustained economic growth which would enable other LDCs in the coming decades to maintain their level of economic growth and gradually to reduce poverty. He also wished to appeal to the international community and to development partners to support Cape Verde in its future economic reforms.

17. The representative of China said that being a close and friendly partner of Cape Verde, China was pleased that the General Council had approved its terms of WTO accession. It was generally recognized that negotiating WTO accession was a tough process, and it was particularly so for an LDC, given its domestic constraints. China noted that in the past seven years, Cape Verde had undertaken wide-ranging reforms of its economic and trade regime, in spite of many difficulties and challenges, and as a result had made remarkable achievements in terms of both economic and social development. China looked forward to hearing more good news about Cape Verde with its accession to the WTO, which would deepen the country's integration into the world economy and hence contribute to its economic and social development. Conclusion of Cape Verde's accession negotiations was certainly the one bright spot in the WTO's work in 2007, and demonstrated that the multilateral trading system had not lost its attractiveness. His delegation congratulated the Working Party and its Chairman for their hard work and great contribution. China would work closely with Cape Verde once it formally joined the WTO.

18. The representative of the United States said he wished to make two comments. First, all had spoken a lot about the development dimension in the WTO, but when a country such as Cape Verde went through the exercise of joining the WTO, this demonstrated – much more than the rhetoric – that the system of rules in the WTO was the starting place for development. Second, Cape Verde's package had a very forward-looking perspective, while Members often – when they negotiated trade agreements – paid a lot of attention to their current patterns of trade. Looking at the Cape Verde package, one was looking at that country's future patterns of trade and its potential for trade in the future. A perfect example of this was that Cape Verde was the first LDC, and only the second African country, to join the Information Technology Agreement. This fact was testimony to the country's forward-looking perspective. His delegation looked forward to working with Cape Verde in the future as it became a Member.

19. The representative of the European Communities said that the EU and Cape Verde had privileged bilateral relations, which derived from close historical, cultural and linguistic links. The EU was happy to receive Cape Verde as a Member of the WTO. This was a clear recognition of Cape Verde's efforts to reform its economic, judicial and institutional systems so as to successfully integrate into the multilateral trading system. His delegation also wished to thank the Chairman of the Working Party for his excellent work, as well as the Secretariat.

20. The representative of Colombia, on behalf of GRULAC, said that WTO accession was a powerful incentive for the Government of Cape Verde to solidify its institutions and continue its

economic and social reforms, with a view to enabling it in the near future to join the club of middle-income countries. It would be a pleasure for GRULAC to work side by side with Cape Verde in the WTO framework.

21. The representative of India said that through Cape Verde's accession, the WTO was further enriched and became even more representative of the enormous economic diversity around the world. His delegation had noted with interest Cape Verde's dramatic progress on its way to development and looked forward to working with it in the WTO.

22. The representative of Cuba supported the Council's approval of the accession of Cape Verde, a brother country in Africa with whom Cuba had a long history of close links, not only political and economic, but also blood links. Cuba hoped that all Members, particularly the developed ones, would help and contribute with concrete acts to ensure the proper integration of Cape Verde in world trade, in keeping with its sustainable development needs.

23. The representative of Senegal said his delegation wished full success to Cape Verde and assured it of Senegal's full cooperation.

24. The representative of Hong Kong, China said this was an auspicious occasion and a milestone achieved through more than eight years of hard work. Cape Verde's accession to the WTO would allow it to build on the success of the reforms it had initiated since the early 1990s and achieve further economic growth. Hong Kong, China looked forward to working with Cape Verde in the months ahead to conclude the DDA negotiations and to further the spirit and implementation of open and non-discriminatory trade rules.

25. In addition to these statements, the representatives of Canada and Mauritius wished also to be placed on record as welcoming and supporting the accession of Cape Verde.

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

2. Liberia – Request for Accession (WT/ACC/LBR/1)

27. The Chairman drew attention to the communication from Liberia in document WT/ACC/LBR/1, requesting accession to the WTO Agreement pursuant to Article XII, and said that if delegations were agreeable to considering this request positively, he would propose 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 Liberia 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 Liberia.

28. The General Council agreed to establish a working party with the terms of reference and composition as read out by the Chairman.

29. The Chairman then invited the delegation of Liberia 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 invited Liberia, 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 of the accession process.

30. The representative of Liberia, speaking as an observer, said this day marked a significant step in Liberia's efforts toward socio-economic and political development. Liberia had had an arduous past. However, with a credible and determined government and the support of the international community, it continued to make significant national progress and strides to regain its credibility among the comity of nations. In June 2007, his Government had formally communicated its desire to accede to the WTO and had subsequently received overwhelming support from the WTO and other development partners. The WTO had recently successfully implemented a sensitization workshop in Liberia. His country was cognizant of the importance of trade to its socio-economic agenda. While trade was not the single most important factor, a dynamic trade and export sector was vital to alleviating poverty, attracting foreign direct investment, fomenting self-sustainability, and maintaining political stability. Since the current Administration had assumed office in January 2006, considerable accomplishments had been made in recovering from conflict and addressing poverty. Liberia had, and continued to put in place, structural economic and socio-political reforms to improve the lives of its people and ensure an enabling environment for sustainable peace and growth. US\$421 million of Liberia's debt had been cleared by the World Bank, and it was hoped that the IMF and African Development Bank would follow suit. This would position Liberia for complete debt relief under the Heavily Indebted Poor Country Initiative and the Multilateral Debt Relief Initiative. Needless to say, this would allow Liberia to focus and expend its resources, determination and capacity on poverty reduction, governance, and security. Upon taking office in 2006, the current Administration had established a 150-day Action Plan which had facilitated the reorganization and development of the national security apparatus, reorientation of economic and budgetary priorities, and restoration of basic public services such as electricity and water to parts of the capital. This had been followed by an Interim Poverty Reduction Strategy in June 2006 that had guided the country's recovery and would also serve as the course to a full-scale Millennium Development Goal-based Poverty Reduction Strategy to be launched in July 2008. The Interim Poverty Reduction Strategy rested on four broad policy frameworks, or pillars, namely: national security, governance and the rule of law, infrastructure and basic services, and economic revitalization.

31. Among the achievements under the economic revitalization pillar, Liberia had maintained a balanced budget and achieved a revenue increase of 40 per cent; had formulated sound macroeconomic policies and commenced sector policy reforms as a foundation for developing its Poverty Reduction Strategy; had implemented the Government Economic Management and Assistance Program which provided technical experts for revenue generation in key Government institutions; had advanced the review of the Revenue and Investment Incentive Codes; had met political and economic requirements that ensured the lifting of UN sanctions on diamonds and forestry, which were important trade resources; and had engaged the private sector and fostered a public-private collaboration that was yielding tangible results. In addition, Liberia had begun a Diagnostic Trade Integration Study with the assistance of the World Bank, and had established a National

Implementation Unit to coordinate the implementation of an Integrated Framework process to provide trade and export-related technical assistance across government agencies. Liberia was committed to incorporating this and mainstreaming trade into its national development strategy. In line with increasing its capacity and efficiently contributing to economic revitalization, the Ministry of Commerce and Industry, like other agencies of government, had begun major restructuring and institutional assessment. Liberia had begun collaboration to formulate a contemporary and realistic trade policy that would ensure the development of its trade sector and its effective integration into the global trading system.

32. Under the other important pillars, Liberia had restructured the army and the police to serve and protect the people and its partners in progress; had begun an overall Civil Service reform; had enacted into law the Governance Commission and Anti-Corruption Commission legislation; had formulated and disseminated Anti-Corruption Policy and Strategy; had begun the rehabilitation and renovation of roads, bridges, ports, hospitals, schools, market places and other public infrastructure; and had enforced compulsory primary education by eliminating fees in all public schools, which had resulted in a 44 per cent increment in enrolment. Liberia had much to offer, including a business-friendly environment. It was blessed with an abundance of natural tradable resources, including iron ore, gold, diamonds, agricultural products such as rubber, coffee, cocoa and oil palm, huge forests approximating two-thirds of West Africa's, ideal soil and rainfall, and a vivacious determined workforce. Liberia was cognizant of the fact that its economic recovery faced many challenges, among which was developing an effective and productive trading system. It viewed these challenges as opportunities, and was determined, with the strength of a dynamic leadership, to put in place policies and procedures to address these challenges and circumvent others. In order to continue to tackle these and other constraints, several working groups, including a Commercial, Trade, Export, and Industrial Policy Working Group, had been established with the participation of Government at the highest level alongside members of the private sector and developmental partners. Liberia was ready and committed to meeting all the challenges ahead with the support of the international community, and was grateful for the latter's continued cooperation. He assured the Council that Liberia would enthusiastically participate in the cause of the WTO, and would vigorously play a constructive role to advance, integrate and improve the multilateral trading system. To this end, Liberia solicited Members' support and thanked them.

33. The representatives of Sri Lanka for the Informal Group of Developing Countries, Lesotho, Jamaica for the ACP Group and Uganda for the African Group welcomed and congratulated Liberia on the establishment of the Working Party on its accession, and expressed the hope that its accession process would be expeditious.

34. The representative of Sri Lanka, on behalf of the Informal Group of Developing Countries, invited the delegation of Liberia, as a developing country, to participate in the work of this Group.

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

3. China – Transitional review Under Section 18.2 of the Protocol of Accession to the WTO Agreement (WT/GC/113, G/L/844, S/C/29, IP/C/47, WT/BOP/R/87)

36. The Chairman recalled that Section 18.2 of the Protocol of Accession of China to the WTO Agreement provided that "[t]he 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 "[t]he 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. The following issues were to be addressed by the General Council at this 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 third, recent developments and cross-sectoral issues regarding China's trade régime. 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/113, which provided information required under Sections I and III of Annex 1A of the Protocol of Accession. The reports of the subsidiary bodies on their respective reviews of China's implementation of the WTO Agreement and of the related provisions of the Protocol of Accession were contained in the following documents: G/L/844, S/C/29, IP/C/47 and WT/BOP/R/87.

37. The representative of China said that since its WTO accession, China had attached great importance to the transitional reviews regarding the implementation of its WTO accession commitments. With a proactive and cooperative attitude, his Government had devoted enormous resources in preparation for these reviews. Each year, some 30 governmental institutions participated in the process. To facilitate the reviews by the 17 WTO bodies within their mandates, China had provided relevant information in advance of the review meetings as required under Section 18 of China's Protocol of Accession, and had given detailed responses to questions raised by other Members. China was fully aware of its responsibilities in the organization, had given top priority to the implementation of all of its WTO accession commitments, and had faithfully fulfilled its obligations, resulting in substantial improvement in the level of market access in the goods and services sectors and in a much more transparent and predictable trade regime and policies. China's average tariff had been reduced to 9.9 per cent from 15.3 per cent in 2001. China had phased out all its non-tariff restrictions on imports that were inconsistent with WTO rules, including relevant import quotas, designated trading and import licenses. Control on trading rights had been removed completely. Out of the total number of 160 services sub-categories specified by WTO, China had made and implemented commitments in 104 sectors. In addition, China had revised some 3000 pieces of domestic laws and regulations in accordance with WTO rules and had promulgated a series of new domestic laws and regulations to fulfill its WTO commitments. During the past six years, growth of the Chinese economy and trade had remained robust. The GDP growth for this year would be about 11.4 per cent. This would not have been possible without sticking to the policy of reform and opening. China's membership in the WTO, China's growing trade worldwide and China's continued attraction of foreign investment had greatly contributed to economic growth and the improvement of the living standard. In 2007 China's total trade volume would surpass the US\$2 trillion mark, and the accumulated amount of profit remitted overseas by foreign investors was reaching US\$60 billion. According to the World Bank, China's annual contribution to world economic growth had averaged 13 per cent since China's entry into the WTO, which equalled US\$75 billion added to the world economy.

38. China had always been a firm supporter of the multilateral trading system. As all knew, China's tariffs on industrial products were bound at the low level of nine per cent. China's tariffs on agricultural products were bound at 15.2 per cent, while the world average was 62 per cent, and China's average agricultural tariff was lower than that of some of the major developed countries. China had abolished all of its export subsidies on agricultural products in the 1990s and had undertaken not to provide any export subsidies on agricultural products. The domestic support provided to its agricultural production was also limited, since its AMS was zero. In the area of services, China's commitments to liberalization in some sectors were even higher than some developed-country Members. The performance by China in its trade regime with regard to agriculture, NAMA and services was a clear demonstration of its strong commitment to the multilateral trading

system. Meanwhile, China had also made active and constructive efforts to push forward the Doha Development Round for an early conclusion. The past six years of transitional reviews had greatly facilitated Members' understanding of China's trade regime and policies. They had also facilitated China's implementation of its commitments, which had led to further reform and opening of the economy. His delegation expressed its sincere thanks to the chairpersons of all relevant WTO bodies, as well as the Secretariat, for their work in the review process. China was particularly grateful to the overwhelming majority of Members who had shown their full confidence in and support for China's reform and opening process and its objective to build a harmonious society and a harmonious world.

39. The representative of Japan said China's Transitional Review Mechanism was a good opportunity to promote mutual understanding on the implementation of the commitments China had made at its accession, as well as on how China was addressing its current trade-related issues. Japan expected China to continue to be engaged positively. For the present year's review, many of the specific issues raised in Japan's questions had also been raised or shared by many other Members. Japan had found some of the responses from China to be helpful, and appreciated these. However, some others were not fully responsive. Japan expected that these questions and issues would be more fully addressed and more clearly answered in the upcoming relevant meetings. Japan hoped that China would continue to make efforts to take the necessary steps to establish and implement relevant laws and regulations and to improve transparency, and was convinced that China knew this was good for it.

40. The representative of the United States said his delegation appreciated the opportunity at the present meeting to share its observations on the present year's reviews under the Transitional Review Mechanism. First, he wished to thank the Chinese Ambassador and delegation and the many officials in Beijing who had worked so hard to provide responses to the numerous questions Members had raised. The United States recognized the enormous amount of time and effort the TRM required, particularly on the part of the Chinese Ministry of Commerce which oversaw China's efforts in the WTO. He recalled that the TRM had been created largely because China had been admitted to the WTO before it had revised all of its trade-related laws and regulations to become WTO-compatible, and also because China had been allowed a variety of transition periods before it had to take on certain WTO obligations. Thus, the TRM remained an important and useful mechanism. However, the focus of these transitional reviews had begun to change, and this was because approximately a year earlier, China had reached the point where it would have completed the phased-in implementation of almost all its commitments, and as a result the TRM had begun to focus more on China's adherence to the range of WTO rules than on implementation of specific commitments in its Protocol of Accession. Although not complete in every respect, China's implementation of its WTO commitments had led to a tremendous increase in trade, which China had documented in its statement, while deepening China's integration into the international trading system and facilitating and strengthening the economic reforms China had begun nearly three decades earlier. That said, his delegation had found in its own bilateral relations with China three issues involving fundamental WTO obligations where, even with sustained and intensive bilateral engagement, China had failed to address the United States' WTO concerns, and as a result the United States had pursued WTO dispute settlement to address these concerns. First, together with Mexico, the United States had challenged several prohibited subsidy programmes that were benefiting a wide cross-section of China's manufactured trade. He was pleased to say that China had agreed to settle this case by committing to eliminate all the subsidies at issue. The United States had also filed in the past year a challenge to key deficiencies in China's IPR enforcement regime, and had also filed a challenge to market-access restrictions affecting the importation and distribution of copyright-intensive products, such as films, DVDs, music and books.

41. At the root of many of the problems currently being encountered was China's continued pursuit of problematic industrial policies that relied on excessive government intervention in the market through an array of trade-distorting measures, and this was a reflection of China's historic yet

unfinished transition from a centrally-planned economy to a free-market economy. A few examples of these problematic industrial policies were the following: China continued to apply auto-part regulations that imposed, in the US view, prohibited local-content requirements; China was making increasingly restrictive use of export quotas and export duties on a number of raw materials where it was the world's leading producer, and this raised serious WTO concerns because it enabled China to drive up world prices while lowering domestic prices, thereby giving artificial advantages to a wide range of downstream producers in China as they competed against foreign downstream producers either in the Chinese market or in the world market. China also continued to pursue unique, national standards in a number of areas of high technology where international standards already existed. For example, even after committing to technology neutrality for the telecommunication standards, China's regulatory authorities continued to promote home-grown standards and to expand its test market. China had also sought to protect many domestic industries through an increasingly restrictive investment regime. For example, recent measures imposed requirements for state control of critical equipment manufactures and established rules for mergers and acquisitions that conferred broad and vaguely defined powers on the Government to block investments in a range of industries and to prevent further foreign investment in so-called pillar industries.

42. Meanwhile, enforcement of intellectual property rights in China continued to be ineffective. While the United States welcomed the steps China had taken in this regard, including its April 2007 action plan, much more needed to be done. In the area of agriculture, unpredictable practices by Chinese customs and quarantine officials delayed or halted shipments of agricultural products into China, while sanitary and phytosanitary standards with questionable scientific bases and a generally opaque regulatory regime created problems for traders in agricultural commodities. In some services areas, Chinese regulatory authorities continued to frustrate efforts by foreign providers of banking, insurance, telecommunications, construction, engineering, legal and other services to achieve their full market potential. Two issues in the services area were of particular concern. The first involved Chinois, China's state news agency, which had persisted in its refusal to withdraw rules issued in September 2006 imposing new restrictions on foreign providers of financial information services. The second issue involved important commitments scheduled to be phased in by December 2006 which the United States believed should allow foreign credit-card companies to provide electronic payment processing services for Chinese domestic currency transactions. Foreign companies still did not have that right. Thus, in general, continuing efforts were needed to reduce market barriers, to increase transparency and predictability and to fully institutionalize the market mechanisms in China. The United States recognized the important contribution Chinese economic progress was making to global growth and development, and appreciated the efforts China had made in participating in the present year's TRM. His delegation looked forward to the following year's TRM and was committed to working with China in the years ahead.

43. The representative of the European Communities said his delegation continued to believe the TRM was a useful mechanism. It therefore encouraged China to participate actively in it. The TRM was a fundamental multilateral forum for exchanging concerns with China's WTO compliance efforts. The EC, like other Members, had set out its concerns in detail in writing in the various communications circulated in advance of the meetings of the various bodies. However, it regretted that it had been obliged to raise again a good number of issues that had been raised in the same bodies in the past and to repeat questions, such as those related to uneven EPA enforcement, licensing measures, discriminatory treatment in the auto sector and unjustifiable export restrictions. These questions had not yet been answered in a fully satisfactory fashion. The Community also regretted that China had in most cases not circulated any written contribution to this exercise ahead of the meetings, despite its obligation to do so. This was all the more regrettable, as in many cases the EC had also raised the same issues bilaterally and had similarly not received satisfactory answers. The EC regretted that there still appeared to be a real gap in what China believed it had done and what its WTO partners expected it to do. The Community hoped China would address this situation very soon, fully respecting its obligations under the WTO.

44. The representative of Mexico said his delegation appreciated the reports presented for the purposes of this sixth transitional review, which had enabled Mexico to gain a better insight into China's efforts to amend its legislation and administrative measures in order to bring them into conformity with its WTO commitments. The information provided by China had given Members a clearer picture of its various subsidy programmes, the phasing-out of which had been agreed with China. Mexico thanked China, and its Ambassador in particular, for supplying that information. Nevertheless, there still remained a considerable number of pending questions raised by Mexico in the Committee on Subsidies and Countervailing Measures in the autumn of 2006, relating to programmes granted by authorities at different levels of central government, that had not been included in China's notification for that year. Mexico also had requested information on the type of enterprises benefiting from tax exemptions and the sectors involved. China had provided no response whatsoever so far, and his delegation would be grateful to receive the requested information so that points of convergence could be found and current concerns dispelled.

45. The representative of Cuba said his delegation was grateful for the information supplied by China and the reports of the various bodies concerning China's TRM. China was an enormous country in terms of territory and population, which had inherited a heavy burden of underdevelopment and territorial inequality, and had been and continued to be confronted with a daunting challenge, with which it was dealing step by step. As some had said, too much haste could destabilize one of the world's largest economies, with harmful consequences for other Members. China had gone from being a backward and almost feudal country to being one of the most dynamic and vigorous economies in the world, with a more equitable internal distribution of the benefits of its development. According to the United Nations, China, together with India, was one of the countries that had contributed most to reducing poverty in the world. At the same time, although also a developing country, it was contributing increasingly to official development aid, including Aid for Trade, and in contrast to the developed countries, its aid was offered without conditionalities. The successful first China-Africa Summit was worth highlighting in this respect. His delegation wished to point out once again the discriminatory nature of this annual exercise to which no other Member was subjected. Cuba was also concerned by the suggestions and demands of some of the developed countries, in the Council and in other WTO bodies, which went beyond the general legally binding rules relating, for example, to the different forms of property in China. Some of the criticisms regarding domestic subsidies, intellectual property and non-tariff barriers implicitly reflected a double standard, since the developed countries that were making them had themselves failed to comply with what they were asking of China, or for years had failed to observe certain rulings of the Dispute Settlement Body.

46. The representative of China thanked Members who had made objective and encouraging comments on China's implementation of its commitments. China would, as always, continue to improve its work and adopt measures to further open and reform its economy. He also wished to thank those Members who had raised more questions. He would pass these on to his capital and was sure they would be helpful for the improvement of China's work. His delegation fully understood why some Members still had complaints about China's implementation of its commitments, in spite of the tremendous efforts China had made. Some of those complaints were due to the diverse opinions and positions on certain issues for various reasons, including different interpretations of relevant WTO rules. Others were due to the great expectations of China for further liberalization, which had nothing to do with its accession commitments but was something that had to be settled during the Doha Round. Nothing was perfect in this world. He was very reluctant to point out that even some major developed countries which were founding Members of the WTO had much room for improvement in performing their obligations in areas such as implementation issues, S&D treatment for developing countries, compliance with DSB rulings and the fulfillment of commitments in textiles and clothing trade. Furthermore, some Members still needed to fulfil their obligations under Section 18 of China's Protocol of Accession. He wished to thank the Council Chairman, all the Chairs of the subsidiary bodies, all Members and the Secretariat for their positive efforts and inputs during the whole process.

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

4. Report by the Chairman of the Trade Negotiations Committee

48. The Chairman invited the Director-General, as Chairman of the TNC, to report on the TNC's activities since his last report to the Council.

49. The Director-General, Chairman of the TNC said³ that in his last report to the Council in October, he had highlighted that the negotiations had started again to move ahead in earnest. At present he believed Members were closer to achieving their major goal – establishing modalities in Agriculture and NAMA, which in turn would pave the way to the conclusion of the Round. It was doable and Members were now closer to their goal, but it was not yet done. Since his last report, the TNC had held one informal meeting on 30 November. His opening remarks at that meeting had been made available to delegations in document JOB(07)/191, and he wished to underline a few points he had made then. He had given a brief overview of the progress made in the negotiations across the board. More progress was needed of course, starting with Agriculture and NAMA, and Members had to aim to step up the pace in all areas and prepare for the final phase of the negotiations. The discussion at the meeting had been useful and frank. It had reflected a widely shared understanding that substance was now driving the process, starting with Agriculture and NAMA. Securing agreement on the modalities continued to be Members' primary focus, but it had also been clear from the discussion the importance participants attached to progressing on the other issues in the negotiations. In this respect, the Single Undertaking remained the basic guarantee to all participants. The different negotiating issues were moving at their own rhythm and Chairmen's texts would appear as the substantive discussions in the negotiating groups ripened these issues. It was therefore important that Members kept a sustained pace of work in all negotiating groups. He believed this was the best way to ensure that all issues received appropriate treatment, so they could come to full maturity in time to conclude the Round.

50. While circulation of the revised draft modalities texts in Agriculture and NAMA had originally been foreseen in November, it was now clear, particularly in Agriculture, that a bit more time would allow more details to be settled, which would allow the Chair to table a more comprehensive revised text. Both the Agriculture and NAMA Chairs would resume their consultations in early January, following which they intended to circulate their revised texts somewhere around the end of January. The establishment of the modalities should then be about one month later, which was likely to necessitate a horizontal process – that is, one covering both Agriculture and NAMA together. Members would only know at what level this horizontal process would need to take place once they had seen how much work remained to be done to get to modalities. All seemed to agree that the modalities were the gateway to concluding the Round. Once they were in place, a new phase in the negotiations would open with three components to run in parallel: scheduling agriculture and NAMA, tabling final offers and scheduling in services, and finalizing the other rule-making parts of the negotiations. Since the informal meeting on 30 November, work had continued across the board. The process continued to be text-driven in key areas, and it was substance that drove the texts. The aim of circulating draft texts was to give the negotiators a basis from which they could work. The Chairs were providing their texts to assist the negotiators – that was their role, and they were well aware that subsequent revisions of their initial texts would be necessary. This was, in his view, the only way to move towards consensus.

³ The statement was subsequently circulated in document JOB(07)/217.

51. As he had foreshadowed in his remarks on 30 November, the Rules Chairman had now circulated his draft consolidated texts on anti-dumping and subsidies and countervailing measures, including fisheries subsidies. As expected, the reactions to his texts had been varied. This reflected the significance of these texts and the important areas they covered. It was clear, however, that the Rules negotiations had now moved to a new level of specificity, and this was a welcome development. In the area of Trade Facilitation, progress had also been registered on the bottom-up drafting process initiated the previous month. Similarly, in the S&D Work Programme, text-based discussions had progressed on the Agreement-specific proposals and the Monitoring Mechanism, and as Members would hear from the CTD Special Session Chairman later in the meeting, he intended to come back to these discussions early in 2008. In other areas, some differences had become more apparent, notably in Services and in Trade and Environment. Without in any way diminishing the importance of the positions involved, he believed one could see these too as evidence that the negotiations overall were moving to a more intensive phase. The high-level political commitment on every side to concluding the Round successfully continued to be reiterated constantly. It had been very much a prominent feature of the contacts and meetings he had had with Governments and Ministers since he had last reported to the Council in October. The challenge remained to give practical effect to this commitment and to do it without delay. While Members' major focus had to remain on substance, they would also have to keep an eye on the clock. As all knew, time and tide waited for no man. If Members agreed on modalities early in 2008, he believed they should be able to conclude the Round before the end of 2008. At the 30 November informal TNC, he had provided a brief update on the issues of GI extension and the relationship between the TRIPS Agreement and the CBD. Since his last report in July, DDG Yerxa had continued to hold consultations on his behalf in various formats on these issues. During his consultations, the proponents on both of these issues had proposed language that would provide for a commitment to negotiate in these two areas. These proposals had met opposition from other Members. After the 30 November informal TNC, Mr Yerxa had held open-ended consultations on these issues, which at the present stage had not revealed changes in delegations' positions, so he would continue his consultations with a view to finding common ground.

52. All delegations who spoke thanked the Director-General for his report on the state of play in the Doha Round, and for his and the negotiating group Chairs' efforts to advance the negotiations.

53. The representative of Brazil, on behalf of the G-20, said that with regard to the negotiations on Agriculture, the G-20 remained fully committed to the Doha Round, and was ready to play its part in the quest for a successful outcome. This commitment had been restated as recently as the previous month, when the G-20 Ministers had met in Geneva. The G-20 Ministers had reaffirmed their willingness to strive for a result that lived up to the development dimension of the mandate. The G-20 – and in fact the developing world – was united in stressing that results in Agriculture would determine the pace and level of ambition of the negotiations in the Round. In this connection, a substantial outcome had to be achieved in the three pillars of the negotiation. The range and complexity of the distorting policies applied by developed countries required comprehensive solutions in export competition, domestic support and market access. Partial movements and in each pillar were not sufficient to ensure meaningful or acceptable results in the negotiations. Developed countries were accountable for the main distortions and restrictions in agriculture, and they had to live up to their responsibilities. The G-20 remained ready to work constructively and in a problem-solving mode with other Members so as to advance to final negotiations on full modalities. In this spirit and trying to offer a pragmatic and realistic approach, the G-20 had tabled the previous day a number of papers and proposals which were geared towards finding clarity and balanced solutions on domestic support, export credits, tariff capping, sensitive products, tariff escalation, and tariff simplification. The G-20 expected that other countries and groups would also display similar flexibility in the interest of preserving the level of ambition of the agricultural negotiation while moving them to a successful conclusion. The move towards horizontal negotiations would require texts that were complete and balanced, that provided clarity concerning the actual contribution to be made by developed countries, and that emanated from a multilateral, transparent and bottom-up approach. The G-20 would

continue to work closely with other developing countries with a view to achieving a timely, balanced and proportionate outcome that was acceptable to all. The calendar of the negotiations had once again been stretched, and revised drafts were now expected at the end of January. The G-20 had agreed to this new delay because it remained convinced that substance had to take precedence over time constraints. The G-20 was ready to resume work on 3 January, under the leadership of the Chair of the Agriculture negotiations, and to conclude full modalities in the shortest period of time. Once the Chair's text was circulated, it was important and appropriate to have a round of initial discussions at the level of the negotiating group before moving to the horizontal process.

54. Speaking on behalf of Brazil, he wished to make some additional comments on other topics. On NAMA, South Africa would speak on behalf of the NAMA-11, and he associated his delegation with that statement. For Brazil's part, he wished to stress that the revised NAMA draft had to reflect all positions and perspectives. It was only on the basis of such a paper that it would be possible to build higher levels of convergence and move to horizontal negotiations. On Services, Brazil noted with concern that some Members were trying to rewrite Annex C and change the mandate of the Services negotiations. Unilateral assessments of the plurilateral negotiations presented by some Members were subjective and could not serve as the basis for any collective evaluation. It was of paramount importance for any draft to fully respect the mandate. Brazil was encouraged by the Chairman's pledge to produce a text in a bottom-up, transparent and inclusive manner. On Rules, Brazil favoured the presentation of a draft Chair's text as a necessary step in the negotiations. However, proposals discussed in the Negotiating Group had not been reflected in a balanced way throughout the text. The positions of few Members had been disproportionately incorporated, to the detriment of the interests of the majority of the membership, particularly developing countries. Beyond that, the legalization of zeroing undermined the credibility of the Dispute Settlement Mechanism and significantly reduced the level of ambition in market access negotiations by allowing the proliferation of new and arbitrary barriers. On environmental goods, an outcome should bring about positive results for trade, for the environment, and for development. A recent proposal by major trading powers failed to do so, as they were exclusively oriented towards creating new market access on the basis of a list of products unilaterally declared as environmentally friendly. One of the proposal's most striking features was that it did not contemplate biofuels, thus compromising its credibility. On the TRIPS Agreement and CBD, there had been a significant increase in support for an amendment to the TRIPS Agreement. Co-sponsorship of the "Article 29bis" proposal had increased from 14 to some 60 Members, including all of the African Group and the LDC Group. For the majority of developing countries, therefore, this was considered an essential development outcome of the Doha Round. He also wished to stress the urgent need for concrete results on all outstanding development issues, in particular DFQF market access, S&D treatment, implementation issues and cotton. He wished to conclude with a few observations regarding process. Members had been confronted lately with a number of position papers, particularly from the largest Members, which were maximalist and uncompromising. This was not helpful. Brazil was committed to a successful conclusion of the Round, and had been open to dialogue on all fronts. At the present late stage in the negotiations, it was of the utmost importance that all parties engaged constructively and remained open to prepare for real negotiations. In the Chairs' texts and in the consultations that had followed, the interests of developed countries were being accommodated at the expense of ambition. At the same time, there was growing pressure to make developing countries pay a disproportionate price for the Round. This would not succeed. Brazil trusted that the revised draft texts for Agriculture and NAMA would not make that mistake.

55. The representative of Uganda, on behalf of the African Group, extended the Group's appreciation to the Chairs of the Agriculture and NAMA negotiating bodies for their tireless efforts that had helped bring Members closer to convergence on various issues. The African Group reiterated its support of the Doha Work Programme that put development issues at the forefront of the negotiations, and wished to stress that development had to remain an integral part of the overall outcome of this process. This had to be the bench mark of assessing the progress and final overall

outcome of the negotiations. With regard to the process of the DDA negotiations, the African Group supported and commended the multilateral approach where the Chairs of the negotiating bodies had continued to help and guide Members to engage in constructive discussions. The Group therefore wished to stress the need for continued transparency, inclusiveness and a bottom-up approach, so as to ensure full participation and ownership of the process by all Members. In this regard, while Agriculture and NAMA had to lead the way in terms of completing the modalities stage, there should be concomitant progress in the other areas of negotiation, since they all formed part of the Single Undertaking. The African Group appealed to all Members to continue adhering to the DDA negotiating mandates stipulated in the Doha Declaration, the July 2004 Framework and the Hong Kong Declaration. In this regard, the Group also appealed to all Members to regard the DDA negotiations and their successful outcome as a public good for all humankind, rather than a vehicle for advancing national mercantilist interests. The African Group called for practical political will and flexibility among the major players in the DDA, so that after the Christmas break all Members would fully engage in negotiations and quickly bring the DDA negotiations to a successful conclusion. For its part, the African Group remained committed to working closely with all Members in a constructive spirit to move the DDA negotiations forward to achieve a successful conclusion of the Round as soon possible, but without compromising the substance of the negotiations.

56. The representative of Indonesia, on behalf of the G-33, recognized the seriousness and intensity of Members' engagement in the recent agriculture negotiations. This had been achieved only with the Agriculture Chair's tireless efforts and able chairmanship, not only in facilitating the agriculture process, but also to move it forward. On the other hand, the G-33 was also very concerned with the existing situation in the agriculture negotiations. There had been no strong signs or indication by other Members that they were willing to move and to make new significant contributions in the crucial areas of these negotiations, including, and especially, on Special Products and the Special Safeguard Mechanism. The G-33 had been constructive in its engagement and had consistently sought balanced solutions throughout the agriculture negotiations. The Group so far had been flexible, positive and constructive in its engagement, as had been manifested by its written contributions on both SPs as well as SSM. The G-33 intended to continue its strong commitment to the agriculture process through supportive and constructive stands. The Group also reaffirmed its commitment to working with all Members to secure a more balanced outcome that addressed the development dimensions of the DDA, as well as the genuine concerns of small, poor and vulnerable farmers worldwide. Despite the absence of new and significant movements from some Members, the G-33 was pleased to inform Members that it had submitted a new proposal on Special Products (TN/AG/GEN/27), which represented significantly new movements and positions by the G-33. This had been done in a spirit of moving the negotiations forward, and the Group therefore expected others to respond in similar fashion by showing movement and flexibility. The G-33 had continued its intensive internal work with a view to contributing further, in particular on SSM. However, the G-33 also remained of the firm view that any new contribution or movement from other Members in the near future would have to be subject to flexibilities. By submitting the new proposal on SPs, the G-33 also underscored that the Group had been and continued to be supportive of the agriculture process led by the Agriculture Chair. A much more balanced revised draft text on agriculture modalities, within and among the three pillars, was needed and expected. Modalities on SPs and SSM had to be coherent, holistic and integrated. They also had to respect the sensitivities of individual Members of the Group so as to ensure a satisfactory solution for all its Members. It had to be acknowledged that SPs as well as SSM were not absolute and fixed commercial issues. Both of their underlying development mandates were clear. It was therefore valid and relevant that any solution on SPs and SSM should be in order to adequately address the problems in developing-country Members and deliver a pro-development outcome for all developing countries, regardless of their size.

57. On the process ahead, the G-33 was aware that the agriculture process had to start early in January 2008. Although some Members of the G-33 would be in a difficult situation to participate, the Group stood ready to continue its involvement. Taking into account the central nature of the

agriculture negotiations for G-33 Members, following the issuance of a revised draft text on agriculture, presumably at the end of January, Members should be given adequate time to digest the text. Moreover, in order to reflect substantially on the revised draft text, another round of intensive discussions in the negotiating body should also be convened before there were horizontal discussions. The G-33 attached great importance to the agriculture negotiations, and only with this kind of arrangement could any future and potential way forward of the whole Doha Round be meaningfully achieved. Finally, the G-33 reaffirmed its full commitment to engaging in the negotiations ahead in a constructive and encouraging manner. It should also be clear that the G-33 was firm as well as united, and would be in a very difficult position to consider and join any consensus if its concerns and interests on SPs and SSM were not completely addressed. A successful pro-development Doha outcome had to be balanced and had to secure, as well as incorporate, the core development instruments of SPs and SSM. In the end, the main goal was to provide effective and operational SPs and SSM for all developing countries, including LDCs, which took on board all the fundamental principles and essence of SPs and SSM. The successful completion of the Doha Round was attainable. Once again, the G-33 called on all Members, in particular the major developed countries, to show the necessary flexibility required for the successful and meaningful outcome of the agriculture negotiations.

58. Speaking on behalf of Indonesia, he said his country appreciated the invaluable leadership role of the Chairs of the General Council, the TNC and the various Negotiating Groups, and the enormous efforts they had put into the negotiations throughout 2007. He hoped that Members' continued endeavours in 2008 would move the negotiations forward and lead to the timely conclusion of the Doha Development Round. He also wished to highlight the need for substance-driven, instead of time-driven, negotiations. The WTO should emphasize transparency, inclusiveness, a bottom-up approach and the primacy of consensus in the negotiations in order to conclude the Round. The focus of work should still be on Agriculture and NAMA. Keeping in mind the balance with other areas of the negotiations, Members should continue their work to get better clarity on these two areas, which was aimed at reaching texts of full modalities. On Agriculture, Indonesia associated itself with the statement by Brazil for the G-20. As had been underlined in the G-33 statement, agriculture remained the central issue of the Doha Round negotiations. On NAMA, he associated his delegation with the statement to be delivered by South Africa for the NAMA-11. A bottom-up process remained the main principle in this Member-driven organization, and therefore, any future revised NAMA text should reflect the position of all Members. It was also crucial that the revised NAMA text did not prejudice the outcome of negotiations in agriculture and truly delivered on the mandate of comparability between Agriculture and NAMA, less-than-full reciprocity in reduction commitments, and S&D treatment for developing countries. To that aim, coefficient numbers and flexibilities needed to be further broadened. On Services, Indonesia supported the process being carried out by the Chairman to prepare a text. He wished to emphasize that a text in Services should be comprehensive, balanced and consistent with the principle of progressive liberalization, particularly the flexibilities provided for in Article XIX of the GATS. Furthermore, his delegation expected that the text would not only deal with market access, but would sufficiently address the issue of domestic regulation and the GATS rules, especially ESM. In order to make the forthcoming DDA package acceptable to all, there would have to be a credible outcome on the ESM and disciplines in domestic regulation. Rules played an important role in complementing market access. While having the spirit for greater market access in Agriculture and NAMA, Members should not create trade distortions in Rules by allowing a zeroing methodology in calculating dumping margins, as this would have a negative impact on trade flows. Being the biggest archipelagic country, Indonesia had taken seriously the mandate to discipline fisheries subsidies that contributed to both overfishing and overcapacity. These trade disciplines had to take into account special treatment for developing countries in traditional subsistence and small-scale fishing and in helping the management of the fisheries sector. Therefore, Indonesia had submitted a comprehensive proposal on fisheries subsidies as a middle-ground proposal. As Members made progress across the board, they should not lose sight of the development dimension of the Doha Round. They should uphold the principles of flexibilities and policy space for all developing

countries. In 2008, Members had to devote their best endeavours to concluding a Round that truly contained development outcomes that guided the developing countries towards the path of prosperity. He assured all of Indonesia's continued commitment to engage constructively in consensus-based negotiations that would arrive at a timely conclusion of this development Round.

59. The representative of Lesotho, on behalf of the LDCs, thanked the Agriculture and NAMA Chairs for their tireless efforts in the quest for widely accepted revised modalities texts. The LDCs also wished to thank the Chairs of various other negotiating groups and committees for participating in steering and navigating the process through stormy waters. Although progress might seem very slow, the strides made in the past six months far exceeded those in the preceding two years. Relatively speaking, there had been reasonable progress. Deep down Members all had to be asking themselves why they had not followed this path right from the start. As the LDCs had consistently indicated, substance rather than arbitrary or artificial timelines should drive the negotiating process. It was encouraging to note that this view was evidently now being shared by a large and growing number, including those in key places. Substance should set the pace, while Members should not lose track of time. The Group vehemently urged that its concerns be reflected in the affirmative in the expected revised texts. The Doha Declaration stated categorically that this was to be a development Round. That placed the focus on the needs of developing countries, particularly the LDCs. The LDC Group wished to resolutely underscore the point that the Doha Round had to remain a true Development Round. In addition, it was expected that various future texts would respect and strictly adhere to the various negotiating mandates, to ensure that the development dimension of the DDA, including operationalization of DFQF market access and manageable rules of origin, was not in any way diluted or compromised.

60. The LDCs wished to stress that other parts of the Single Undertaking that included Services, Trade Facilitation, TRIPS and Rules were of vital importance to them. It was comforting to note that there had been intensified activity in these areas as well. A rising tempo had been in evidence. It was the Group's expectation that LDC issues falling in these areas would continue to receive positive and expeditious attention. In Services, however, reluctance to respond to LDC submissions lingered on. This had led to slow progress, although the way had already been paved through Article IV:3 of GATS and Annex C of the Hong Kong Declaration. Members should be reminded that LDCs, for their part, had long autonomously liberalized and opened their services markets. This had been done in the days of structural adjustment. It was now for others to respond. Having said this, the Group wished to commend the Chair of the Negotiating Group on Trade Facilitation on the format for conducting meetings which he had introduced. This format had been instrumental in providing an opportunity for Members to have constructive discussions on various proposals and also to engage in focused textual negotiations. However, the issues of S&D treatment, technical assistance and capacity building remained unresolved, as it was yet to be seen clearly how this was going to be shaped as a horizontal mechanism before the LDCs engaged further with discussions on other proposals under relevant GATT Articles. The LDCs wished to reiterate that in all cases, technical assistance and capacity building should be demand-led, needs-based and user-driven, and should amount to more than mere workshops. The LDCs wished to thank the Chair of the Negotiating Group on Rules for the draft consolidated texts on anti-dumping and subsidies and countervailing measures, including fisheries subsidies. The LDCs hoped that these would meet the objective for which they were intended, which was to stimulate deep reflection by participants on the broad parameters of possible outcomes to the negotiations with respect to the mandate in paragraph 28 of the Doha Declaration. The LDC Group wished to thank the Chair for providing the LDCs with exemptions from the prohibited list of subsidies to the fishing sector, as contained in Article 1.1 of the fisheries subsidies text. As for cotton, this was of paramount importance and great concern to the LDC Group as it affected many of its members. It therefore deserved appropriate, timely and effective concrete action. One could only agree with the view that entering horizontal negotiations had to have, as a prerequisite, modalities texts that were complete, well balanced and the result of a transparent, inclusive and bottom-up multilateral process. To this end, the LDCs pledged full cooperation. The

LDCs wished to reiterate their commitment to the achievement of the objectives of the Doha Development Round and to firmly accentuate the centrality of its developmental dimension. They eagerly looked forward to the resumption of the negotiations early in 2008 and hoped that at the very least, the current momentum could be maintained. The LDCs associated themselves with the statement by Uganda for the African Group.

61. The representative of South Africa, on behalf of the NAMA-11, thanked the NAMA Chair for his intensive efforts to consult Members in an effort to build a revised NAMA text in a bottom-up manner as promised. Since then the NAMA-11 had been perturbed at the hardening of positions by Canada and several developed countries and the presentation of maximalist proposals by the US and EC on flexibilities for developing countries. The NAMA-11 had very clear positions on all elements of the modalities, in particular the issue of the coefficient. This had been expressed in several written submissions, e.g. TN/MA/W/86. The NAMA Chair's July text had completely excluded the views and positions of the NAMA-11 as expressed in these submissions. The revised text had to redress this anomaly and expand the range of the coefficients to include the NAMA-11's positions. Excluding their views again would prejudice the negotiating positions of the NAMA-11 developing countries and skew the negotiations in the horizontal process in favour of developed countries once again. This would not result in a fair process, nor would it facilitate a balanced outcome in the negotiations. It was clear that one could not prejudge the ambition in NAMA while the ambition in Agriculture had not been settled. As the NAMA-11 had stated before, it was only fair that those developed-country Members who wanted a high level of ambition in NAMA should earn it by, among other things, making real cuts in their agricultural tariffs and trade-distorting subsidies, and agreeing to a tariff cap and the elimination of the SSG, before demanding onerous commitments by developing countries in NAMA. An approach that placed NAMA before Agriculture was a clear violation of the mandate in paragraph 24 of the Hong Kong Declaration, which called for a comparable level of ambition between Agriculture and NAMA. The submission by Canada and several developed countries in TN/MA/W/95 argued that developing countries should provide new trade flows. The NAMA-11 countries had demonstrated that major reforms undertaken in their economies and unilateral tariff liberalization, spurring high growth in the last decade, had already contributed significant new trade flows, particularly for the manufactured exports of developed countries. The revised NAMA text should ensure there was sufficient internal balance within the NAMA text between the efforts that were to be made by developed and developing countries. The principle of less-than-full reciprocity in reduction commitments had to be respected. It could not simply be left to each Member's judgement, but had to be measured in percentage reductions from bound rates. The submission by Canada *et al.* asserted that "very few or no cuts will be made into applied rates" with the coefficients in the Chair's proposed range. However, the assertion was patently incorrect, as the simulations undertaken by the Secretariat showed. First, the cuts from bound rates, with a Swiss formula, for developing countries in the NAMA-11 would be the most onerous and deepest cuts ever undertaken by developed or developing countries in all previous rounds of GATT negotiations. Second, using the Secretariat simulations with any of the coefficients on the table, one could verify that all NAMA-11 countries would need to make very significant cuts in their applied rates as well. Members should remember that the mandate required them to make cuts from bound rates, which was the only legal basis for the tariff reduction exercise. The proposal by Canada *et al.* also argued that developing countries should harmonize their tariffs with developed countries. The NAMA-11 had stated in various proposals that harmonization of tariffs was not a mandated objective of the NAMA negotiations and could not be introduced into any assessment of contributions made by developing countries.

62. On the issue of flexibilities, the NAMA-11 had made a number of proposals that set out their views, beginning as early as November 2005. In the past few weeks the NAMA-11 countries had elaborated on these proposals in an effort to explain their particular situation and development needs (Job (07)/177). These development needs should be accommodated by the flexibilities to be provided for in the NAMA modalities text. The NAMA-11 was thus perplexed by the recent EC and US proposal to further restrict paragraph 8 flexibilities, and could not see how this could be brought into

the discussion at the present stage, when the NAMA-11 countries were calling for additional flexibilities, as the current flexibilities provided in paragraph 8 did not adequately address their development needs. The Agriculture Chair had extended flexibilities to a large number of developed countries in Agriculture, in order to accommodate their particular needs. The NAMA-11 urged that flexibilities in NAMA being requested by developing countries be dealt with in a comparable manner to that in Agriculture. Additional flexibility for developing countries in NAMA should be provided to meet the development objectives and mandate of the Round. The NAMA-11 had expressed to the NAMA Chair that he should ensure that, as he prepared to draft his revised text, he take care to reflect the views of all Members. The views expressed by Canada *et al.* in their most recent submissions and the positions taken by a group of developing countries were largely similar, as they supported the present NAMA text. This position represented one extreme of Members' positions. However, a significant group of developing countries had a very different view. For balance, the views of both these groups had to be included by the NAMA Chair in his revised text. The NAMA-11 also insisted that the position of SVEs be fully reflected in the revised text. The NAMA-11 had agreed to an hierarchy of contributions and had supported the view that SVEs and Paragraph 6 countries should make lesser percentage reductions than the developing and developed countries that would undertake formula cuts. The NAMA-11 thus had no hesitation in supporting SVEs' proposal in Job (07)/154 in this regard. On the process as from the tabling of the revised NAMA text at the end of January 2008, the NAMA-11 proposed that a first reading of the NAMA revised text should take place in the negotiating group in order to allow Members the opportunity to have some discussion and hear each others' views before moving to a horizontal process. The NAMA-11 assured the Chairman and all Members that it was committed to a successful outcome that was fair, balanced and development-oriented. They also urged all Members to ensure that the process of the negotiations was fair and balanced. To seek unfair advantage in the process would put a blot on the legitimacy of the process and undo years of work to build the legitimacy of the multilateral trading system. The right to participate in the process and to demand a fair exchange for concessions made by developing countries had to be respected. In this regard, the right of all developing countries to participate – including the small, vulnerable economies and the least-developed – had to be respected.

63. Speaking on behalf of South Africa, his delegation thanked the Chairs of the TNC and the negotiating groups for facilitating a transparent multilateral process in the DDA negotiations since the collapse of the G-4 Potsdam meeting. Since then, however, South Africa had been concerned about the tabling of deeply imbalanced texts by the Chairs of the NAMA and Rules Groups. These concerns had been largely amplified by growing collusion between the United States and the European Communities that sought to lower the ambition of the Doha Round in Agriculture while raising the ambition for developing countries by presenting new maximalist proposals in NAMA and Services. On Agriculture, South Africa fully supported the statements by Brazil for the G-20, Australia for the Cairns Group, and Uganda for the African Group. Agriculture was the main area where the gains for many developing countries, especially in Africa, could be the greatest. It was in this sector where the greatest trade distortions remained, undermining the development prospects of developing countries. These distortions were caused largely by the policies of developed countries. It was for this reason that Agriculture should remain the engine of the Doha Round. While his delegation had welcomed the first draft of the Chair's text circulated in July, it remained concerned about the large gaps that remained, such as the following: On domestic support, the major developed countries had yet to make commitments on real and effective cuts in their overall trade-distorting support and product-specific disciplines. In addition, the mandate on Cotton that affected the livelihoods of West African farmers and the majority of African countries still had to be fulfilled. On market access, the lack of clarity on the modalities on sensitive products made it impossible to ascertain whether new and substantial trade flows into developed-country markets would ensue. On export competition, the monetization of food aid that had a detrimental effect on the recipient's domestic market as well as on regional markets still had to be fully addressed. The revised text on Agriculture had to address all issues in a manner that was true to the Doha mandate.

64. On NAMA, his delegation fully subscribed to the statement by the NAMA-11. In the Services negotiations, South Africa had been making a consistent contribution that sought to maintain a high level of ambition to further open services markets, particularly for those sectors and modes of interest to developing countries. While South Africa had been responding positively to the requests of the demandeurs in a range of sectors, it was perturbed that a substantial number of demandeur countries had expressed reluctance or an inability to make commitments in sectors and modes of supply of interest to developing countries. Furthermore, his delegation's analysis based on the intensive discussion of these sectors in the 11 meetings called by the Chair of the Services negotiations had revealed that most major developed-country demandeurs had made no significant improvements to their Uruguay Round commitments, nor signalled a commitment to open their markets to services that were of export interest to a significant number of developing countries. The principle of progressive liberalization had to apply to both developed and developing countries, with due respect for the principle of proportionality that developing countries were entitled to. Market-access commitments in Services and strengthened domestic regulation disciplines were intrinsically linked. Unlike Agriculture and NAMA, the Services negotiations were already guided by agreed modalities that had been re-affirmed and elaborated in Annex C of the Hong Kong Declaration. The recent proposals on elements for a Services text by developed countries, led by the United States and the European Communities, would undermine the mandate of Annex C by requiring a change in the agreed modalities from a positive list approach to a negative list. Binding national treatment before developing countries had had an opportunity to regulate appropriate frameworks to facilitate increased liberalization would be unwise, especially while developed countries retained their current large number of restrictions. South Africa therefore called upon all Members to display the pragmatism necessary to ensure a fair and balanced outcome to the Services negotiations. On Rules, South Africa had welcomed the Chair's recent text. The Doha mandate to "clarify and improve" the disciplines under the Anti-Dumping Agreement had to achieve an outcome that would tighten the disciplines to avoid any Member using the rules in an arbitrary manner that would impose unfair barriers to trade on other Members. In particular, the disciplines in anti-dumping should not negate the improvements in market access, in either agriculture or NAMA, that Members sought to achieve in the Doha Round. Developed-country Members that demanded ambitious market-access commitments from developing countries in NAMA could not then seek to increase protection in their own markets. South Africa had therefore joined as a co-sponsor with Japan, Brazil, China, India, Norway, Switzerland and others in the statement on zeroing in the negotiations on anti-dumping (TN/RL/W/214/Rev.1), which strongly supported a general ban on the use of zeroing, in line with previous Appellate Body decisions. The high levels of growth and relative prosperity in the developed world should not be taken for granted, as the world economy went into another period of uncertainty with a slowdown of the US economy and the changing economic geography propelled by the new emerging markets. Rising protectionism in developed countries could create conditions for increasing instability of the rules-based system.

65. While South Africa agreed that negotiations in February and March 2008 had to concentrate on the achievement of modalities in Agriculture and NAMA, it was mindful of the need to ensure that issues of importance to all Members were given adequate attention, particularly in areas of interest to developing countries. These included market access in Services, domestic regulation, and modalities for LDCs. Also, responding positively to the proposal of a large number of developing countries on TRIPS and CBD (IP/C/W/474/Add.5) would be an important component of a development-oriented outcome in the DDA. Duty-free quota-free market access for LDCs had to be prioritized and not undermined by the recent reciprocal access some LDCs had made to the EU under the Economic Partnership Agreements. While South Africa applauded the Director-General for his efforts to highlight the importance of Aid for Trade for many smaller developing countries and LDCs, it urged that commitments for the additionality of Aid for Trade needed to be fulfilled, to facilitate the negotiations in some areas of the Single Undertaking such as Trade Facilitation. Finally, his delegation urged developed countries, particularly the two largest members – the United States and the European Communities – to provide the leadership required to conclude the Doha Round successfully and as expeditiously as possible. While they were required to cooperate with each other,

South Africa urged them not to collude to lower the ambition of the Round in agriculture. They needed to make significant commitments as they had promised, to reduce distortions in world trade and enable developing countries, particularly the poorest, to export their way out of poverty. Pursuing maximalist demands of developing countries in Agriculture, NAMA and Services would undermine the development content of the Doha Round and reduce the chances of a successful outcome. Leadership required taking a small step back from mercantilist demands and making a genuine search for solutions to secure a strengthened and stable multilateral trading system. In this regard, his delegation saluted all the G-20 Members that had negotiated hard with each other and had produced a draft text of new submissions that reached out to the developed countries in a spirit of compromise and an attempt to accommodate the concerns of developed countries, including on increasing the tariff caps for developed countries to as high as 150 and 200 per cent in some cases. South Africa urged the United States and the European Communities and all developed countries to display similar flexibility and leadership and to moderate their maximalist demands of developing countries and contribute positively to a successful conclusion of the negotiations on modalities early in 2008. South Africa remained committed to the achievement of a fair, balanced and development-oriented outcome in the Doha Round and would continue to work tirelessly towards this objective.

66. The representative of Australia, on behalf of the Cairns Group, said the Group was encouraged by the intensity of engagement Members had displayed over recent months in the Agriculture negotiations. Members had to act decisively in the new year to complete Agriculture modalities and secure important reforms to the global agricultural trading system. The Cairns Group reiterated its commitment to this task. The contours of export competition had taken shape, with growing consensus around disciplines that would add to existing WTO rules. That said, the Cairns Group would remain vigilant in ensuring that important areas of the mandate were clearly fulfilled. These included elimination of commercial displacement in food aid, which South Africa had just mentioned, and the elimination of export subsidies. In domestic support, percentage cuts at the higher end of the ranges and strong disciplines on product-specific support would be central to effective reductions, and greater clarity was required in relation to disciplines on Blue and Green Box payments, and the mandate on cotton. In market access, however, serious gaps remained. This included areas where Cairns Group Members had articulated reforms – such as, but not limited to, Sensitive Products, the Article 5 Special Safeguard, and tropical and alternative products – where much greater progress was required to address important development goals. Similar progress was required across other elements of the pillar, including developing-country market access. Agreement on modalities could only be reached if Members had certainty of outcomes in all markets. Sensitive Products was an area of particular concern. Cairns Group Members had set out an approach that would provide for clarity of market access in tonnage terms. While the Group had engaged in discussion of alternative approaches, its serious concerns with partial designation remained. It could not agree to modalities that would leave uncertain the final level of MFN TRQ expansion, or allow the commercial value of outcomes to be diminished by the way access was scheduled, in particular through anything other than single-quota approaches.

67. Speaking on behalf of Australia, he said that in reviewing the past several years it seemed that Members had begun to get some things right. First and foremost, they had now established a negotiating process characterized by transparency and inclusiveness. The importance of this should not be underestimated. This was essential to ensure the consensual and comprehensive approach to decision-making that Members required. Second, this negotiating process was firmly bedded in text that was available in Agriculture and NAMA and now in Rules. No one would argue that any of these texts was in any way near perfect, but the fact that Members had such texts now – and hopefully would have more in the next few months – was a significant step forward in the long journey of these negotiations. As the Chairman had said, substance drove the texts and the texts drove the negotiations. If Members had difficulties with the texts on the table, their development, refinement and improvement was in Members' hands. Third, more than just established process and some new texts, Members also had a sense of movement and progress, if not yet strong and clear prospects. However,

all had agreed to step up the pace, and this was an essential ingredient for these negotiations. Regarding the year ahead, Australia remained of the view that the Round could reach a conclusive phase in 2008, but only with hard work and goodwill on the part of all. The essential ingredient remained leadership from all, but in particular from the richest and the more powerful. It would require the good sense of all to recognize each other's interests, as well as the sensitivity to minimise or avoid tactical positioning, to give each other the requisite confidence in the Single Undertaking, and to manifest the political will necessary to ensure that for each Member and in aggregate, this Round enhanced economic development and growth. This was an outcome worth a certain amount of patience and perseverance. Members should now move ahead step by step. Their first step should be engagement early in January that would allow them to move to new texts for Agriculture and NAMA. Then one would see if Members could make the appropriate contributions, each consistent with its own capacity, to ensure modalities and the necessary strong outcome they should reflect. Australia would do its part in this.

68. The representative of Costa Rica, also on behalf of Chile, Colombia, Israel, Mexico, Pakistan, Peru, Singapore, Thailand, and Hong Kong, China, recalled that these countries, all of them developing, had circulated a communication on Formula and Flexibilities for the NAMA Negotiations (TN/MA/W/98) on 14 December. The communication stated that the NAMA Chair's draft modalities text reflected the mandates for the NAMA negotiations and was in line with the 1996 Singapore Declaration in which Members "reaffirm the primacy of the multilateral trading system" The communication also stated that the Chair's text presented the appropriate architecture for finalizing the modalities in NAMA, as a fundamental requirement for an ambitious, balanced and successful outcome across all areas of the DDA, in line with Paragraph 24 of the Hong Kong Declaration and in the context of the Single Undertaking. Under the Chair's draft modalities, about 40 Members would be required to apply the Swiss formula. Only 30 of them were developing countries, and this group represented an important part of the developing countries as well as a very significant part of world exports of non-agricultural products. In this context, the co-sponsors of this communication considered that for developed-country Members, a coefficient lower than the range of 8 to 9 proposed by the Chair would be appropriate to ensure a high level of ambition. For developing-country Members, these countries supported the formula coefficient range of 19 to 23 and the numbers and architecture of the flexibilities in paragraph 7(a) of the Chair's draft modalities text, while paragraph 7(b) was currently under consideration by them. For unbound tariff lines, these countries supported a constant non-linear mark-up of 20 percentage points. They were therefore not prepared to consider any additional flexibility beyond what was currently envisaged by the Chair in his text. On the treatment of SVEs, they supported the proposal in the Chair's draft text, but would be prepared to negotiate the numbers within the architecture presented, as long as the hierarchy of contributions among the Members not applying the formula modality was maintained. For developing-country Members with low binding coverage, they supported the Chair's proposal but noted the latest proposal by the proponents, and expressed their willingness to work with Members to resolve this issue expeditiously. For LDCs, these countries supported their exemption from the formula. Members should carry out their commitments relating to LDCs expeditiously. They also recognized the great importance LDCs attached to the simplification of rules of origin for duty-free quota-free market access, and Members should address their interests and concerns. On the erosion of non-reciprocal preferences, these countries appreciated the Chair's proposal for defining the scope of the problem. However, they noted with concern that the Chair's proposal for treatment was incomplete, as it would negatively affect the export interests of other developing-country Members. Any acceptable solution would require adequate adjustment for Members being negatively affected by the proposed solution.

69. Speaking on behalf of Costa Rica, he said his country supported the plan the Director-General had outlined to conclude the Round in 2008. In the Agriculture negotiations, Costa Rica supported the statement by Australia for the Cairns Group, as well as the positions and proposals presented earlier by that Group. Costa Rica thanked the G-20 for submitting proposals on different topics and for the important contribution this represented for the negotiations. There had been a great deal of

very intense work at technical level in the Agriculture negotiations and some progress had been made, including in the export credit pillar, but his delegation was preoccupied by the dearth of progress on disciplines concerning important issues. In the area of domestic support, there had to be recognition of the need for cuts in the top band, if meaningful reform was to be achieved in agricultural trade, with more effective disciplines. On market access, progress towards ambitious outcomes was also vital if the Round was genuinely to contribute to development. For Costa Rica and many other developing countries that exported agricultural products, an ambitious outcome was key to trade liberalization, including in respect of tropical and alternative products – with particular emphasis on those that were processed – as a way of contributing to sustainable development by taking advantage of comparative advantages in products with greater trading benefits.

70. On the Rules negotiations, Costa Rica was pleased that a new phase had now been opened. It valued the serious work carried out by the Chair of the Rules Group who had very recently presented a text. His delegation shouldered the responsibility that all Members now had, which was to strive towards the necessary balance so as to reach an ambitious and satisfactory agreement. Costa Rica, as part of the group that had made the statement on zeroing, had expressed its concern over the fact that this issue had been included and the need for this practice to be abolished. Costa Rica welcomed the introduction of elements that would limit the abusive use of these measures, but considered that the text was not balanced, and wished to work with the Chair and other Members to try to reach the balance it felt was still missing. The work plan or timetable Members had before them, if they decided to respect it, would still allow them to use the window of opportunity to successfully conclude the Round in 2008. However, the window was very small, which was why it was absolutely essential that Members should seek – together with the technical work promoted by the Chairs and different groups such as the G-12 – to add political will that should recognize the advantages of the Round over and above the differences Members sometimes had. This political will was absolutely essential if Members were to make progress, and it had to be expressed not only in meetings of Ministers, but also by representatives in Geneva and senior officials in the next stage. It was essential that these individuals be given flexibility from capitals so they could move towards convergences. The common systemic interests among Members were numerous. It was normal that sometimes one saw the tree constructed by various constituencies rather than the forest, but it was essential that Members together get a global picture of this forest, which was the Round that offered enormous advantages. This was the type of political will required from each Member in the next stage of the negotiations, to be able to move towards a successful conclusion of the Round in 2008.

71. The representative of Uruguay associated his delegation fully with the statement by Australia for the Cairns Group.

72. The representative of Chad, on behalf of the co-sponsors of the Sectoral Initiative in Favour of Cotton, said the C-4 associated themselves with the statements by Lesotho for the LDCs, Uganda for the African Group, Jamaica for the ACP Group, South Africa for the NAMA-11, and Indonesia for the G-33. They also supported the views and recommendations of Brazil for the G-20 and fully endorsed them. The C-4 wished to reiterate the urgent need for Members to press on with their efforts to find appropriate, concrete and lasting solutions to the vital issue of cotton. These solutions should be sought simultaneously under the trade and development aspects of cotton. Under the trade aspect, the C-4 supported the proposed modalities for cotton submitted by the Chairman of Agriculture negotiations in July. They hoped that with the resumption of the negotiations in January 2008, real progress would be made on the cotton issue. This would only be possible if all Members participated effectively in the discussions and made constructive proposals. Regarding the development aspects, he wished to address this matter under Agenda Item 7, when he would also make some comments and recommendations concerning the mechanism to manage cotton export revenue losses. The C-4 wished to stress that they were speaking of an instrument that would relieve the misery of the poor and vulnerable cotton-producing communities in Africa, and that Members therefore had to devote themselves without further delay to setting up such a mechanism.

73. The representative of Jamaica, on behalf of the ACP Group, thanked the Director-General for his continuing efforts to bring the negotiations to a conclusion. Since September, the membership had been engaged in negotiations on the basis of the draft modalities texts issued in July 2007 by the Chairs of the negotiating groups on Agriculture and NAMA. The membership had made great efforts to demonstrate its commitment to a truly multilateral process with emphasis on the substance of the negotiations. The ACP Group's level of comfort had increased as its call for a transparent, inclusive, bottom-up approach to the process had been heeded, and it envisaged a continuation of this. The ACP Group had therefore been able to welcome the commitment to continuing the text-driven process with a view to concluding the Round successfully in 2008. ACP Trade Ministers had met in Brussels in November and had issued a very comprehensive Communiqué on the DDA, in which they underscored that a development outcome in the Doha Round had to be achieved through placing the specific needs and interests of developing countries at its core. In that regard, the ACP Group could not participate in discussions at the horizontal level before full modalities were developed in Agriculture and NAMA. For this reason, the Group urged caution in moving directly to a horizontal process following the issuing of the revised Agriculture and NAMA texts early in 2008, should these texts not encompass full modalities. There might be need to continue working on certain issues in the negotiating groups, especially in Agriculture. To use a favourite analogy of the TNC Chair, Members had to ensure that all issues within the modalities were evenly "cooked", before engaging in intensive, horizontal negotiations. To do otherwise could endanger the whole negotiating process and disturb the current level of confidence.

74. In Agriculture, the Group continued to support the approach by the Chairman to place emphasis in the discussions on what had been termed the "less textually developed" areas. These included key issues of importance to the Group such as Special Products, the Special Safeguard Mechanism, preference erosion, cotton, duty-free quota-free market access for LDCs, export credits, STEs and food aid. On Special Products, the Group wished to reiterate its support for the flexibilities contained in paragraphs 52-53 of the draft modalities text, which had been extended to SVEs and other developing countries, including the ACP Group, under Footnote 3. The Group once again wished to state that it understood this to mean that the beneficiaries of these flexibilities would only be obliged to reduce their tariffs by a maximum overall average of 24 per cent with no minimum reductions on tariff lines. The Group looked forward to confirmation of this understanding in the revised modalities text. It was also the Group's understanding that countries under Footnote 3 would be able to designate their SPs within the overall maximum 24 per cent average reduction. The Group looked forward to confirmation of this understanding through the placing of the appropriate relevant provisions in the draft modalities concerning SPs. The Group wished to place on record its appreciation for other Members' support for these provisions. It also wished to reiterate its support for the approach outlined in the latest communication from the G-33 for the designation and treatment of SPs by other Members of the G-33 which were not beneficiaries of Footnote 3. The ACP Group supported, in particular, the call for inclusion in the modalities of provisions which allowed for a substantial number of Special Products designated by these Members to receive a zero-cut treatment.

75. Regarding the SSM, the ACP Group fully supported the call by the G-33 for a simple, effective and easy-to-operate SSM in order to guard against market instability resulting from import surges or price depressions. The SSM had to be available to all developing countries and LDCs as long as there was distortion in the world trading system, and could not be more cumbersome or stringent than the existing SSG, in terms of product coverage, triggers or remedies. The ACP countries had long drawn the attention of the Council to the importance of trade preferences to the development of their agricultural sectors and to their overall development needs. The need to balance the interests of all Members was paramount to the continued relevance of the multilateral trading system. This was why the July 2004 Framework and the Hong Kong Declaration fully recognized the importance of long-standing preferences and called for the issue of preference erosion to be addressed. It was against this background that the Group had submitted a proposal for addressing longstanding preferences and preference erosion through appropriate trade and non-trade solutions. The Group also

hoped to issue some revised proposals on preferences at the beginning of 2008. On cotton, the Group supported the position of the C-4 which sought ambitious, expeditious, and specific treatment for cotton, a major agricultural crop for small-scale farmers in Africa. The Group wished to stress the need for both the trade and development aspects of cotton to be addressed. The Group also continued to emphasize the importance of duty-free quota-free market access for LDCs by 2008. This was vital for addressing the socio-economic objectives of these countries, including poverty reduction and food security. The Group also envisaged a solution in respect of the concerns raised regarding commodities and tariff escalation. In the domestic support pillar, a commitment to a substantial reduction in domestic support would be an important confidence-building measure in the negotiations. In the export competition pillar, while the Group recognized that there were provisions for the disciplines on export credits that took appropriate account of S&D treatment for LDCs and NFIDCs, the export interests of small developing countries which needed to make use of export credits should not be unreasonably prejudiced by new disciplines. Furthermore, flexibility for LDCs and NFIDCs should be accommodated by the terms of the agreement to be reached on this issue, especially regarding the repayment terms for export financing support. On STEs, the Group was encouraged by the recognition that small developing countries should be exempt from new disciplines, as their exports under these entities – whose main role was to ensure food security and domestic price stability and to promote their agricultural exports – were too small to create market distortions. The ACP Group wished to see modalities on food aid that would not restrict the delivery of such aid, particularly to those countries and communities that needed it.

76. Since September, Members had been engaged in an intensive process of negotiations on the draft NAMA modalities text. As January neared, when it was anticipated that revised draft texts on Agriculture and NAMA would be issued, it was important to recall some of the key principles and guidelines that had to be borne in mind when revising the draft text on NAMA. These included the following: the revised modalities should be comprehensive and balanced, reflecting the views and interests of all Members, including the ACP; there had to be a reflection of the development dimension, including full recognition of the less-than-full reciprocity principle, which should result in proportionality of contributions, fairness and equity; the revised draft should facilitate further negotiations through the inclusion of ranges, options and brackets, until agreement was reached on the elements concerned. There should be no attempt to foreclose options available to Members, especially developing-country Members. There should be an overall balance in the NAMA negotiations as well as a balance between the negotiations in Agriculture and NAMA, in accordance with paragraph 24 of the Hong Kong Declaration. Due consideration had to be given to the interests and concerns of developing countries as expressed in the consultations held since September. In this regard, the Group wished to re-cap some of the main concerns and issues it had articulated and which it wished to see reflected in a revised modalities text. These were: (i) inclusion of the 70-80 per cent range of binding coverage at a rate of 28.5 per cent for the "paragraph 6" countries – the flexibility shown by these countries had resulted in a real concession on their part and as such should be given favourable consideration by Members; (ii) the need for a trade-based solution to the issue of preference erosion for the products identified by the ACP and LDC Groups, including a longer implementation period of at least 10 years – other solutions should serve only to complement the trade-based solution that was being sought; (iii) improvement in the numbers for the SVEs in line with the proposal tabled by these countries in October; (iv) addressing the concerns of the LDCs, including through the full implementation of the Decision on LDCs for duty-free quota-free market access for their products, the simplification of rules of origin, and enhanced provisions on technical assistance and capacity building; (v) ensuring that the sectoral negotiations, though non-mandatory in terms of participation, were sensitive to the significant adverse impact that these negotiations could have on some non-signatory preference-dependent countries.

77. The ACP Group welcomed the draft consolidated text on Rules circulated by the Chairman of the Negotiating Group, and wished to thank him for his efforts in preparing the draft text, which had not been an easy task given the divergent views and positions of Members. The draft text was being

examined in capitals and she assured the membership of the ACP's continued participation in the discussions in January and February. Regarding the yardsticks being used by the ACP Group in reviewing the draft consolidated text, they would be looking at: the overall balance in the areas covered in the draft consolidated text, particularly in the area of fisheries subsidies which was an area of interest to the ACP Group; the extent to which the development dimension was reflected, including the impact of the proposed amendments on policy space; and the practicality of the proposed amendments, bearing in mind the capacity and resource/institutional constraints of developing countries, including the ACP countries. At an informal meeting on 14 December, the ACP Group had provided a preliminary indication of how it felt the draft text on fisheries subsidies met the criteria mentioned above, particularly regarding (i) ensuring a balance between environmental and developmental concerns; (ii) S&D treatment for artisanal and small-scale fisheries; (iii) inclusion of in- or near-port processing activities and subsidies provided for operating costs which the ACP Group felt should not be included in the disciplines; and some of the institutional provisions, such as those relating to the FAO peer review mechanism on fisheries management systems. The ACP Group would continue its review of the draft text on fisheries subsidies and would come back with more specifics in January. However, it wished to request that ample time be afforded for a thorough examination and discussion of the draft consolidated text, so that developing countries had the opportunity to air their interests and concerns, which should be taken into account in a future revision. The Group wished to emphasize the importance to it of the negotiations on RTAs. The draft consolidated text did not address this aspect of the Negotiating Group's mandate, and the ACP Group looked forward to the resumption of discussions on this issue as soon as possible.

78. The ACP Group took note of the current discussions on a possible text on Services. The Group was not a demandeur for a services text and questioned the need for such a document, particularly as the negotiating mandate and specific modalities for the services negotiations had already been agreed in the Doha Declaration, the March 2001 Guidelines and Procedures, and Annex C of the Hong Kong Declaration. If a text were produced, it should be within the context of the following parameters. Procedurally, a possible text on services might be developed once there had been progress in other areas of the negotiations, including the establishment of full modalities in Agriculture and NAMA. Such a text should recognize and respect the principle of progressive liberalization and the flexibilities afforded to developing countries to liberalise their services sectors in accordance with national policy objectives and the level of development of individual Members. This was enshrined in Article 19 of the GATS Agreement. The ACP Group wished to underscore the centrality of Annex C of the Hong Kong Declaration as the basis for the services negotiations. Annex C was a carefully negotiated text representing a delicate balance on the framework that would govern the level of ambition in the services negotiations that would shape an eventual package in this area. Any attempt to go beyond the confines of Annex C would not be accepted by the ACP countries. In this regard, the Group did not support attempts at introducing benchmarking for further liberalization, which had been among the features of some of the proposals tabled by some Members relating to elements for a possible services text. The development dimension should be reflected by dealing with key, longstanding issues, such as the establishment of the LDC modalities, addressing the S&D treatment proposals tabled by developing countries, and the implementation of Article IV of the GATS, including by responding to the requests from the developing and least-developed countries for greater liberalization in sectors and modes of supply of interest to them. Domestic regulation and GATS rules should also be addressed. The ACP Group continued to participate in the negotiations on domestic regulation with a view to ensuring that future disciplines in this regard had a strong developmental component.

79. Development was a key objective of trade and was at the heart of the Doha mandate. Any evaluation of the development content of the Doha Agenda therefore had to take into account S&D treatment, which was important in terms of both its crosscutting nature and the mandate to make S&D treatment provisions "more precise, effective and operational". The ACP Group remained concerned at the lack of progress so far and could only express the hope that work would advance at a more

rapid pace beginning early in 2008. On Trade Facilitation, the Group welcomed the intensification of work in the negotiating group in terms of trying to build consensus through more focused drafting of texts. The Group wished to emphasize the importance of text-based discussion continuing to take place within a transparent process and at a pace and in a manner that allowed for the concerns of all Members to be taken into account. Further, the mandate on technical assistance, capacity building and S&D treatment was particularly important, and it was critical that discussions on these elements proceeded on a parallel level with that on the proposed trade facilitation measures. Equally important was that the existence of implementation capacity be a precondition for the assumption of commitments by developing and least-developed countries. This was an important element of the development content of the Doha Round. In this connection, the Group wished to thank the Secretariat for the assistance it was providing to ACP countries to undertake their needs assessment with a view to determining their technical assistance and capacity building needs. As Members prepared for another intensive phase in the negotiations in 2008, she wished to signal the ACP Group's commitment to engage constructively as Members sought to realize the promise of Doha.

80. The representative of Switzerland said his country shared the appreciation that the process was now well on track and would allow Members, slowly but surely, to move forward. The TNC Chair had mentioned that Members should not forget about the clock, but one could sometimes stop the clock if this helped improve the substance. His delegation wished to make several comments on Agriculture. There were three pillars in market access – Agriculture, NAMA and Services. For the time being, Members had to address the philosophical question of whether a toothpick in NAMA and a toothpick in Services could be considered as pillars. Switzerland was of the view that Members were very far from any potential balance within these three sectors. On NAMA, his delegation first wished to congratulate the group led by Costa Rica which had gone to the pains of opening a dialogue which he was certain would help Members move forward. He wished to underscore that the higher that ambitions were in Agriculture, the higher the price would be in NAMA. There was no political possibility of the conclusion of a Round that was unbalanced. He also wished to stress that in the area of Services, alongside market access, which was very important, his delegation supported the statements by Indonesia and South Africa on domestic regulation, an aspect of the Services negotiations that was of great interest to Switzerland. In Rules, the Chair had presented quite an all-encompassing text, but from the reactions to this text one might conclude that it was not fully satisfactory. Indeed, it did contribute to levelling down the level of ambition in this area as well. His delegation wished to stress its satisfaction over the very important work done on Trade Facilitation, but there were many points of detail that still had to be looked into within this group if there was to be any progress. Lastly, he wished to comment on geographical indications. Progress on GIs extension needed to be made now, as was the case for the CBD-TRIPS issue. A decision in favour of working out a solution for these two issues as part of the Single Undertaking had to be taken at the same time as the Agriculture and NAMA modalities decision. However, for this purpose, a text-based negotiation would have to take place. Switzerland was therefore satisfied that the TNC Chair intended to have DDG Mr. Yerxa pursue these consultations and hoped they would finally lead to a certain number of results. Members were in a development dimension, and in this dimension they were working within a vast project of the world agenda, i.e. efforts to eradicate poverty. The WTO also had to be sensitive to another item on the world agenda, i.e. environmental concerns, and Members had the good fortune with the Doha mandate of progressing, even if modestly, in this area. It was hoped there would be a consensus here of all participants.

81. Speaking on behalf of the G-10, he said that while these countries congratulated the G-20 for their hard work, the text on capping led to a hiccup, and when one had a hiccup, one was certainly not ready for a dialogue. The G-10 flatly rejected this text, which it considered more a provocation than something helpful. With regard to the other areas addressed by the G-20, the G-10 would revert to them after careful study, as there were some aspects that might be of some help.

82. The representative of Singapore, on behalf of the ASEAN Members, said he wished to highlight the statement on the Doha Round from the recent ASEAN Summit in Singapore. At their annual meeting on 20 November, the ASEAN leaders had reiterated their commitment to an expeditious and successful conclusion of the Doha Development Round. Noting that concluding the Round was essential to promote growth, opportunity and prosperity, they had also highlighted the primacy of the rules-based multilateral trading system. In this regard, they had reaffirmed their belief that a successful outcome was within Members' collective grasp if all made the necessary sacrifices. The ASEAN leaders had also noted that ASEAN was prepared to make its contribution, and called upon all Members to do the same at this critical juncture. They had also reiterated their strong support for the early accession to the WTO of Laos.

83. Speaking on behalf of Singapore, her delegation shared the TNC Chair's assessment of the state of the Round. Members could not delay making an effort to finalize modalities for very long after the revised NAMA and Agriculture texts were released. They could not sustain that negotiating momentum indefinitely. In this connection, she wished to make five points. First, taking stock of where Members were, it was clear how much ground had been covered, especially over the past six months. There were texts on draft modalities for Agriculture and NAMA, and the first draft of a Rules text. These texts were far from perfect, but a serious multilateral negotiations process was underway. While there might be movement, what was needed was greater convergence. In this regard, Singapore looked forward to the revised Chairs' texts in late January to show the way forward. Second, on the way forward, Singapore was encouraged by the report of the Chairman of the Agriculture negotiations. On NAMA, her delegation shared the TNC Chair's view that the architecture for modalities was more or less stable. Singapore, together with a group of developing countries, all of whom would be subject to formula cuts, had tabled document TN/MA/W/98 which captured their views on the broad parameters of a NAMA outcome that could deliver both ambition and development. In Rules and Services, further work was clearly needed. In Rules, Singapore, together with a representative number of Members, had expressed its strong concern in the joint communication in TN/RL/W/214 on the proposals concerning zeroing. In Services, if Members were to make progress on a services text, they needed to focus on the elements where convergence was possible. Services rules was an integral part of the services package, and LDC modalities was another important issue that needed to be addressed.

84. Third, it was important, from a process and substance point of view, that Members further intensify their work in the other areas of the negotiations, such as trade facilitation, S&D treatment and the overall question of development. These issue should already be adequately developed when Members finalized modalities. The desired balance could not be determined in or by negotiations on one issue, but rather across the board on all the major issues. Fourth, for the negotiations to enter the end-game, it was essential that Members quickly move into a horizontal process to calibrate the trade-offs required to clarify what the final package could look like. There were clearly differences – many serious, some even fundamental – yet these differences were not irreconcilable if all showed the requisite flexibility. Fifth, Members were reaching the tipping point where they had either to deal squarely with the task of pushing the Round forward or face up to manage the consequences of failure. All knew what was at stake and how important it was for economic growth and development. At a time when the global economy was reverberating from turbulence in the financial markets, real and credible movement in concluding the Doha Round would serve as a bulwark against uncertainty and rising protectionist sentiments. Members had come a long way in the negotiations and had built convergence on many issues. A lot of hard work would have to be done over the coming months. However, while it would be difficult, it was also doable, if all pulled together and built on the progress made. She expressed her delegation's deep appreciation for the hard work put in by the Chairs of the negotiating groups. In the weeks ahead, these Chairs should be given the space and support for them to fulfill the responsibility Members had invested in them. Their efforts represented the single thread that held the Round together.

85. The representative of Sri Lanka, on behalf of the Informal Group of Developing Countries, said these countries continued to follow closely all aspects of the negotiations, and wished to commend the efforts made by the Chairmen of the Agriculture and NAMA negotiations who had continued with a bottom-up approach in reviewing the draft modalities texts they had presented. Developing countries were of the view that any process to be undertaken early in 2008 needed to maintain the current levels of transparency and inclusiveness. Regarding the horizontal process Members were to embark on at the beginning of 2008, the Group wished to make three brief remarks. It was important that the revised draft modalities texts from the Chairmen of the Agriculture and NAMA negotiations be internally balanced, as this would greatly facilitate the horizontal process. The adequacy of any draft modalities texts should be evaluated against meeting the primary objective of the DDA, which was to address the needs of the developing countries. Regarding the process to be followed early in 2008, the revised draft modalities texts should first be reviewed in their respective negotiating groups before being considered in any type of small-group process. The Group was committed to continuing its work to strengthen and expand the multilateral trading system and the WTO.

86. The representative of Barbados, on behalf of the SVEs, welcomed the TNC Chair's report and the timeframes proposed. Like others, the SVEs were committed to working with the Agriculture and NAMA Chairs to help with the task of getting over the first hurdle, which was full Agriculture and NAMA modalities by the end of February. For this task to be accomplished, however, the SVEs asked that at the present stage, Members collaborate to narrow differences rather than to widen them. He recalled the triangle of issues that had led to the suspension of the negotiations in 2006. If the horizontal process was to succeed in 2008, especially in the very narrow window of opportunity envisaged, and if the problems of imbalance between the original texts were to be avoided, the Agriculture and NAMA Chairs had to collaborate more closely in the development of their revised texts. Regarding the SVEs' priorities in the negotiations, they wished to thank those delegations who had spoken earlier, including the NAMA-11 and the ACP, and those delegations who would speak later in support of the SVEs' efforts. They noted Members' willingness to support the SVEs and to work with them to negotiate numbers within the architecture presented by the NAMA Chair. They welcomed this, as they believed that the impact on the world trading system of solutions for the SVEs was insignificant enough to be resolved ahead of the horizontal process. In the recent past, one delegation had expressed its dislike for what it described as solutions resembling a Christmas tree. All knew that it was not the tree that mattered but what was placed under it. One could not make the big traders happy and leave the smaller ones unhappy. Nor did the SVEs accept the opinion that when all were unhappy the balance was probably right. Some Members had been happy for a long time, while most had been very unhappy for a very long time. This was why Members had launched this Development Round. The SVEs were concerned that the complexity of the Rules issues and the structure of the Services negotiations had the potential to make overall convergence difficult. They were therefore pleased that the Rules Chair had taken the initiative to move early to present his text. While Barbados considered that something could be presented on Services, the SVEs advised caution.

87. The representative of Japan said this might truly be the last chance for the Development Round. Thus, *inter alia*, Members had to keep in mind three things. First, in order to arrive at agreement on Agriculture and NAMA modalities early in 2008, Members had to make major efforts in these two fields. It had to be admitted that there were still wide gaps, as evidenced from various statements made at the present meeting. However, these should not be unbridgeable. This depended on Members' collective will. As the Director-General had said, Members had to step up their work. Second, Members should of course not overburden the vessel, but this did not mean they should not seek progress in other areas, such as development issues, services and rules. On the contrary, Members had to make progress in these areas as well. Progress there could have positive effects on Agriculture and NAMA. Members had to make collective efforts so that these other areas would not be left behind. The Director-General had again been right on this point. Third, in discussing these other areas, Members had to avoid any moves that would have major negative effects on progress in

the Agriculture and NAMA modalities negotiations or the DDA as a whole – for example, moves that could be a setback from the present trade regime and that were not supported by a majority of Members. Lastly, on the G-20 papers on Agriculture recently presented, Japan would carefully study them. His delegation was always grateful for the G-20's positive contribution, but regarding the separate paper on tariff capping, he had to say that Japan could not accept capping, as Switzerland for the G-10 had said, because in a tiered formula, higher tariffs would already be cut more deeply than others.

88. The representative of Korea said the review of the present year's negotiations had certainly led Korea to recognize the value of a Chair-driven, bottom-up and multilateral process, and the practical impact it had on the negotiations. Although Members had not been able to achieve their initial objective to reach an agreement on modalities in Agriculture and NAMA by the end of 2007, this should not prevent them from continuing the multilateral process until they reached the conclusion of the DDA negotiations. At the last informal TNC meeting on 30 November, Korea had agreed to the work schedule the Director-General had proposed. In order for that schedule to be realized, certain points would be essential and deserved to be addressed at the present meeting. First, on Agriculture, while acknowledging the progress generated from the Room E process, his delegation believed that in order to reach agreement on modalities, a more concrete and balanced text should be produced. In this respect, it was crucial to address properly the concerns of the importing Members such as the G-10 and the G-33 in a balanced manner. In this regard Korea associated itself with the statement by Indonesia for the G-33. On tariff capping, it had been Korea's consistent position that capping was not acceptable, as it represented double payment in the case of high tariffs under the tiered reduction formula. This position remained unchanged, and Korea therefore strongly rejected the G-20 proposal on tariff capping. Regarding NAMA, the slow pace of progress due to Members' divergent views on coefficients and additional flexibility issues remained of great concern. The coefficients should be agreed at a level that allowed real market-access improvement in developed as well as developing-country Members. The sensitivities of certain Members should be addressed in a specific manner rather than in a generic way through the modalities. Considering that the majority of Members who would be applying a formula supported the Chair's July text, Korea wished to stress the importance of reflecting this wide support in the Chair's revised text.

89. Regarding the Services negotiation, the recent progress reports submitted by the co-sponsors served a useful role in helping Members to get a better picture of the current status of the negotiations. However, Korea was concerned that most of the areas, including the ones in which Korea had shown specific interest, were currently lacking progress in the negotiations. It was crucial to align the services text with the modalities for Agriculture and NAMA, so that it could fulfill its expected role to provide guidance for the future services negotiations. On Rules, the majority of Members had pointed out that the recently submitted Chair's text on anti-dumping lacked balance, as shown, among other things, by the reinstatement of zeroing that had been repeatedly outlawed by Appellate Body rulings. If Members were to envision any progress in the future, they should move in the direction of the majority, and therefore the Chair's text should be revised in a significant way. Regarding fisheries subsidies, the diverse interests of relevant Members were not reflected in a balanced manner. There was also a lack of balance regarding other general subsidies. His delegation firmly believed that, in line with the Hong Kong mandate, the future regime on fisheries subsidies should focus only on those subsidies that really led to over-fishing and over-capacity. Regarding the future process, it was essential that Members made the Chairs' texts sufficiently mature and balanced before moving into a horizontal discussion. In this respect, the process after the texts were circulated should be designed, prepared and carried out in a well thought-out manner. In addition, to secure a balance across all areas of the negotiations, Members had to include Services and Rules in the horizontal process along with Agriculture and NAMA.

90. The representative of Peru said he hoped the TNC Chair's proposals would make it possible to overcome points of deadlock and to fashion agreements that would lead Members to a genuine

development Round. For the countries that were truly committed to the objectives of this organization, the current situation in the multilateral trading system was unfavourable. Such was the case for Peru, and for this reason it supported the implementation of an ambitious Round in all areas of negotiation. Peru was aware, however, that Agriculture was the keystone that would determine the overall level of ambition in these negotiations. His delegation therefore advocated modalities that would facilitate genuine reforms in market access, as well as the reduction of trade-distorting domestic support that served only to maintain long-standing inequities which, in terms of trading opportunities, continued to constitute serious obstacles to development. Peru endorsed the statement by Brazil for the G-20 as well as the points made by Australia for the Cairns Group. Similarly, his delegation supported the statement by Indonesia for the G-33 concerning special products and the special safeguard mechanism. Peru hoped this proposal would encourage other Members to soften their positions, so that Members could move forward in the negotiating process. He wished to stress once again the importance of a commitment to achieve the fullest possible liberalization of tropical and alternative products. This was a pending task that should not be delayed any further if Members wished to contribute to the development of impoverished rural areas by including them in the efficiencies and benefits of globalization. With regard to NAMA, Peru supported the statement by Costa Rica for the ten Members, including Peru, comprising the moderate group on NAMA. The ambitious and constructive spirit that motivated Peru was reflected in the proposal it had circulated with the aim of achieving balance between extreme positions.

91. Regarding Rules, he wished to stress the arduous and difficult work done by the Chairman of the Negotiating Group who, with the support of the Secretariat, had submitted valuable texts regarding antidumping measures, subsidies in general, and fisheries subsidies, which were crucial for the preservation of the environment. These efforts had enabled Members to move to a new stage in the negotiations, especially with regard to disciplines on fisheries subsidies. Peru trusted that this momentum would extend to other areas of negotiation. Effectively and efficiently defining Aid for Trade was an imperative. The November 2007 global review of Aid for Trade and the regional workshops held in Lima, Manila and Dar es Salaam in September and October had made a positive contribution to the task of turning a diffuse and general concept into one with greater precision and, hence, greater operational capacity. Much remained to be done if Members were to give effect to Aid for Trade. To that end, the contributions of the donor countries – which should take the form of new and additional funds – would play an essential role, as would the monitoring and supervisory mechanisms that would enable Members to ensure optimum allocation of those resources.

92. In the time that had elapsed since the Doha Ministerial Conference, the phenomenon of climate change had become dramatically obvious from the scientific diagnoses of catastrophic changes. One had seen an imperative need for the international community to tackle this problem with the greatest urgency possible. As had been elucidated by the Director-General at the recent UN Conference in Bali and on previous occasions, the WTO and the international trading system could not turn its back on this imperative which was vital for the world community. This feeling of urgency had been echoed in the recent deliberations of the Committee on Trade and Environment in Special Session, at which a series of working documents on environmental goods and services – including one by Peru (JOB(07)/154) – had been submitted. There was an important critical mass that would make it worthwhile to attempt an exercise in consolidation and supplementation, which Members could entrust to the Chairman of that committee so as to facilitate progress in the implementation of the Doha mandate and ensure that the organization's own instruments were also placed in the service of the environment and sustainable development. Fighting climate change was an area where the WTO could not remain indifferent. Given the close relationship of this topic to intellectual property, he wished to reiterate the priority Peru attached to the mandate of bringing the TRIPS Agreement into line with the Convention on Biological Diversity, under which action was taken to combat bio-piracy and to enforce the obligation to disclose the origin of biological resources and/or related traditional knowledge in the patent system. An agreement on this matter would serve as a signal that the results of these negotiations could pave the way for a genuine development Round. Peru would continue to

work vigorously to achieve full modalities in all areas of negotiation by 2008, so as to fulfil the expectations placed on Members.

93. The representative of Mexico said his delegation agreed with the Director-General's statement regarding the state of play of the negotiations. Mexico supported the African Group in its appeal that these negotiations be considered as a public good for the whole of humanity. The dates of 31 March 2003, 14 September 2003, 30 April 2006, 31 July 2006 and end-December 2004, 2005 and 2007 had something in common – on all of those dates Members had sought to achieve negotiating modalities and on all of them had failed. At the present time, Members had a new opportunity, but paradoxically they had greater hope than in the recent past of concluding the Round successfully in the near future, given the spirit of compromise that had become apparent. At the same time, however, there were mixed signals which obliged Members to reflect on the type of negotiation they wished to see in the coming months. He asked if Members were seeking to build bridges with a view to reaching agreements, or to reconcile their extreme positions given the expectation of an indefinite suspension of the Round.

94. Mexico was confident that it had been consistent on all fronts, as it had sought the middle path in the different areas of negotiation. Like Aristotle, St Thomas and Descartes, his delegation considered that the middle ground was the only way to reconcile the various elements, including in trade negotiations. The middle ground implied balance and justice. It was sometimes not easy to find. In seeking it, one was sometimes confronted with incomprehension or even calumny. In this spirit, Mexico welcomed and supported the statement by Brazil for the G-20, a group whose proposals were recognized as constituting the middle ground in relation to the three pillars of agriculture. Mexico also welcomed and supported the submissions by Costa Rica for a number of developing countries, including Mexico. In this case also, Mexico was seeking a middle ground in the NAMA negotiations. This Round would be possible only if all demonstrated flexibility and readiness to move away from their original positions. Members could reach agreement only if they made concessions in favour of their negotiating partners and sought points of convergence. Members had less than one year to conclude this negotiation. In those months, they would first have to achieve full modalities as quickly as possible in Agriculture and NAMA, and adopt the necessary elements for the presentation of final offers in services. A second phase would be concerned with the preparation of schedules in Agriculture and NAMA, and final offers and the elaboration of schedules in services, as well as the finalization of texts in the other areas of negotiation. However, for this purpose, it was essential to have the necessary political support so the negotiations could be accelerated and the results thereof could be approved in due course. It depended on each and every Member to make this possible.

95. The representative of the European Communities said what was clear from the Director-General's report was that Members were indeed entering a critical phase, since they were on the verge now of the final phase of negotiations. For those who wished to see the shape of the Round, it was not too hard to identify it. Thus, with political goodwill on all sides and the right process in place, it should be possible to get there. The Communities remained committed to working constructively to achieve a successful Round. Contrary to some other Members, his delegation had said it was ready to work on the basis of the papers submitted by the Agriculture, NAMA and Rules Chairs, although these texts did not always reflect the EC's positions and levels of ambition. His delegation welcomed, in this context, the statement by Costa Rica for a number of countries, which clearly showed that many developing countries retained ambition in the Round and that this Round was not about a confrontation between developed and developing countries, as had been alleged at the present meeting. As he had said at the informal TNC meeting in November, for the negotiations to be successful a number of things were needed. First, Members needed to move ahead very urgently – time was not on their side. It was essential that the revised texts on Agriculture and NAMA were issued at the end of January, and that Members then worked tirelessly to negotiate full modalities in February. The texts on Agriculture and NAMA had to be comprehensive, so that there was no need for any further iteration of them. This meant that for Agriculture, in particular, the process in January needed to be

intensified, so the Chair could produce a comprehensive and balanced text covering every issue. Members could not continue after January with more working papers and more incremental production of texts. The NAMA text, among other things, had to contain language on NTBs reflecting the range of proposals made by Members, who should then negotiate on these proposals. It would not be acceptable to let the NTB aspect of the negotiations lag behind. The texts on Agriculture and NAMA had to enable Ministers to take the requisite political decisions.

96. Second, Members needed an across-the-board negotiating process in February. Specifically, they needed a horizontal process that ensured that in parallel to negotiating Agriculture and NAMA, they could negotiate and make comparable progress on the other key elements of the Single Undertaking, including Services, Rules, Trade Facilitation, Development, Environment and GIs. Ministers had to be able to weigh up the overall balance of the deal before they concluded on modalities for Agriculture and NAMA. To take one important example, Ministerial commitments on what Members would offer in services would be, for the EC, a key element for signing off on Agriculture and NAMA. Members would have to indicate clearly what they were offering in services in terms of binding and new market access. This should be done through a signalling at Ministerial level in the framework of the Green Room and the negotiations on modalities. Put another way, the EC would not agree modalities on Agriculture, or NAMA for that matter, unless Members were ready to take equivalent commitments in the other areas of the Round. Nor would the EC be able to agree on postponing consideration of the other subjects of the Round until after the adoption of Agriculture and NAMA modalities. His delegation therefore looked to the Director General to put in place a horizontal negotiating process from early February. The EC would also ask the Director-General to indicate soon when Members could foresee Ministerial-level involvement in the negotiations in Geneva. Otherwise, Members risked running out of time and leading themselves to a self-fulfilling prophecy that the Round could not be finished. Members needed to collectively impose upon themselves a timeframe for Ministerial negotiations – his delegation suggested the second half of February or early March. Members needed a timeframe that would force them to take decisions, make concessions and reach deals. The Communities believed firmly that Members should all agree to a final Ministerial negotiation before Easter to conclude the Round. To this end, Members needed to use the time available between the present and the end of January to catch up on Services, Rules, Trade Facilitation, S&D treatment, GIs and Environment. What Members would need in every one of these areas was a text that was fairly complete and that reflected specific levels of ambition, so that in all of these areas all Members would be able to judge the overall balance and ambition of the Round and compare it with what was being proposed in Agriculture and NAMA. All had to work hard in the coming weeks and months to avoid a situation where they had to say "Yesterday we were at the edge of the cliff, today we are one step further". He wished all Members the will and wisdom to avoid such a scenario materializing in 2008.

97. The representative of Argentina associated his delegation with the statements by Brazil for the G-20, Australia for the Cairns Group on Agriculture, South Africa for the NAMA-11 on industrial tariffs, and developing countries on issues of procedure highlighted in their statements. The Agriculture negotiations had reached a point where, if there were no clear replies on 2 January 2008 from the main developed countries, the horizontal negotiating process for the entire Round would have been jeopardized. This was particularly serious in the area of sensitive products. In the absence of a methodology for determining domestic consumption by product, the horizontal process could not begin, as there would be nothing to negotiate. It had already become clear that the modalities had to include the basis of domestic consumption of potentially sensitive products. This did not mean identifying sensitive products at the time of agreeing on the modalities but, where necessary, listing as part of the modalities potentially sensitive products with their numbers. The corollary of this was that a product for which there were no domestic consumption data could not be declared sensitive. His delegation noted that the discussion on the methodology for calculating domestic consumption was important for the purpose of ensuring that the numbers were representative. If the numbers were not correct, the subsequent horizontal process would also be flawed. However, methodology alone was

not enough. A technically complex methodology served no purpose without results. Argentina would not agree on a methodology and then have developed-country Members inform it of the expansion of tariff quotas after the modalities had been agreed. His delegation requested that certain developed-country Members not use the methodology as a means of concealing the numbers. Moreover, there continued to be no agreement on the elimination of the Article 5 special safeguard for developed countries from the first day of the implementation period. Without a definite decision on this, the negotiating process would be hampered. There was another corollary – without domestic consumption numbers by product for potentially sensitive products, no discussion could begin on S&D treatment, since the interested developing countries could hardly be prepared to negotiate if they did not know what level of market access the developed countries were willing to grant. The same was true of trade-distorting domestic support, particularly regarding the lack of clarity concerning limits by product. Finally, another unresolved issue which had emerged as a serious obstacle, given the resistance of certain developed countries to a substantial outcome, concerned direct Green Box payments by developed countries and the monitoring mechanism, with the additional aggravating circumstance that both questions had a direct impact on the effective outcome for cotton. If discussions on the Green Box ended badly, so would cotton. In addition, Argentina saw no clarity on the topic of subsidies for bio-diesel and its position in the boxes.

98. On NAMA, his delegation hoped this time to have the opportunity, on the basis of the forthcoming text by the NAMA Chair, to open negotiations that served to establish the necessary links between the different areas under discussion. Another error of assessment in this negotiation would seriously damage the process and prevent healthy horizontal negotiations. The new text on NAMA had to fulfill the mandate of less-than-full reciprocity in reduction commitments. In other words, the average percentage reduction for developed countries should be greater than for developing countries, and in the case of the latter, it should be greater than for developing countries characterized as small and vulnerable economies. Similarly, the text should permit a rational interpretation to be made of paragraph 24 of the Hong Kong Declaration, which meant that the percentage tariff reduction for each category of Members in agriculture should be similar to the reduction in NAMA. Only if such outcomes were envisaged could the NAMA text prove useful for the future stage of negotiation. The only multilateral comparison of the level of ambition in the Round was established in the areas of Agriculture and NAMA. On Services, although Argentina saw no need for a text, in view of the different elements available to Members in that area of negotiation – including the modalities, two rounds of offers and Annex C of the Hong Kong Declaration – Argentina understood that some Members, for different reasons, considered it important to have a new document. However, his delegation could not countenance such a text being used in an attempt to deviate from the GATS structure and from what had been agreed under the negotiating guidelines, or to tilt the negotiation in favour of the interests of a few participants. The idea of determining multilateral market-access objectives horizontally for the different sectors and modes of supply in services would substantially complicate the process and had little likelihood of success.

99. On Rules, Argentina cautiously welcomed the text of the Negotiating Group Chair, particularly with regard to fisheries subsidies. His delegation's initial assessment was that the draft text went in the right direction, combining the elements needed to generate an ambitious outcome in trade and environment, as mandated in paragraphs 28 and 31 of the Doha Declaration. The draft did not, however, follow the top-down approach that his delegation would have preferred, inasmuch as it contributed to the integrity of the discipline and was the only possible way of addressing the lack of transparency in this area. Argentina was nevertheless prepared to work on the Chairman's text in the expectation of maintaining the level of ambition and the balance between prohibited subsidies, exceptions and S&D treatment. On the negotiating process, Argentina had observed that the interests of the developed countries were served by reducing the level of ambition of the Round at the expense of developing countries and their development. When the revised Agriculture and NAMA texts were circulated, they should be examined in the negotiating groups before being taken up in a horizontal process. In this connection, his delegation took note of the TNC Chairman's statement to the effect

that the horizontal process would be limited to Agriculture and NAMA, consistent with paragraph 24 of the Hong Kong Declaration. Regarding the characterizing of proposals that were circulating and possible provocations by some groups of which Argentina was part, he did not know what could be more provocative than the developed countries suggesting a binding for themselves of 150 per cent while asking the developing countries to bind their tariffs below 20 per cent. This position seemed to indicate a certain degree of schizophrenia.

100. The representative of the United States said that several of the interventions at the present meeting had repeated long lists of so-called essential outcomes, made invidious comparisons with the positions other Members had advocated, or sought to cast the negotiations in terms of group versus group, or even to allege collusion among certain Members against the interest of other Members. These interventions begged for strong rebuttals and restatements of opposing or different positions, and he had been sorely tempted to engage in that kind of a debate. However, he did not feel that that sort of response would be a positive contribution to Members' mutual objective – at least he hoped it was still a mutual objective – of concluding an ambitious Round in 2008. Thus, he would spare the membership repetition of the United States' objectives and redlines, or of what it thought it needed for a Trade Promotion Authority package, or of its views on a balance across issues. If there was any confusion on any of these points, he would be glad to meet with any delegation that was so confused, even delegations that might be schizophrenic. However, what was needed now was not repeated harangues of other Members, but serious reflection in the coming weeks of what Members had heard from each other, and consideration of where each one might adjust its positions to bridge the substantial remaining differences among Members. If Members did not do that, they would not succeed. The United States remained committed to complete this Round successfully and would return to Geneva in 2008 prepared to work with other delegations to find solutions. However, finding solutions required Members to set aside their favourite rhetorical points and to engage in genuine, mutual, pragmatic problem-solving. The United States was prepared to do its part in that regard. Regarding the preliminary texts before Members, all had acknowledged at one point that the purpose of these texts was to move Members away from their comfortable positions or their most extravagant aspirations. He wished to be very clear that important US positions were not reflected in those texts – for example, in the Agriculture text, the range for overall trade-distorting supports; in the NAMA text, the range for coefficients, both for developed and developing countries; or in several aspects of the Rules text. However, his delegation was not insisting that the Chairs go backwards and produce revised papers that simply reinserted the full range of every Member's positions. Members had followed that approach once before – at Seattle. No one should want to return to that path. It had not been the path to success then, and was not the path to success now. Members had made important progress collectively in the past several months. They needed to build on that progress now, rather than tear it down.

101. The representative of India associated his delegation with the statements by Brazil for the G-20, Indonesia for the G-33, and South Africa for the NAMA-11. India also supported the statements made on behalf of other developing-country groups. The submission of fresh proposals by developing-country groups at the present time – the G-33's proposal on SPs the previous week and the set of six papers submitted by the G-20 the previous day – was a clear indication of the constructive engagement and continuing flexibility of developing countries in the negotiations. India hoped this spirit would be amply reciprocated by others. The first few weeks and months of 2008 would be a defining period for the WTO and for the Doha Round. It was essential that Members not lose the opportunity this period offered to successfully conclude the negotiations. The completion of the Agriculture and NAMA modalities was Members' first and foremost challenge. The two respective Chairs had a huge responsibility to produce texts that would take Members in that direction. The obvious requirements for the texts were that they should be complete, balanced – both internally in terms of proportionality of commitments, and externally in parity of ambition of other areas – and should provide the basis for an outcome that was equitable and did justice to the Development Round. In order to meet these requirements, it was essential that the Chairs take on board the views and

interests of all Members. Texts that did not meet these requirements obviously could not lead to convergence. In this connection, on Agriculture his delegation wished to emphasize the importance for a large number of developing countries, including India, of flexibilities for developing countries to enable them to protect the interests of their subsistence farmers. A satisfactory outcome on SPs and SSM would be an essential requirement for Members to proceed towards full modalities. In the end, in order for the texts to be converted to modalities, it would be necessary that Members assume ownership of the proposals. Therefore, it was all the more important that after the texts were tabled, Members had an opportunity to debate the proposals in the negotiating groups with the objective of filling in the gaps wherever they existed, before launching into a process of horizontal negotiations. It was also important to recall that other issues needed to be addressed with equal commitment, to ensure there was greater clarity about the likely ambition in these areas when Members got to the stage of finalizing the modalities in Agriculture and NAMA. It was no secret that the first iteration of the Rules text had severely disappointed India. Without repeating the reasons for its disappointment, his delegation hoped that future efforts would take into account the views expressed by an overwhelming majority of Members on a number of the proposals in the text. On Services, India continued to be discouraged by the contentiousness that had enveloped the debate on ambition. Ministers in Hong Kong had defined the modalities and ambition on Services. What was needed now was a roadmap to operationalize this ambition. Proposals aimed at re-defining or altering the agreed ambition could only lead to divisiveness. India hoped the new year would bring greater convergence on this issue which was of vital interest to it. His delegation also wished to underline the importance to India of disciplines on domestic regulations. India understood that the Chair of the Working Party on Domestic Regulation had been working hard on a text, which was to have been tabled some time earlier. India urged him, through the Council Chair, to expedite his efforts so Members could begin negotiations on the basis of this text.

102. In his statement, the Director-General had referred to the consultations DDG Mr. Yerxa had been holding on his behalf on GI extension and the TRIPS-CBD relationship. It was essential that these consultations were intensified. On the issue of the TRIPS-CBD relationship, while Members were some distance from consensus on the proposal to amend the TRIPS Agreement, significant ground had been covered in that direction. With the African and the LDC Groups co-sponsoring the proposal for text-based negotiations and some developed countries also extending their support, there was an increasing critical mass of Members at various stages of development in favour of the proposal. This was clearly an idea whose time had come, and his delegation asked all Members who had engaged with India in serious text-based negotiations to continue to do so, so that Members could move towards consensus. In this connection, he wished to support the statement by Peru. Recent developments around the world had impressed on his country the urgent need to protect its biodiversity. The WTO needed to make an important contribution towards this objective, and the disclosure issue would help Members do that. Regarding the discussions on Trade and Environment, India favoured an ambitious outcome that significantly promoted environmental interests. Unfortunately, what his delegation had witnessed in the negotiations were proposals from some developed-country Members that sought to selectively enhance market access for their products. India wished to caution that these negotiations could only progress if Members put the cause of the environment in the driver's seat and did not push narrow trading interests. The issue of climate change was too important to be viewed through the prism of mercantilism. Lastly, the issues of S&D treatment needed to be front-loaded to ensure that all Members had a stake when they engaged in negotiations on full modalities in Agriculture and NAMA. Specifically, the issue of DFQF needed to be tackled urgently. India would be happy to play a part in this. While his delegation was aware of the huge challenges facing Members, it remained fully committed to a successful conclusion in 2008.

103. The representative of Kenya said her delegation noted from the TNC Chair's report that there had been an increased level of engagement among Members in the negotiations. The developing countries in particular had been actively engaged, in terms of tabling new proposals on specific issues. Kenya urged the major players to show leadership and to put forward new proposals on key areas

aimed at moving the negotiations forward when they were resumed. Her delegation wished to reiterate that in order to maintain the current momentum in the negotiations, Members had to continue to negotiate within a genuine multilateral process in a transparent and inclusive manner, and under the guidance of the Chairs of the various negotiating groups. On Agriculture, Kenya noted that the negotiations would resume in early January in preparation for the revised text in Agriculture. Her delegation wished to underscore that in order to make further progress in this area, the revised text should be balanced and should have the same level of specificity on all issues under the negotiations. In addition, effective S&D treatment had to be an integral part of the revised text, given the importance of the agriculture sector to many developing countries, including Kenya. Members needed to be cautious not to derail the current process of the negotiations in agriculture, which seemed to provide some level of comfort, particularly to smaller delegations. In this regard, it would be of paramount importance to provide Members with an opportunity to exchange views on the revised text within the negotiating group on agriculture before they engaged in any other process. The same process should apply to the NAMA negotiations. On Services, while Kenya appreciated the increased momentum in the negotiations in this area, it had to emphasize that any further progress was directly linked with progress in Agriculture and NAMA. In this connection, the submission of revised offers was very much dependent upon agreement on modalities in Agriculture and NAMA. Regarding a possible future Services text, as had been proposed by some Members, Kenya was concerned that the views expressed by certain Members during consultations went beyond the Hong Kong mandate on Services, and in particular Annex C of the Hong Kong Declaration. Kenya was not yet convinced of the need for a Services text, since Annex C provided sufficient guidance. In the area of rule-making in Services, her delegation was looking forward to an outcome on domestic regulation with a strong development component. Kenya had taken note of the constructive discussions held on the draft text and looked forward to a revised version of the text as soon as possible, to allow sufficient time for consultation with the relevant stakeholders at the domestic level.

104. Regarding Trade Facilitation, Kenya appreciated the constructive discussions on the textual proposals presented by various Members on trade facilitation measures. It also appreciated the work being undertaken by the Secretariat in assisting individual Members to undertake needs assessments in trade facilitation. However, Kenya was concerned about the slow progress on a possible implementation mechanism that would ensure effective S&D treatment provisions, including modalities on provision of technical assistance and capacity building to developing countries to implement trade facilitation measures. Kenya therefore urged Members to engage constructively on these issues and looked forward to substantial progress, particularly on a possible implementation mechanism for developing countries. On Rules, Kenya welcomed the draft text circulated by the Chairman of the Negotiating Group. It noted with concern, however, that the S&D treatment aspects of the text were below many developing countries' expectations, including Kenya's. This was particularly evident in the fisheries subsidies text. Her delegation looked forward to further work within that negotiating group, with specific focus on strengthening the S&D treatment component of the rules text. She assured the membership of Kenya's readiness to continue engaging in the negotiations with the aim of ensuring that Members delivered on the development promise all had made at Doha. Kenya fully supported the statements by Uganda for the African Group, Indonesia for the G-33 and Jamaica for the ACP Group.

105. The representative of China said China fully shared the Director-General's view on the situation of the negotiations and agreed with the timeline he had outlined. China supported the statements by Brazil for the G-20, Indonesia for the G-33 and South Africa for the NAMA-11, as well as the statements by Uganda for the African Group, Jamaica for the ACP, Lesotho for the LDCs and Barbados for the SVEs. All Members were fully aware of the time constraints and the need to expedite work. China appreciated the efforts of the Chairs of the various negotiating bodies in getting down to a text-driven process for the negotiations. His delegation was glad to note that both the G-20 and G-33 had put forward some new proposals and had demonstrated flexibilities, and it hoped other Members – particularly the major developed countries – would show flexibilities as well, so as to

pave the way to an early conclusion of the Round. To fulfil the mission of the Development Round, a lot of work needed to be done in an earnest and consistent manner to reflect the interests of Members in a balanced way and address the particular concerns of developing countries. Development issues such as Implementation, S&D treatment, SP and SSM, Cotton, Trips and CBD, specific concerns of LDCs, SVEs and recently-acceded Members should be dealt with earnestly and effectively. Members should work by all means to achieve full modalities for Agriculture and NAMA by the end of February or early March 2008, and to complete the whole Round before the end of 2008. To this end, China hoped that after the Chairs of Agriculture and NAMA produced their revised texts at the end of January, there would be further discussions on the texts in the respective negotiating groups before Members began a horizontal process. The inclusiveness and transparency of the process was also of crucial importance. China would, as always, play a constructive role together with all other Members to ensure a successful conclusion of the Doha Round negotiations.

106. The representative of Nigeria said his delegation generally agreed with the Director-General's assessment which showed the tremendous efforts and progress being made by the Chairpersons of the various negotiating groups in galvanizing consensus among Members. Nigeria commended the various Chairpersons for their tireless efforts and resilient spirit in ensuring that the current momentum was sustained. Although Nigeria welcomed the progress made so far, it remained concerned about the challenges ahead. First, on process, his delegation reiterated the need for a multilateral, all-inclusive, transparent and bottom-up approach. Second, on outcome, there was need to ensure that Members conformed to the mandate. In this regard, Nigeria continued to believe that Agriculture held the key in the negotiations, and that a breakthrough in Agriculture would impact on other areas of the negotiations. Nigeria wished to see a high level of ambition on both the market access and domestic support pillars. It shared the view that without a substantial package on Agriculture, the Round was not likely to deliver its development objectives. Nigeria therefore urged that the anticipated revised text on Agriculture give effect to far-reaching agricultural reforms as mandated by Ministers, including S&D treatment for developing countries in all the pillars of the negotiations. Third, Nigeria wished to reiterate that this Round was not a market access Round but a development Round. Poor countries, such as Nigeria, should not be pushed into exposing their volatile and fragile manufacturing sectors to foreign competition in a manner that undermined their capacity to develop local industries. To this end, Nigeria expected that the revised NAMA text would address concerns about job losses and the de-industrialization of the economies of developing countries. Balance should be maintained in the various areas of the negotiations in general, and the balance between Agriculture and NAMA in particular.

107. On the outstanding implementation issues and concerns, in particular the importance of the TRIPS-CBD relationship to developing countries and LDCs, his delegation called on all Members to ensure the early resolution of this issue, all the more so as it had continued to enjoy growing support from a significant majority of Members. In addition, Nigeria welcomed the draft text by the Rules Chairman in respect of antidumping, subsidies and countervailing measures, including fisheries subsidies. However, the concerns expressed by developing countries should be fully addressed, especially the need to avoid the introduction of more complex rules and disciplines, and in particular, the need for flexibilities for subsidies to fisheries infrastructure development for developing countries to be made non-actionable, as well as the provision of adequate technical assistance to developing countries. Nigeria fully supported the view that the revised draft modalities texts on Agriculture and NAMA should first be reviewed in the respective negotiating groups before further examination in any small-group process, in order to test Members' resolve to exercise the needed flexibilities, as well as to ensure confidence-building and ownership of the process. Although time remained of the essence, Nigeria wished to emphasize that this should not be at the expense of a balanced and ambitious development-focused outcome. Moreover, as an acclaimed marathon runner, the Chairman of the TNC possessed the astute qualities and capacity to ensure that Members reached the finishing line and achieved a successful conclusion of the Doha Round negotiations. Nigeria remained fully committed to the Round and was ready to contribute positively to its successful conclusion. His

delegation also supported the statements by Uganda for the African Group, Jamaica for the ACP, Brazil for the G-20, Indonesia for the G-33, and Sri Lanka for the Informal Group of Developing Countries.

108. The representative of Israel said his delegation fully concurred with the Director-General that an agreement that was balanced and took into account the needs of the whole membership was within reach in 2008. As all were well aware, Israel sought a timely and successful conclusion of this exercise and stood ready to make its modest contribution to that end. Regarding Agriculture, like others, Israel was awaiting the revised draft modalities. Israel maintained that the level of ambition in the first draft modalities text was unduly high, especially regarding market access. His delegation expected to see this level of ambition moderated, in particular through the establishment of an appropriate number and treatment of Sensitive Products and the total elimination of the concept of tariff capping. In this regard, Israel fully supported the statement by Switzerland for the G-10. Regarding NAMA, Israel fully supported the statement by Costa Rica. As a co-sponsor of the recently circulated communication in TN/MA/W/98, Israel was convinced that the formula and flexibility parameters outlined by the NAMA Chair in his July draft modalities text represented the appropriate level of ambition and equilibrium in the NAMA negotiations. Israel would prefer not to see any significant deviations from those parameters in a future version of the modalities text. On Rules, his delegation wished to thank the Chair of the Rules Group for his text. While Israel was still in the process of studying the text, it was initially disappointed with the lack of balance that was strikingly evident in the section on antidumping. In particular, Israel remained concerned with the manner in which the paper apparently endorsed and legalized the practice of "zeroing" in dumping investigations. His delegation reserved the right to comment at a later stage on the issues mentioned, as well as other subjects of the negotiations, such as Services and the DSU review. Israel was hopeful that Members' efforts were now on the right path and that their goal was within reasonable reach.

109. The representative of Thailand said his delegation welcomed the announcement by the TNC Chair on the roadmap set out for the successful outcome of the negotiations. While fully understanding the existence of the hurdles and challenges ahead, Thailand fully endorsed the ongoing negotiation process and expected timeline, and stood ready to step forward with its support to realize Members' shared goal. As all were aware, Members were running out of time. Thus, it was imperative to come to mutually acceptable agreements on all outstanding issues as soon as possible. Therefore, all major players in global trade had to show leadership in moving towards that goal. They had to show in deeds as well as words their readiness to strive for a mutually beneficial outcome. Regarding the specific issues in Agriculture, his delegation appreciated the Chair's efforts to push the negotiations forward by issuing several working documents, advancing new ideas and maintaining the momentum of Members' active engagement and collaboration during the past few months. Nevertheless, there were substantial differences of opinion on the main issues that needed to be reconciled. His delegation remained confident, however, that the Chair of the Agriculture negotiations would find suitable ways to reach acceptable outcomes. It went without saying that Thailand supported the earlier interventions on Agriculture by Brazil for the G-20 and Australia for the Cairns Group. For Thailand, Agriculture was the main engine of the Round. Trade in agricultural produce was the driving force for rural development in developing countries, as a vast majority of the population of developing countries still toiled on farms. It was important, therefore, that the outcome from the Agriculture negotiations met the development objectives that rendered benefits for all developing countries, be they importing or exporting Members. Thailand urged Members to strive for high ambition that enhanced agricultural trade, rather than focusing on defensive interests that could lead to a roll-back of the Uruguay Round commitments. Hence, his delegation insisted on improving market access for all agricultural products, taking into account the developmental aspects of trade for a large number of developing countries. Although there remained many outstanding issues with wide differences among Members in the Agriculture negotiations, his delegation believed Members would be able to strike a balanced agreement by early 2008, if we all were strongly committed to working for freer and fairer trade.

110. On NAMA, his delegation also commended the NAMA Chair for his tireless efforts and dedication in searching for convergences among Members and, more importantly, in seeking inputs in order to reach closure on the revised modalities on NAMA. Thailand, together with many other developing countries, continued to believe that the overall structure and content of the July 2007 Chair's text should be preserved in any revised text, as a good basis for finalizing the NAMA modalities in the months to come. Thailand's specific and preferred figures regarding formulae and different forms of flexibilities for developing countries were stipulated clearly in the joint communication in document TN/MA/W/98 circulated on 14 December, as referred to by Costa Rica. On Services, his delegation was not a demandeur in this area. It firmly believed in the principle of progressive liberalization. Its next offer would be guided by Annex C to the maximum extent possible. Thailand also wished to underscore the longstanding political and economic importance it attached to rule-making, domestic regulation and, in particular, emergency safeguard measures. The prospect of having credible outcomes in rule-making would decisively influence Thailand's final position in market access. On a possible Services text, his delegation had made its position clear from the outset – it could not go along either with comparability of outcomes in Agriculture, NAMA and Services, or binding existing levels of market openness, which was in contradiction with the letter and spirit of the GATS. His delegation urged Members to exercise extra caution in the drafting process so that the adoption of such a text would not lead to unintended consequences at this important juncture of the Round. Thailand continued to count on the Chair's wise and objective guidance and impartiality.

111. On Rules, his delegation understood the benefits of the early release of the Chair's draft text. This would permit more time for Members not only to analyze and consult on this important policy document, but also to negotiate a balanced outcome on Rules. Even though Thailand saw some slight improvements with regard to transparency and due process, there were several drawbacks that needed to be addressed, the most important being the recognition of zeroing as a means of calculating antidumping duties, which his delegation considered a trade-distorting method that should be prohibited. Thailand also sought the right balance between trade and sustainable development in negotiating revised subsidies disciplines, including the ground-breaking disciplines on fisheries subsidies. In this connection, his delegation stood ready to work constructively with other Members to find an appropriate and balanced resolution on Rules. On TRIPS, Thailand had co-sponsored the proposed amendment of Article 29 of the TRIPS Agreement, concerning a mandatory requirement for the disclosure of origin of biological resources and/or associated traditional knowledge used in inventions for which intellectual property rights were applied. Bio-piracy was of great concern to Thailand. Without adequate and effective protection of genetic resources and traditional knowledge at the international level, the problems of misappropriation of genetic resources and traditional knowledge would continue. Accordingly, his delegation's proposed Article 29bis of the TRIPS Agreement, on a mandatory disclosure requirement, was both logical and timely. Thailand wanted the resolution of the problem of misappropriation of genetic resources and traditional knowledge to be part of the outcome of the Doha Round. This was particularly important given the substantial support for this now extended by the African Group and the LDCs, and the positive indications from some developed-country Members. This Round had been aptly named the Development Round, to level the playing field for developing countries and LDCs, and it was Thailand's understanding that Members' discussions and ongoing negotiations were predicated on the premise that they would strive to realize the development goals of all developing countries, in particular LDCs. To this end, and in recognizing the developmental benefits of opening up markets, his delegation strongly supported all forms of trade liberalization, including rules strengthening, with the caveat that they contribute to greater economic growth and development for all developing-country Members alike under the multilateral trading system. His delegation reiterated its commitment to supporting all efforts to reach a broad-based and equitable outcome. Thailand remained confident that, through true leadership, hard work, and expeditious political engagement, Members would be able to make further progress and achieve in the upcoming period the desired breakthrough that would secure strong ambition as well as the altruistic development-oriented goal of the Doha Round.

112. The representative of Cuba said his delegation supported the statements and concerns expressed by Brazil for the G-20, Indonesia for the G-33, Jamaica for the ACP, Sri Lanka for the Informal Group of Developing Countries, Uganda for the African Group, South Africa for the NAMA-11, Chad for the Cotton-4, Lesotho for the LDCs, and Barbados for the SVEs. For Cuba, the key issue was not to conclude the Doha Round, but to finalize it with clear benefits for the destitute and always forgotten – the small, poor and vulnerable developing countries that, comprising four-fifths of the world population, accounted for only one-third of world trade, despite the growth in the past few years. It was better to have no agreement than to end the Round with a bad agreement that benefited only a few. If the Round was finalized with a bad agreement, there would be nothing else to do. Unfair trade rules would prevail for several years or even decades. If Members did not conclude the Round, the door would remain open to continue working for a balanced and successful conclusion. The truth was that current multilateral negotiations in the various WTO bodies had progressed slowly, and basically at the expense of the flexibilities shown by developing-country groups. After almost a year of the resumption of the negotiations, there were no clear signals of full convergence on the central questions of modalities, or on the flexibilities and mandated S&D treatment for developing countries in general and the LDCs in particular. Developed countries remained opposed, silent, inflexible or uncommitted on several mandated issues of interest for developing countries that still remained unresolved in many areas. The recent joint papers by the United States and the European Communities with other developed countries and their statements at the present meeting on the negotiations on Services, NAMA, and environmental goods, seeking advantages for themselves, was a cause for serious concern. These Members were trying to reinterpret and reverse mandates and to restrict flexibilities for developing countries. The modalities in Services were already established in Annex C of the Hong Kong Declaration. There was neither room nor mandate for any new paper, or for the return to benchmarking in this area.

113. Also worrying was the recent submission of a paper by the Warwick Commission, comprised of experts from a majority of developed countries, calling for an end to the traditional consensus decision-making practice and its replacement with an undefined and subjective so-called "critical mass". This proposal tried to qualify the legitimacy of the objections of some Members or groups of Members and the nature of their interest in a given issue. It should be clear that any attempt to change the WTO decision-making practices for the benefit of some Members was unacceptable. Developed countries talked about real and effective tariff cuts for developing countries in Agriculture and NAMA, but they refused to apply the same approach to their multimillion-dollar domestic subsidies that distorted international trade, or to their agricultural tariff peaks that could be up to hundreds and even more than a thousand percent in some agricultural products of interest to developing countries. He asked what kind of equality and development this represented. Developed countries showed an unrealistic ambition, asking impossible concessions from developing countries in NAMA and Services in return for cosmetic cuts in their trade-distorting domestic subsidies. This was not an option. Agriculture was at the center of the Doha Development Agenda to correct the imbalances of the Uruguay Round. Developed countries had a responsibility and a moral obligation to reach a compromise on a real and effective reduction of agricultural subsidies, where the real trade distortions were, and on removing tariff and non-tariff barriers to ensure market access for developing countries' products. This was not a market-access Round for developed countries, but a development Round and, in any case, meant to give developing countries access to the markets of the industrialized countries.

114. World oil, transportation and basic foodstuffs prices had increased dramatically since Members had made a political commitment in the July 2004 Framework and in the Hong Kong Declaration to eliminate agricultural export credits with repayment periods beyond 180 days, and the predictions were that world prices for these would continue to increase in the next 10 years. This unprecedented situation put additional pressure on countries' ability to cover their food import bills. The annual food import basket for LDCs in 2007 was expected to cost roughly 90 per cent more than it had in 2000. Higher commodity prices, including foodstuffs, meant extra import costs for developing-country importers, in particular for LDCs and NFDCs that would not benefit initially

from liberalisation and might in fact suffer, and most of which were also oil importers whose exports were concentrated in a few primary commodities. Obviously, the provision of S&D treatment for LDCs and NFIDCs in Annex D of the draft modalities on Agriculture contravened the Marrakesh Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries, and would render it useless. Furthermore, a study by the OECD showed that the subsidy element in agricultural export credits provided by OECD countries was generally small – about US\$300 million in 1998 out of US\$7.9 billion. Therefore, an exemption or further S&D treatment for LDCs and NFIDCs on the export credit disciplines proposed would have no, or a very small, impact on the subsidies issue. Further flexibilities for LDCs and NFIDCs would have no impact on market access either, because export credits were used by developing countries facing liquidity constraints and, if the credits were not available or were severely restricted, as proposed in the draft modalities, the countries concerned would not be able to import the necessary food.

115. Thus, this question became an issue of WTO disciplines for trade purposes versus food insecurity or hunger in vulnerable developing countries. In addition, the proposed provisions in the draft modalities on Agriculture would effectively cut applied levels of export credits available to the most vulnerable developing countries, while the proposed cuts in domestic support of developed countries would leave huge room to increase the applied levels of domestic support by developed countries, which was the real cause of distortions in world trade. This was not consistent with the development mandate of the Doha Round. According to the mandate on S&D treatment for developing countries, there should be different treatment in the repayment periods for developed and developing countries as credit providers, and developing countries as recipients, in particular for LDCs and NFIDCs, of more than 360 days for the latter, with no terms or conditions attached. Many developing-country groups shared this view and expected that any contributions or movement in the future would only be possible subject to flexibilities and new and significant contributions from developed-country Members. A successful outcome in NAMA and Agriculture had to include the resolution of implementation issues, S&D treatment and flexibilities for developing countries, including treatment for SVEs and RAMs, the realization of the mandate on export restrictions, flexibilities in NAMA, the elimination of non-trade barriers in NAMA, including non-tariff barriers related to non-trade issues, cotton, SPs and SSM for all developing countries, NFIDCs, preference erosion, and so on. Considerably more balanced revised draft texts on Agriculture and NAMA modalities were needed. Such texts would lead to consensus only if they were based on the existing work programmes and mandates of the July 2004 Framework and the Doha and Hong Kong Declarations, if they were impartial and reflected the views of Members, if they duly respected the sequencing agreed by Ministers in the Hong Kong Declaration which established clearly that modalities on Agriculture and NAMA should be agreed first, and if they met in full with the mandate that development was at the center of this Round and with the agreed principles of full modalities, less-than-full reciprocity, the Single Undertaking and balance between Agriculture and NAMA, according to paragraph 24 of the Hong Kong Declaration. After the issuance of revised drafts texts by the negotiating group Chairs, Members should first be given sufficient time to study them carefully. Afterwards, further intensive discussions on the revised texts in open-ended meetings of the negotiating bodies under the leadership of the respective Chairs should also be convened, and not only in small-group formats or any other form of hand-picked representative democracy. Cuba also hoped that later, once most of the issues were ripe and had been settled, any horizontal process at Ministerial level would be convened for all Members, and not just some. The entire future process had to fulfil the mandates of paragraphs 48 and 49 of the Doha Declaration, which stated that negotiations shall be open to all Members and should be conducted in a transparent manner in order to facilitate the effective participation of all and ensuring benefits to all, and that decisions should be taken only by Members.

116. The representative of Senegal said his delegation endorsed the statements by Uganda for the African Group, Jamaica for the ACP, Lesotho for the LDCs, and Indonesia for the G-33. The year

2007, and particularly the second half of the year, had been one of the high points in the multilateral negotiating process in Geneva. His delegation was pleased to note renewed commitment on the part of the membership. This was what had enabled Members to record advances in several areas and to gain a deeper understanding of the respective positions. Senegal also welcomed the progress made in the work done on the Enhanced Integrated Framework and on Aid for Trade, in the hope that 2008 would see the implementation of the new Enhanced Integrated Framework mechanism, which the LDCs were eagerly awaiting. The entire membership recognized the central role played by Agriculture and NAMA in the current negotiating Round. Therefore, his delegation urged all Members to invest even greater efforts, so they could achieve the adoption of full modalities in both areas in the first quarter of 2008, at the latest. On Services, Trade Facilitation and Rules, his delegation commended the work being accomplished in these areas, as well as on all other negotiating issues. The work programme in 2008 would be no easy task, but Senegal considered that this was the price to pay if it wanted this development Round, which was of such critical importance to it, to reach a favourable conclusion by the end of 2008. This would be a genuine challenge, but his delegation was convinced that Members could meet it, and invited all involved to show the necessary leadership to do so. He reaffirmed the dedicated and constructive approach his delegation intended to adopt in order to contribute to progress in the multilateral trade negotiations and a successful outcome of the Round by the end of 2008.

117. The representative of Hong Kong, China said his delegation supported the process outlined by the Director-General that would address Agriculture and NAMA as matters of priority and, in accordance with the Hong Kong Declaration, with comparable levels of ambition. His delegation hoped that when the revised texts on Agriculture and NAMA emerged early in 2008, they would provide a sound basis for further progress. In this regard, Hong Kong, China – together with some other developing countries – had made a submission on NAMA, as referred to by Costa Rica, suggesting a middle-ground solution on the Swiss formula and flexibilities. It hoped the ideas set out in the submission could be adopted by the NAMA Chair in his revised text as a pragmatic way forward, consistent with Members' mandate, and which took some account of the concerns of all Members. Apart from Agriculture and NAMA, it was equally important to register progress in other significant areas of the Round, such as Services and Rules, in order to observe the discipline of the Single Undertaking. On Services, his delegation was looking for a good final outcome, including on domestic regulation, to achieve the objective of progressive liberalization under Article 19 of the GATS and in accordance with Annex C of the Hong Kong Declaration. Hong Kong, China also supported the preparation of a Services text to signify the importance of Services as a component in the Doha Development Agenda. On Rules, his delegation appreciated the Chair's effort in producing draft texts, but was also very disappointed that they were insufficiently balanced and did not adequately reflect the spirit of the DDA, particularly on antidumping with, for example, the proposal to give legitimacy to the practice of zeroing, against the wishes of the vast majority of Members. His delegation would therefore respectfully urge the Rules Chair to take into account the views expressed by Members the previous week and revise his texts accordingly. Lastly, the TNC Chair's report on progress in various negotiating areas laid down a solid basis for future work. Hong Kong, China hoped that the goodwill expressed by Members regarding the process could provide a suitable incentive for progressing the Round to a successful conclusion in 2008.

118. The representative of Turkey associated his delegation with the statement by Indonesia for the G-33. As the DDA negotiations moved into a more advanced phase with progress on the draft modalities in Agriculture and NAMA, a successful outcome in 2008 was within Members' reach. In 2007, the membership had worked constructively and the negotiations had gained momentum in the second half of the year. This successful result had been due to the cooperative spirit shown by all Members. Turkey commended this result, which could only be achieved by the inclusion of all Members in the negotiations. Although it was necessary to make progress within a certain timeframe, negotiations should not be taken hostage by deadlines and a focus on consensus building. Despite the positive achievements, there remained some areas where more progress was needed. Therefore,

Turkey shared the concerns, particularly on NAMA, raised by the EC. The second half of 2007 should be depicted as successful, since through inclusive negotiations Members had identified the important differences, and the time had now come to collectively narrow those differences and eliminate them altogether. Each Member should assume responsibility and show the necessary flexibility for a balanced outcome, with special emphasis on the development aspects of the Round. Turkey was generally satisfied with the intensive work done by the Agriculture and NAMA negotiating bodies since September, which had brought Members very close to a possible convergence on modalities. In addition, the revised draft text on NAMA should contain all of the sectoral proposals made. Regarding Rules, Turkey was pleased that the negotiating group had moved to a new text-based stage. Although Turkey felt that some amelioration was needed with respect to certain parts of that text, the text would provide a solid base for further discussions. On Services, Turkey looked forward to the issuance of a Chair's text that would guide the negotiations to a successful conclusion. On Trade Facilitation, Turkey appreciated the hard work done by Members submitting proposals with a view to facilitating a common understanding on this subject, and urged them to continue their work in order to prepare the ground for text-based negotiations. Turkey welcomed the progress achieved by the wider membership, and supported the continuation of a Geneva-based horizontal process. Moreover, the unique characteristic of the upcoming horizontal process and intensified negotiations necessitated further inclusiveness that would ensure wider participation. At this critical stage of the negotiations, all Members who were dedicated and prepared to contribute to the discussions in a cooperative manner should be involved in this process. Turkey remained committed to a successful conclusion of the Doha Round.

119. The representative of Ecuador said Ecuador attached high priority to the negotiations and to the conclusion of the Doha Round, and was promoting ambitious outcomes in Agriculture as a way to find common ground in other areas relating to the Single Undertaking. The challenge Members faced was precisely that the outcomes in Agriculture should indicate that level of ambition. Accordingly, Ecuador associated itself with Brazil's statement for the G-20 and the position taken by the G-20 on the three pillars of the agriculture negotiations. The G-20's new proposals reflected an adequate balance of interests in these complex negotiations and additional flexibilities on its part, which should be reciprocated. It was in the interests of Ecuador and, in his view, of numerous delegations, that the Doha Round maintain the balance between the Agriculture and NAMA negotiations in the market access pillar, for which purpose it was necessary to insist on full compliance with paragraph 24 of the Hong Kong Declaration. Accordingly, Ecuador supported the proposal submitted by Costa Rica on behalf of a large number of developing countries, that would apply the formula in NAMA, inasmuch as it constituted a middle-ground position serving to narrow differences and, at the same time, did not limit the level of ambition on Agriculture through excessive accumulation of flexibilities in NAMA. The negotiating process was at a decisive stage, and inclusion and transparency therefore had to prevail more than ever, so that the consensus rule could apply in decision-making. Once the revised Agriculture and NAMA texts had been distributed, the participation of Members should be strengthened so that those with a special interest in different aspects of the negotiation were not excluded from any of the meetings. Up to the present, the open discussions promoted by the Agriculture negotiations Chair had made it possible to move forward in the negotiations in the search for common ground. Ecuador supported this process and hoped it would be maintained with the new revised texts. His delegation's main offensive interest centered on the genuine opening up of developed countries' markets to Ecuador's agricultural, semi-processed and processed export products. Fulfilment of the mandates for full liberalization of trade in tropical and alternative products, without any exceptions, as a component of S&D treatment, was a matter of particular importance to Ecuador, which saw the development Round materializing only via market access for its tropical products on the basis of the list submitted by the tropical products countries and the Cairns Group, without this ambition being reduced by any solution adopted in respect of erosion of non-reciprocal preferences. Solidarity between developing countries on this issue had to prevail if appropriate solutions were to be found.

120. As part of the development dimension of the Doha Round and in the context of its implementation aspects, Ecuador favoured initiating the negotiation of text for the effective amendment of the TRIPS Agreement and its linkage with the Convention on Biological Diversity, a position supported by most developing countries. In the negotiations on Trade and Environment, it was necessary to include organic agricultural products as environmental goods, with due attention to non-tariff barriers, as well as adequate technology transfer to comply with the objectives of the mandate and effective WTO input on the global problem of climate change. As a member of the group of Recently Acceded Members, Ecuador had co-sponsored proposals on Agriculture and NAMA that would make up for the extensive commitments undertaken in its accession process, in relation to the Members which had negotiated in the Uruguay Round. In this connection, Ecuador had also undertaken commitments in respect of Services that were even more extensive than those made by many developed-country Members. Annex C of the Hong Kong Declaration was therefore a clear guiding text for these negotiations and no new text was needed to spur progress in this process. Although Ecuador had specific observations on the text submitted by the Rules Chair, it considered that the text constituted a basis for initiating negotiations that would lead to new disciplines on dumping, general subsidies and fisheries subsidies, with the latter text having a distinct environmental emphasis. Similarly, Ecuador suggested that the commitments to be adopted in the negotiations on Trade Facilitation should be made general in scope and not subject to exceptions, through proper implementation of the provisions on S&D treatment. His delegation wished to reiterate that, with or without this Round, 2008 should be the year which saw the final, fair and immediate ending of the considerable discrimination suffered by his country over a period of more than a decade as a result of the discriminatory and illegal banana import regime of the European Union. The Director-General had initiated a process of good offices which Ecuador supported, and it encouraged him to seek the desired final solution to this issue with the participation of Ecuador as a principal supplier of bananas to the European and world markets.

121. The representative of Bolivia said her delegation joined in the statements by Brazil for the G-20, Indonesia for the G-33, Australia for the Cairns Group, Barbados for the SVEs, and Sri Lanka for the Informal Group of Developing Countries. Her delegation also agreed with elements mentioned by South Africa for the NAMA-11, as well as by other groups of developing countries with which Bolivia had shared positions. While there was a relative and extremely limited optimism in the negotiations, one had to remain cautious. The guide for Bolivia in these discussions had to be the rolling back of obstacles and distortions to trade which had been set up by the larger and more powerful countries of the world, together with improvement in the situation of developing countries. In this respect, the developed countries had a historical debt, which to the present day represented a millstone for developing-country economies. It was in the hands of the developed countries, and in their hands only, to change this situation by undertaking reforms and making real cuts in their market distortions in Agriculture. This was the topic Bolivia would be following and assessing constantly, because it was one of the only areas where it could obtain something from this Round. In this respect, her delegation did not see the need for any developing country to be obliged to pay a higher price than its possible gains in these negotiations – particularly a country in which more than 60 per cent of its population lived below the poverty line set by the United Nations. Bolivia was pleased to hear in the TNC Chair's report that Agriculture and NAMA were the focus of discussions, without which it was not possible to make progress in other areas. As to NAMA, her delegation was hopeful that the revised draft modalities would not repeat the same errors as seen six months earlier. On Services, and this was well known, Bolivia and other Members had repeatedly opposed the initiation of any discussions around a Services text, if a clear result was not obtained in Agriculture. According to initial estimates from her Government and based on the status of negotiations at present, the only gain, if it could be called such, for Bolivia in the Round would be two per cent of the tariff lines submitted by her country under the heading of tropical and alternative products. This was 0.2 per cent of its trade in this area, which would result in 0.0001 per cent of its total trade. This was the result Bolivia would obtain in what was in principle a development Round. Her delegation imagined that this irony was repeated in the case of several developing countries. In this context, Bolivia felt it was totally

premature that there be any negotiation in Services or any reference to a text in this area, where countries such as hers stood to gain nothing and could lose quite a bit. This should not happen before an overall stocktaking of a new text in Agriculture, which Bolivia hoped would be more favourable, in the first half of 2008. If this happened on top of a NAMA text that was already unbalanced with the suggestions made a few months earlier, Bolivia would end up with negative results in this negotiation. Without including Services, Bolivia would be paying without gaining anything from this Round, which was intended to be a development Round. The repeated failure to take into account the views of all Members – overlooking the rules of the WTO in Article IX of the Marrakesh Agreement referring to the decision-making process – showed a clear will to push through a result without observing the rules of the organization or the interests of its Members. Bolivia had repeatedly invoked WTO rules regarding decision-making by consensus, and now wished to reiterate that any decision or document coming out of processes her delegation had opposed in formal and informal meetings in the area of Services and in the TNC would be considered by Bolivia as illegitimate and would not apply to her Government. Her delegation wished to underscore this point. While it did not wish to create additional difficulties, it also did not wish Members to end up with unexpected and undesired surprises in the negotiations. Bolivia was particularly concerned at the maximalist and unconstructive positions taken by the wealthiest countries, who did not seem to want a satisfactory solution for all in this Round.

122. Turning to process, once the revised draft modalities texts for Agriculture and NAMA had been circulated, Members would have to have a minimum amount of time, at least three weeks, to be able to react – for example, one week to assess the texts in the context of informal groups, one week for consultations with capitals, and yet another week for consultation with informal groups of countries. Her delegation wished to repeat that this was a minimum timeframe. Following that, open-ended sessions should be scheduled for both negotiating groups in order for delegations to be able to react and hold a transparent and inclusive discussion of these texts. This would take Members to an effective evaluation of the balance between and within the texts. Once discussions had been completed on both subjects, in whatever time was required to reach agreement, Members would then, and only then, be able to enter into negotiations in other areas, as long as this was done in an open-ended, transparent and inclusive format that was truly inclusive for all Members. It was with great difficulty that Members had achieved a negotiating methodology that was bottom-up and Member-driven, and Bolivia hoped this would continue and would improve. Members would thus avoid any Green Room or small-group negotiations that would not take them to a consensus-based decision that enjoyed the support of all. Her delegation wished to support the strong statement by Uganda for the African Group that the outcome of these negotiations should be something for the public good. In this respect, Bolivia firmly believed that trade was not an end in itself but a means to achieve other objectives, such as development, economic, social and cultural rights and a better distribution of wealth. In this respect, Bolivia's guide, which had been taken up as a national policy in her country, was to live well. Living well did not mean living better, because one could live better while violating human rights, exploiting other human beings and destroying nature. What Bolivia sought was to live in balance with all. All knew that the current development model was not sustainable. Members should set as an objective for 2008 to live well in balance with all.

123. The representative of Chinese Taipei said his delegation welcomed the Director-General's work plan for concluding the Doha Round negotiations by the end of 2008. His delegation had expressed its support for this earlier, and would therefore try not to repeat points already made. Chinese Taipei wished to emphasize the importance of providing the appropriate treatment for the Recently Acceded Members (RAMS) in line with the mandates. The current texts were not sufficient enough to meet the mandate regarding RAMs. These countries had already taken positive steps and had shown their flexibility for the purpose of moving the discussions forward. Chinese Taipei, as well as the other RAMs, would nevertheless continue to work constructively with other Members to try to find some common ground as soon as possible. On the Agriculture and NAMA negotiations, his delegation fully supported the Chair-led bottom-up and text-based process. His delegation

reiterated the importance, during the horizontal process, of ensuring that all Members felt confident that their interests were being taken on board, and that the process was inclusive and transparent. On Agriculture, as a member of the G-10, Chinese Taipei fully subscribed to the statement by Switzerland for the G-10, particularly on capping. Regarding NAMA, it was important that the modalities produced substantial and real market access opportunities for all Members. The proposed architecture of flexibility in the Chair's text was appropriate to reflect the mandate of the DDA. His delegation urged Members not to lower the ambition of negotiations in this Round. On Rules, his delegation appreciated the Chair's efforts at starting text-based negotiations the past week, but was not totally satisfied with the text and would continue to make its points in the Negotiating Group. It also hoped that the intensive negotiations starting in January would help to identify where the central point of Members' views really lay, and would allow them to work on a more balanced and practical revised text. On Services, while this was of equal importance to the other two pillars of market access in this Round, the progress made so far had been far from satisfactory. For the entire Round to be able to achieve an ambitious and balanced result, there had to be a meaningful outcome on Services. Chinese Taipei was therefore in favour of having a Services text at about the same time, or at least immediately after, the Agriculture and NAMA modalities were agreed upon. The text should reflect where Members stood at present and should serve as a guide for future work. His delegation encouraged Members to intensify their negotiations on Services in the coming weeks in parallel with Agriculture and NAMA, and looked forward to working closely with the Chairs of all the negotiating groups and with fellow Members.

124. The representative of Pakistan said his delegation fully shared the Director-General's views and would support his efforts to conclude modalities early in 2008 and the whole Round the same year. Overall, Pakistan was fully satisfied with the way the process of negotiations was proceeding. It was slow but making steady progress. Having draft texts in three crucial but very difficult areas was a major achievement of 2007. Members were not there yet, but having texts covering almost 90 per cent of issues in these areas was a very positive step. His delegation realized there were many difficulties and many gaps which had to be closed, but it was very encouraging that the membership was committed to concluding an ambitious Doha Round in 2008. Coordinators of various groups and other individual delegations who had spoken had affirmed their strong support for the process. In particular, statements by Uganda for the African Group and Lesotho for the LDCs were very encouraging. At the present stage of the negotiations all had to find a middle ground. Members would have to show flexibility and adopt positions where it was possible to achieve consensus. In the case of Agriculture, it was generally agreed that the positions adopted by the G-20 were the middle of the road and had so far been helpful in moving the process forward. Pakistan fully associated with the statement by Brazil for the G-20 and Australia for the Cairns Group. There was a similar group of middle-position countries for NAMA, and the document they had circulated earlier that day (TN/MA/W/98) took full account of sensitivities, in particular of developing countries, and should be a good basis for forging consensus on the difficult issues of formula and flexibility. His delegation also wished to acknowledge the efforts being made by the NAMA Chair to find an acceptable solution for the very complicated issue of preference erosion, in particular for those countries which might be adversely affected. On Rules, Pakistan welcomed the Chair's text. On fisheries and horizontal subsidies, the Chair's proposal would give the work a major push. On antidumping, Members needed to revisit two issues, i.e. zeroing and the lesser-duty rule. In other areas, the text fairly represented the progress made.

125. On Services, his delegation agreed with those who had reaffirmed that Members should proceed in line with their agreement at Hong Kong. Annex C was a very comprehensive and well-considered document and should be Members' guide. All realized that the period after completion of the Agriculture and NAMA modalities would be crucial to making meaningful advances in the Services area. Members should not spend too much time and resources on procedural issues at this stage. They should be working in capitals to be able to present ambitious revised Services offers. Hopefully, Members would be able to do so in good time before any deadline that might be agreed for

this purpose. Pakistan hoped that developed countries would also show some flexibility in their positions on areas of commercial interest for developing countries, such as Mode 4. On the recent proposals by major economies submitted in the Negotiating Group on Trade and Environment, Pakistan fully shared the views expressed by Brazil at the present meeting. There should not be any double standards. If Members wanted to cut barriers for environmental goods, they could not justify exclusion of bio-fuels, which faced huge barriers in developed economies. By having a list that was genuinely intended to promote the environment and not to promote market access for industrial products produced by some economies, Members could make progress in that area. He assured the Chairman of Pakistan's full support and hoped Members could complete the Agriculture and NAMA modalities in early 2008.

126. The representative of Panama said Members were entering a decisive phase in the negotiations, and although his delegation recognized the efforts that had been made to advance the process, greater progress was nonetheless certainly needed in order to achieve a balance in the negotiations and facilitate their satisfactory conclusion. In this connection, Panama wished to see a transparent and inclusive process geared to achieving balanced and mutually beneficial results for all Members, and thus eliminating policies that sought to perpetuate distortions in world trade. It was Members' collective responsibility to generate new trading opportunities, particularly for the developing countries. The next objective had to be to agree on modalities in NAMA and Agriculture which incorporated the elements of the mandate, particularly S&D treatment, and specific solutions that took account of the level of contribution of the RAMs such as Panama, which had a lower level of participation in world trade. Similarly, those solutions should provide opportunities of access for these countries' export products, as in the case of tropical products, which accounted for 80 per cent of Panama's agricultural exports. In this connection, Panama urged the main trading powers to show the necessary flexibility and political will to conclude the Round in order to meet the development objectives for which it had been established. He associated his delegation with the statement by Indonesia for the G-33. Panama was prepared to resume work in a constructive manner at the beginning of 2008, and considered that once the revised Agriculture and NAMA texts were submitted, discussions should be organized at negotiating group level before moving to a horizontal process, in order to achieve meaningful results. One should not forget the importance of achieving balance in all areas of the mandate. In this regard, Panama wished to emphasize the importance of positive progress and results in areas of major significance to economies like its own, such as Services and Trade Facilitation.

127. The representative of the Bolivarian Republic of Venezuela said his delegation simply wished to join in supporting the statements by Brazil for the G-20, Indonesia for the G-33, and South Africa for the NAMA-11. It also supported the statements by Cuba and others who had opposed the presentation of a new text on Services. In this regard, he reiterated Venezuela's statements in the Council and in other WTO fora regarding Services. He also reiterated his delegation's comments regarding NAMA. With regard to Agriculture, his country was not yet able to fully outline the impact these negotiations could have for it, particularly because it had not yet seen any proper development of the areas of considerable interest to it, such as special products, particularly taking into account that the cuts in the reduction formula for developing countries such as his continued to be fairly burdensome. On process, his delegation simply wished to refer to what other delegations had said regarding the need for the revised texts in NAMA and Agriculture to be fully discussed at the negotiating group level before moving to a horizontal process.

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

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

129. The Chairman recalled that at its meeting in February and March 2002, the General Council had taken note of a framework and procedures for the conduct of the Work Programme on Small Economies, under which this Work Programme would be a standing item on the General Council's agenda. The framework and procedures also provided that the Committee on Trade and Development shall report regularly to the General Council on the progress of work in its Dedicated Sessions on this subject. Furthermore, Ministers at Hong Kong had instructed the CTD, under the overall responsibility of the General Council, to continue the work in the Dedicated Session and to monitor progress of the small economies' proposals in the negotiating and other bodies with the aim of providing responses to the trade-related issues of small economies as soon as possible, but not later than 31 December 2006. In December 2006, on the basis of a report by the Chair of the CTD in Dedicated Session, the General Council had taken note that Members in that body would be pursuing the substantive work under the Small Economies Work Programme.

130. Mr Servansing (Mauritius), Chairman of the Dedicated Session of the CTD, said this body had met on 3 December and had considered an updated version of a Secretariat paper which compiled all the proposals made by SVEs in the various negotiating groups and other WTO bodies (WT/COMTD/SE/W/22/Rev.1). At that meeting, many delegations had welcomed the revised compilation and had requested the Secretariat to keep updating it so as to reflect the latest developments in the negotiations and in the WTO committees. The SVEs, like many other delegations, had also been ensuring their positions were adequately reflected in the draft texts being circulated by the Chairmen of the different DDA negotiating groups. In this context, recent submissions had been made by the small economies to the NAMA Negotiating Group and to the Negotiating Group on Rules regarding fisheries subsidies. As to what lay ahead in 2008, he had already started to explore what more the Dedicated Session could do to move the Work Programme on Small Economies forward. At the December meeting, participants had had some interesting exchanges as to what other issues and subjects their work could address in 2008. He would continue to consult with delegations to seek their views and would keep the General Council informed of progress in the Dedicated Session.

131. The representative of Barbados, on behalf of the SVEs, thanked the Chairman of the CTD in Dedicated Session for his report. The SVEs continued to value the mandate that had given birth to the CTD Dedicated Session as a vehicle for advancing examination of the concerns of SVEs. This examination had not been exhausted, but the proponents' efforts had been diverted to the work in the negotiating and other bodies of the WTO where they had a number of specific proposals under consideration. As the Chairman of the CTD Dedicated Session had stated, that body had embarked on a preliminary discussion of possible additional areas for discussion, and it was anticipated that these ideas would mature into specific proposals in 2008.

132. 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 statement.

6. Work Programme on Special and Differential Treatment

- (a) Report by the Chairman of the Special Session of the Committee on Trade and Development
- (b) Reports by Chairpersons of other WTO bodies to whom special and differential treatment proposals have been referred

133. The Chairman proposed that the Council take up these two sub-items together. He recalled that Ministers at Hong Kong had instructed the CTD in Special Session to expeditiously complete the

review of all the outstanding Agreement-specific proposals and to report to the General Council – with clear recommendations for a decision – by December 2006. Regarding the Category II proposals that had been referred to other WTO bodies and negotiating groups, Ministers at Hong Kong had instructed that these bodies also expeditiously complete the consideration of these proposals and report periodically to the General Council, with the objective of ensuring that clear recommendations for a decision were made no later than December 2006. Ministers had further instructed the Special Session to coordinate its efforts with these bodies, so as to ensure that this work was completed on time. Furthermore, the Special Session had been mandated to resume work on all other outstanding issues – including on the cross-cutting issues, the monitoring mechanism, and the incorporation of S&D treatment into the architecture of WTO rules – and to report on a regular basis to the General Council. In December 2006, it had been agreed that Members would continue their consideration of the outstanding Agreement-specific proposals in the Special Session of the CTD as well as in the other WTO bodies to which the Category II proposals had been referred.

134. Mr Sophastienphong (Thailand), Chairman of the CTD in Special Session, drawing attention to a written report to the General Council he had circulated in document TN/CTD/21, said the Special Session had continued to focus its work on both the Agreement-specific proposals and the Monitoring Mechanism. On the Agreement-specific proposals, Members had been continuing text-based discussions on seven of the 16 remaining Agreement-specific proposals. Based on his consultations, Members had been exploring possible alternative language on the two proposals relating to Article 10.3 of the SPS Agreement. This language represented work in progress, and the text was yet to be agreed. On the proposal relating to Article 10.2 of the SPS Agreement, Members' positions remained divergent, and it was clear a lot of work remained to be done before reaching an agreement on this proposal. With respect to the proposal relating to Article XVIII of GATT, the proponents were in the process of coming up with revised language. As a result, he had temporarily suspended discussions on this proposal. However, discussions would resume once this revised language was tabled. Similarly, Members had not engaged in discussions on the three proposals relating to Article 3.5 of the Agreement on Import Licensing Procedures, as there appeared to be a greater degree of convergence with only one outstanding issue remaining in brackets. However, having said this, it was clear that on all the proposals there was still some work that needed to be done before coming up with any recommendations. On the nine remaining Agreement-specific proposals, no Member had yet put forward new ideas or alternative language. Therefore, these proposals continued to be set aside until such time as new ideas or new language was tabled.

135. As to the Category II Agreement-specific proposals, he had been in touch with the respective Chairpersons of the bodies to which these proposals had been referred. While discussions on the proposals had taken place in a number of these bodies, the reports seemed to indicate that there had not been any significant developments on the proposals. He would leave it to the various Chairpersons, who would report shortly, to provide more details on the status of these proposals. On the Duty-Free-Quota-Free market access issue, the LDCs had been pursuing the issue in the Committee on Agriculture and the Negotiating Group on Market Access. In addition, they had been meeting bilaterally with the other stakeholders on the issue of rules of origin. On the outstanding issues, Members had been continuing their consideration of possible elements of the Monitoring Mechanism. While it had been possible to fine-tune a few of these elements, there still remained a number of elements on which further work was required before reaching agreement. While progress had been slow, some headway had been made. It went without saying that to reach convergence on the various aspects of the mandate, Members would need to continue approaching the work in a constructive manner and demonstrate the necessary flexibility that would enable them to finalise their work. He intended to continue text-based discussions on both the Agreement-specific proposals and the Monitoring Mechanism in 2008, building on the progress made so far, with the hope of tabling a package on S&D when the time came.

136. The Chairman said that before inviting the Chairs of the other WTO bodies to update Members on the work carried out in their respective areas, he wished to recall the statement by the TRIPS Council Chair at the May 2006 meeting of the General Council, in which the latter had indicated that the TRIPS Council had authorized him to report (i) that the situation in regard to the Category II proposals referred to that Council remained as reported in July 2005 in document IP/C/36; (ii) that the TRIPS Council reiterated its earlier recommendation as reproduced in that document; and (iii) that no further action was otherwise needed on the proposals referred to that Council. In the light of this report, he would not invite the TRIPS Council Chair to report further at the present meeting.

137. Mr Falconer (New Zealand), Chairman of the Special Session of the Committee on Agriculture, referred to the report of 30 July (TN/AG/24) circulated subsequent to the tabling of revised draft modalities, which indicated in some detail the way in which in that draft revision, the Category II proposals that related to the on-going negotiations were being actively pursued. Since that time, these proposals had been addressed with at least as much as – and probably more – intensity than had been the case previously. Regarding the proposal on Article 6.2, the revised draft modalities text confirmed that all developing-country Members would continue to have unlimited access to the provisions of Article 6.2 to respond to the needs of vulnerable resource-poor and low-income farmers. A number of other flexibilities were specified in other parts of that text that had a bearing on the same issue and on the process underway. While Members were not at the point of finalizing this text, this pointed the way in which the options being considered – among others, for NFIDCs and SVEs – might be a concrete response to those proposals. Similarly, on the proposal on Article 15.1 in relation to the LDCs and their commitments, Members were currently elaborating modalities in some detail which had a bearing on issues such as DFQF market access, notably for cotton originating in LDCs, as well as in the areas of tariff escalation, tariff simplification, commodities, tropical and alternative products, and preference-erosion. Members had tabled some rather concrete and specific drafting which responded to those issues. Similarly, transition periods were clearly going to be provided in the future revision of the text on all the areas referred to in that proposal where there were adjustment difficulties. Members already had some fairly concrete proposals on the table, in the first draft, in all parts of the pillars, on issues that related to food security and rural poverty alleviation.

138. Mr de Mateo (Mexico), Chairman of the Special Session of the Council for Trade in Services, said that since his last report to the General Council in July, the CTS Special Session had addressed the issue of S&D treatment at formal meetings in September and December, at which Members had underlined the importance of this issue and the need for its early resolution. However, they had not made much headway in bridging the considerable gaps between their positions. In order to stimulate further progress on the S&D proposals, the informal meeting of the Special Session on 17 December had been devoted in large part to this topic. He was pleased to report that there had been signs of increasing convergence on some key elements of the proposals, and hoped this progress would be maintained and consolidated at the Special Session's next formal meeting in 2008. He would continue his informal consultations on this important matter.

139. Mr Valles Galmés (Uruguay), Chairman of the Negotiation Group on Rules, said that as he had reported to the General Council in July, while the proposals on S&D treatment had been placed on the agenda of this body at a number of meetings, there had been little discussion. He had repeatedly indicated that the Negotiating Group would be prepared to resume discussion of any of these issues upon request by the proponents. However, no delegation had requested that he place these proposals on the agenda. He wished to mention that while these specific proposals had not been the subject of significant discussion, this did not mean that the interests of developing-country Members had not been receiving attention. These Members had been very active in the Negotiating Group and had sponsored numerous proposals in all areas of its work, notably in the fisheries subsidies area, and three full sessions of the discussions in this area had been dedicated to S&D treatment. These proposals would continue to receive the full attention of the Negotiating Group.

140. Mr Saborío Soto (Costa Rica), Chairman of the Special Session of the DSB, said that since his last report to the General Council in July, the work of the DSB Special Session had continued to be based primarily on efforts by Members to work cooperatively on the basis of previous work in order to conclude the dispute settlement negotiations as quickly as possible. In the first half of 2007, he had held a number of substantive consultations, as a result of which a number of revised texts had been submitted recently. These had included consideration of a revised joint drafting proposal by Cuba, Egypt, India, Malaysia and Pakistan on S&D treatment, which had been introduced and first discussed at the meeting of the DSB Special Session in July 2006. The co-sponsors of this contribution had indicated that some of their revised joint drafting proposal was based on the ongoing consideration by the DSB Special Session of the Category II S&D proposals. Following the summer break, he had initiated further substantive consultations aimed at bridging the gap between Members' positions concerning revised drafting proposals addressed in the consultations held earlier in 2007, including the joint proposal by Cuba, Egypt, India, Malaysia and Pakistan on S&D treatment. This joint proposal continued to be an integral part of the DSB Special Session's work, and it was expected that it would be considered in greater detail in early 2008. In addition, the African Group had recently reiterated that it was working on a revised text of its earlier proposal which would include aspects relating to Category II proposals, and that this revised text would be submitted in the near future for consideration during the upcoming consultations in early 2008.

141. Mrs Csukasi (Uruguay), Chairperson of the Committee on Agriculture, said the status of the African Group's proposal remained exactly as described by her predecessor in his report to the General Council on 15 May 2006 (G/AG/22). This proposal had been under consideration in the Committee since June 2003 within the context of the Marrakesh Decision monitoring mechanism and the Doha Ministerial Decision on Implementation-Related Issues and Concerns. Since May 2006, neither the African Group Members nor any other Member had taken the floor or had exchanged views under either of these agenda items.

142. Mr Bogaert (Belgium), Chairman of the Committee on TRIMs, said this body had considered two S&D proposals submitted by the African Group relating to Article 4 and Article 5.3 of the TRIMs Agreement. In July he had reported to the General Council that he had held informal consultations in June on a revised version of the proposals. These revised proposals had been further discussed at an informal meeting of the Committee on 26 October. At that meeting, the proponents had again stressed the importance they attached to S&D proposals and therefore the need to find an urgent solution to the issue in order to conclude the Doha Round. Several Members had reiterated that they were prepared to consider additional flexibilities in the TRIMs area on a case-by-case basis. They had insisted that the proponents indicate the specific difficulties they experienced, in order to find suitable solutions, one of which might be the invocation of the WTO Article IX waiver provisions, and that changes to existing provisions of the TRIMs Agreement could be considered only if the proponents demonstrated that a systemic issue existed. The S&D issue had been on the agenda of the TRIMs Committee's regular meeting of 1 November. At that meeting, Kenya had said the African Group felt it had gone as far as it could on this issue, and that it was open to hearing any new ideas concerning its latest proposals, particularly with respect to the drafting. The latest revised version of the African Group's proposals was reproduced in Annex 4 to the TRIMs Committee's Annual Report for 2007 (G/L/837). He would hold further informal consultations on this issue should Members so wish.

143. Mr Huige (Netherlands), Chairman of the Committee on SPS Measures, said he had circulated a written report on the S&D discussions in the SPS Committee (G/SPS/46) and would therefore only highlight a few points. S&D remained a standing item on the agenda of the SPS Committee and was normally discussed in both informal and formal meetings. In 2007, as in previous years, these discussions had been substantive only when Members had submitted new or revised proposals sufficiently in advance of the Committee's meetings as the basis for consideration. At an informal meeting in June, Egypt had informally tabled two proposals. Substantive discussion of these two proposals had occurred at an informal meeting in October, once Members had had time to reflect

on them. The first of the proposals contained a revision of earlier proposals on SPS Article 10.1. Egypt's proposals had been to ensure an obligation of result of taking into account the needs of developing countries. However, several Members had highlighted the difficulty of identifying these needs in specific terms and had suggested that further attention be given to understanding the needs and how they might be taken into account. The other proposal submitted by Egypt had suggested revisions to the procedures for transparency of S&D treatment adopted previously by the Committee, which was contained in G/SPS/33. While proposed revisions to the Committee's recommended notification procedures included many of Egypt's proposals, Egypt had also proposed using compulsory terminology to increase predictability and to underline the importance of following the recommended procedures. Other Members had been concerned that the use of more compulsory terminology would limit the range of solutions that might be found when an exporting Member identified significant difficulties with a measure. The Committee had decided to review the operation of the procedure to enhance transparency of S&D treatment at its first meeting in 2008, in particular in light of its non-use by developing-country Members, and Egypt's proposals to modify the procedure would again be examined in that context. Egypt and New Zealand had also informed the Committee of proposals under consideration in the Special Session of the CTD relating to Article 10.3 of the SPS Agreement. Members had highlighted the importance of sharing information on matters which might impact on the SPS Committee's future work. He had reported to the Chairman of the CTD Special Session in more detail regarding these discussions. The SPS Committee had agreed to keep all issues relating to S&D treatment, including the Category II proposals, on the agenda of its future meetings. The next meeting of the SPS Committee was scheduled for the beginning of April 2008, and an informal meeting on S&D treatment would be held immediately prior to the regular meeting.

144. Mrs McKeagg (New Zealand), Chairperson of the Committee on Safeguards, said the Committee had submitted a detailed report to the General Council in July 2003 in document G/SG/64. Since then, all of the chairpersons of the Committee, including herself, had made efforts regarding these issues – for example, by directly contacting the relevant Members to see whether there had been any changes in their positions. Despite these continuous efforts there was, to date, no consensus in the Committee on these proposals, nor did she sense any sign of new developments. In short, the situation remained as it had been when she had reported on this subject to the Council in May and July 2007. She remained available for any assistance the Council Chair might need from her.

145. The Chairman thanked all of the Chairs for their reports and for their commitment to pursuing this work in keeping with the mandate given by Ministers at Hong Kong.

146. The General Council took note of the reports by the Chairpersons.

7. Follow-up to the 1 August 2004 General Council Decision and the Hong Kong Ministerial Declaration on the Doha Work Programme – Statement by the Director-General on the Development Assistance Aspects of Cotton

147. The Chairman recalled that the mandates for the treatment of this item were contained in Paragraph 1(b), paragraph 5 of Annex A of the Decision adopted by the General Council on 1 August 2004, and in Paragraph 12 of the Hong Kong Declaration. At Hong Kong, Ministers had reaffirmed the 2004 mandate and had welcomed the efforts of the Director-General in the implementation of that mandate, pursuant to the 1 August 2004 Decision of the General Council. They had welcomed in particular the Consultative Framework process initiated by the Director-General, and had taken note of the Director-General's Second Periodic Report and the assessment of the positive evolution of development assistance geared to the cotton sector. Ministers had also extended the mandate on cotton development assistance in some respects. In inviting the Director-General to furnish them with a Third Periodic Report at their next Session, Ministers had asked the Director-General to "keep the Sub-Committee on Cotton fully informed of progress", and to provide

"updates, at appropriate intervals ... to the General Council". In carrying out this mandate, the Director-General had last reported on this matter to the General Council at its meeting in December 2006.

148. The Director-General said that since his last report to the General Council in December 2006, there had been several developments. He had convened a High-Level Session on Cotton from 15-16 March 2007, the outcome of which had been circulated in TN/AG/SCC/W/7. The 8th and 9th Rounds of the Consultative Framework Mechanism on Cotton had taken place in June and November 2007, respectively. In November he had circulated an updated version of the "Evolving Table on Cotton Development Assistance". The figures showed that progress was being made, although there was still much work to be done. This was a work in progress. The Secretariat had organized a Seminar on South-South Cooperation for Cotton Sector Development on 22 November, from which there was an "Emergent Framework" for South-South cooperation in the cotton sector. Overall, his report to Members was that they had advanced in implementing the mandate on cotton development assistance. Progress had been made possible by the continuing constructive engagement between the development community and the African-country cotton proponents. With regard to the Evolving Table, this was now firmly established as the basic working document for implementing the mandate on cotton development assistance. It was Members' common tool for tracking and monitoring of development assistance for cotton and had enhanced the transparency of this exercise. Three versions of the Table had been previously submitted to the General Council, and since then the table was updated regularly. With respect to the latest version (WT/L/702), he wished to draw attention to the following points: First, the total number of activities had risen. In Part I of the table on cotton-specific development assistance, the number of commitments had risen from 82 to 93. In Part II, on the assistance provided within the broader framework of agriculture and infrastructure projects, commitments had also risen from 60 to 64. Second, the level of disbursements for these various activities had also risen. In this new version of the Evolving Table, disbursements under Part I now stood at US\$38 million, and under Part II at US\$65 million. However, the operational implementation and completion rates of projects needed to rise further. Project completion rates had been either at a standstill or had only slightly risen, in relation to the previous version of the table, and fell in the range of 30 to 45 per cent for Parts I and II of the table respectively. Finally, as agreed by all participants at the High Level Session on Cotton held in March 2007, Part III of the Evolving Table now reflected "available" resources that were not specifically allocated to the cotton sector. These had been registered only to indicate the resources that were accessible and that could be allocated to the cotton sector, should beneficiary countries designate their cotton sectors as a national developmental priority. This demonstrated the need for continued engagement and interaction between the donor community and recipients at all the different stages of project formulation, management and completion.

149. With regard to domestic cotton sector reforms, since 2004 these had been part of the agenda of the Consultative Framework Mechanism. These sectoral reforms identified priority areas where cotton development assistance would best be directed and efficiently used. He wished to thank Benin, Burkina Faso, Côte d'Ivoire and Mali for the reports they had already submitted on their domestic reform process, and encouraged others to submit similar reports. At the last round of consultations, the Secretariat had been requested to prepare a table on domestic cotton sector reforms for enhanced development assistance. The Secretariat would begin work on this new table, which would also enable Members to monitor this vital aspect of the cotton assistance dossier. In relation to the exploration of a mechanism for income decline in the cotton sector, Ministers in Hong Kong had requested that he explore the possibility of establishing through multilateral and regional institutions and the wider development community, a mechanism to deal with income declines in the cotton sector, until the end of subsidies. While there had been consultations on this issue, this was an area where consensus remained elusive. He had reported on his efforts in this regard at the High-Level Session on Cotton in March. He had nevertheless received some positive feedback on the price risk management potential of a "Fond de lissage" – or "smoothing fund" – in dealing with short-term

price-instability and long-term price decline. A pilot project was underway in Burkina Faso, funded by the French Development Agency, with others expressing interest. He was encouraged by the report from the last round of consultations, where several participants had acknowledged the value of such a smoothing fund. However, this was based on the understanding that its feasibility would depend on national authorities autonomously initiating such an instrument, with the development community and international financial institutions being invited to support. He urged the development community and potential users of such a smoothing fund to continue their dialogue on this issue. As to South-South cooperation for cotton sector development, at the initiative of Brazil, China and India, the Secretariat had organized a Seminar on South-South Cooperation for Cotton Sector Development. Following the seminar, participants had requested the Secretariat to prepare table on the "Emergent Framework for South-South Cooperation in Cotton Sector Development". This table would initially be based on the presentations made at the seminar by Brazil, China, Egypt, India and the International Trade Centre. The delegation of Brazil had also volunteered to circulate a "General Framework Concept Paper for South-South Cooperation in the Cotton Sector". He encouraged other developing countries in a position to do so to also join in this effort.

150. The representative of Benin, on behalf of the co-sponsors of the Sectoral Initiative on Cotton, thanked the Director-General for his detailed report, and him and his team for their assiduous and smooth follow-up to the activities implementing the Decisions of 1 August 2004 and the Hong Kong Declaration to strengthen Africa's cotton sector. The co-sponsors were also grateful to the bilateral and multilateral donors who had announced financial contributions and had pledged technical support for cotton-sector development and increased productivity and competitiveness of the African cotton sector. The African cotton-producing countries had already submitted cotton-related sectoral projects and capacity-building programmes to the development partners. They urged all partners that had not yet announced contributions to indicate without delay what forms of assistance they intended to provide for this sector in difficulty. The African cotton-producing countries were pursuing their reforms in the cotton sector with a view to increasing their competitiveness. They wished to thank Brazil, China, India and Egypt, whose experts had come to Geneva to share their experiences with the African cotton-producing countries and to inform them of their own potential in this sector at a seminar on cotton aspects linked to development aid – in the framework of South-South cooperation – which had been jointly organized on 22 November by the Secretariat, the above four countries and the co-sponsors of the Cotton Initiative. The co-sponsors hoped that the appropriate recommendations that had emerged from this seminar would be implemented in a harmonious fashion.

151. These countries wished to make a further urgent appeal to other emerging countries with sufficient capacity to provide technical and financial support, and to urge them to promote joint investments in the sector. They wished to emphasize that cotton was the best example of a production activity to which Aid for Trade could make a genuine contribution in terms of strengthening production capacity and increasing productivity and competitiveness. The co-sponsors had initiated projects and programmes in this and in neighbouring sectors and were awaiting mobilization of their partners' technical and financial support under the Aid-for-Trade initiative. They also congratulated the Director-General for his commitment to finding appropriate and sustainable solutions to the cotton issue. The team he had assigned to following up on this matter was to be commended for its dedication and availability. The synoptic table of contributions for cotton-specific assistance was being updated. The co-sponsors recommended that this follow-up and monitoring exercise be pursued with all the parties involved. They further emphasized the need to step up the pace of work that was to lead to a transitional mechanism to address cotton export income declines as a result of fluctuations in international cotton prices until such time as domestic support for cotton and cotton subsidies was fully eliminated, as recommended in paragraph 12 of the Hong Kong Declaration, in a spirit of coherence between the trade and development aspects of the cotton issue.

152. The representative of the European Communities said the Community recognized the useful role the Secretariat was playing in compiling an overview of cotton-related development assistance.

Over the past year, the quality of the information had much improved through interactive processes with donors and recipients. The Secretariat would need to continue its efforts in updating and cross-checking the information to make sure it reflected reality in terms of development assistance directly related to cotton. In that way, the table could be a meaningful tool in discussions on development assistance related to cotton. For the EC, the EU-Africa Partnership on Cotton agreed in Paris in 2004 remained the relevant framework for the EC member States' development cooperation in cotton. This partnership addressed a range of relevant issues in revitalising African cotton sectors, including institutional reforms, sectoral strategies, technological improvements, risk management, etc. Within this Partnership the EC had mobilized an important amount of development assistance – more than €140 million, or about US\$210 million. Overall assistance to Africa in cotton-related projects by both the EC and the member States was well above €260 million. EC assistance to cotton was currently operational, or nearly operational, in 10 African countries. Out of the total EC allocation of €140 million, an amount of €48.2 million had been disbursed to date. This represented more than one-third of the allocation, or 34.4 per cent. As projects and programmes became operational, disbursement levels would continue to rise in 2009. The Community also recognized that additional assistance was indirectly related to cotton, such as infrastructure (e.g. roads), trade facilitation (e.g. port handling), private-sector development and general macro-economic assistance. The Community itself was a main provider of support to infrastructure and of budget support in many of the cotton-producing countries in Africa. It had not included such support in the WTO table on cotton assistance, as it believed the table to be most useful in its focus on projects and programmes directly related to cotton. For the EC to remain financially engaged in the longer-term, it required a strong expression of prioritization for cotton assistance by African Governments in their development plans, in PRSPs and in discussions with the EC on areas of future cooperation.

153. The representative of Brazil thanked the Secretariat for its work over the past few months to organize the seminar on South-South cooperation in cotton sector development. All the experts who had participated in the missions to African cotton-producing countries had been very satisfied, not only with what they had been able to contribute, but with what they had learned following up from the trips. This was an excellent undertaking, and Members also benefited from the experience of their African brothers. Brazil was pleased with these efforts and would willingly continue them in future.

154. The General Council took note of the statements.

8. Non-recognition of rights under Article XXIV:6 and Article XXVIII of GATT 1994 – Communications from Honduras and Guatemala (WT/GC/85, WT/GC/90 and Corr.1, WT/GC/100, WT/MIN(05)/9) – Statement by the Chairman

155. The Chairman recalled that this matter had first been raised by the delegations of Honduras and Guatemala at the Council meeting in December 2004. It had subsequently been considered by the General Council at each of its regular meetings since then, without resolution. In the light of the views expressed at these meetings, and the requests for consultations made by Honduras and Guatemala, both his predecessors and he had been holding consultations in order to assist in finding a way forward. He recalled that the matter referred to the General Council in 2004 concerned the non-recognition of claims of substantial interest in the very specific context of the EC's modification of its concessions as a result of enlargement from 15 to 25 members, and the modification of its concession on bananas in its move to a new tariff-only regime as from 1 January 2006. This matter had been brought to the General Council in keeping with Paragraph 4 of the 1980 Procedures for Negotiations under Article XXVIII, under which, when a Member renegotiating its Schedule did not recognize a claim of principal or substantial supplying interest, the Member making the claim "may refer the matter to the Council." At the October Council meeting, in the light of the statements made at the meeting, he had proposed that the General Council revert to this matter at the present meeting. On 14 December, he had held further consultations to allow delegations to be updated on contacts that might have taken place among the parties directly concerned since October, and on any developments

that could provide a possible solution to the non-recognition issue raised in the Council. He had invited to the consultations all the delegations who had spoken on this issue at previous meetings of the Council, and had made clear that the consultations were without prejudice to any Member's rights under the WTO. The consultations had been very positive and useful, and had showed that encouraging contacts continued on the overall banana issue, as well as on the systemic concern regarding rights of small and medium-sized exporting countries under Article XXVIII, and that there was a willingness among the interested parties to continue their discussions in a constructive manner and to work towards a resolution in the month of January. For his part, he remained willing to facilitate a resolution in every way possible, and would continue to offer his good offices in this process to the parties directly concerned and to explore with them further the possibilities of a resolution soon.

156. The representative of Guatemala thanked the Chairman for the steps he had taken to resolve this issue of vital importance to it. This month would mark the end of the third year of this item being placed on the agenda of the General Council, and despite the time that had elapsed since then, Guatemala still trusted that constructive dialogue would enable Members to find a solution to this problem. No progress had been recorded in discussions on the matter since the last General Council meeting. In spite of its considerable limitations as a small and vulnerable economy and the impending intensification of negotiations in all areas over the first four months of 2008, Guatemala nevertheless hoped to be able to initiate very shortly a series of informal consultations with Members concerned with this particular issue, with a view to assessing substantive and procedural points that might possibly be incorporated in a working document. In view of the foregoing, he wished only to strongly emphasize the fact that Guatemala had both a trade interest and a systemic interest in this matter. Both were of critical importance for Guatemala and neither was limited to the banana issue alone.

157. The representative of Honduras said he wished to again place on record that recognition of Honduras' interest as a substantial supplier in the banana sector remained a priority issue for his country. Honduras had been raising this matter in the General Council for three years in an attempt to secure recognition of its rights. His delegation wished to re-emphasize, once again, the validity of the legal arguments it had put before the Council, and demanded that they be taken into account with a view to obtaining a satisfactory response. Honduras trusted and hoped, along with many other Members, that a fair solution would be promptly reached so that this long-standing and tedious claim could be settled. His delegation wished to thank those Members who had supported its claim and who were aware of the need to address and clarify these systemic issues, which would undoubtedly benefit the entire membership.

158. The representative of the European Communities said that regarding the specific issue of recognition of negotiating rights for Honduras and Guatemala, he had nothing to add to the positions he had stated on earlier occasions. Regarding the systemic issue Guatemala and Honduras had raised with respect to the provisions of Article XXVIII, he had already indicated on earlier occasions that the Community was willing to look constructively at a solution for this specific systemic issue. Also, on the overall issue of the bananas negotiations, the Community had been in close contact with all the MFN suppliers and had provided detailed information on the way it wished to solve this problem. The Community would soon table a more specific proposal in light of the views expressed by the MFN suppliers participating in the negotiations. The EC hoped that this would soon lead to an agreement on a comprehensive, once-and-for-all solution on bananas. He wished to encourage all MFN exporters to work seriously towards such an agreement and to leave litigation behind. This would be the only way to reach a mutually satisfactory solution on bananas.

159. The representative of Mexico said his delegation was pleased that consultations were advancing and that there had been some progress, which perhaps meant there was a solution on the horizon. Mexico supported Guatemala and Honduras on this issue and would continue to participate actively in these consultations.

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

9. Review of the exemption provided under Paragraph 3 of GATT 1994 (WT/L/680, WT/GC/W/580)

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

162. The General Council had last considered this matter at its meeting in February 2007, where it had been agreed that for the purposes of the conduct of the review in 2007, Members would proceed in a manner similar to that in 2005, when the most recent review under the two-yearly cycle had been taken up. Accordingly, at the February Council, his predecessor as Chair had invited all interested delegations to speak for the record with regard to the review under the current cycle. He had also invited interested delegations to submit comments and questions to the United States regarding the operation of the legislation under the exemption, to which the US had been invited to respond. It had been agreed that these statements, questions and responses, together with the annual report provided by the US under Paragraph 3 (c) of GATT 1994 (WT/L/680), would form the basis for the present year's review. It had further been agreed that for the purposes of the review, this matter would be on the Agenda of subsequent General Council meetings in the course of 2007 as the Chairman deemed appropriate, or at the request of any Member. The General Council had also agreed that it would consider this matter again at its last meeting of the year, at which it would take note of the discussions held in the course of the review until then, take any other action it might agree on, and also take note that the subsequent review would normally be held in 2009. He invited Members to note that, as provided in paragraph 3(e) of GATT 1994, the exemption was without prejudice to solutions concerning specific aspects of the legislation covered by this exemption negotiated in sectoral agreements or in other fora. He also drew attention to a questionnaire submitted to the United States by Japan with regard to US legislation under this exemption, in document WT/GC/W/580, and a US response circulated recently in document WT/GC/W/584.

163. The representative of the European Communities said it would come as no surprise that the Community had strong objections to the exemption for the Jones Act in GATT 1994. The prevailing situation had negative economic consequences for the EU shipbuilding industry by closing the US market for ships, certain segments of which, such as passenger ferries, were of interest to EU shipbuilders.

164. The representative of Japan said his country attached great importance to the conduct of this review. Since 1999, Japan had submitted a series of questions to the United States, including those in document WT/GC/W/580 for the current review. Japan appreciated the United States' response to its recent questions in WT/GC/W/584. While Japan thanked the United States for its replies, it believed they remained short of clarifying the need for the exemption. The exemption stipulated in paragraph 3 was a serious deviation from the fundamental principles of the GATT. The exemption had been established for one Member and had been maintained for years. Japan was concerned that the continuation of this exemption undermined the credibility of the WTO rules as a whole. In the

direction of rectifying the situation, Japan hoped that a more substantial and effective examination of this issue would be undertaken.

165. The representative of Australia said his country had previously recorded its concerns about the continuation of this exemption. However, Australia appreciated the US participation in the informal briefing held some time earlier and the information provided by that delegation. Australia considered that this should be a substantive review that helped Members to understand better the continuing need for the exemption and the arguments being put forward.

166. The representative of Norway said this was an important issue for Norway, as the waiver in essence made it impossible to sell ships to the United States. Thus, Norway had been participating in the current review of this waiver, as it had participated in previous reviews. His delegation had reviewed the statistical information submitted by the United States in WT/L/680 and had participated in the informal consultations that had been organized in the autumn. The review should focus on the salient point of paragraph 3(b), which was the examination of whether the conditions which created the need for the exemption still prevailed. Members thus needed to move beyond the point of discussing only statistical information submitted under paragraph 3(c), and address also the conditions for the exemption. The answers provided by the United States in the current review regarding the continued need for this waiver had in Norway's view not been satisfactory. Depending on the content of the next submission by the United States, Norway reserved its right to present further questions to the United States and to consult as appropriate in the General Council or elsewhere.

167. The representative of Hong Kong, China said his delegation's interest in this matter was systemic and stemmed from its recognition of this exemption as a major derogation from fundamental WTO principles. The continuation of the exemption more than ten years after the establishment of the WTO remained a systemic concern to Hong Kong, China. As in the past, his delegation had participated actively in the current year's review. Overall, however, it felt the review should have moved considerably more substantially into addressing whether the legislation covered by the exemption still served the objectives originally intended, and whether the conditions for the retention of the measures still prevailed. As in the past, Hong Kong, China would continue to look forward to a meaningful and substantive review of this matter.

168. The representative of the United States thanked those who had commented on the review. As all knew, the United States had continued to provide Members with its annual statistical reports pursuant to the requirements of paragraph 3(c) of the exemption, most recently those reports before Members at the present meeting. These reports provided detailed annual reporting of vessel orders and deliveries from US shipyards, as required by paragraph 3(c) of GATT 1994. As a number of delegations had mentioned, the United States had again organized informal consultations to discuss this matter with interested parties and to respond to their questions. It had also responded to the questions put to it more formally by Japan (circulated in WT/GC/W/584). The provisions of paragraph 3 of GATT 1994 were an integral part of GATT 1994, and under paragraph 3(a), as long as the legislation the United States had notified remained in force and had not been modified to reduce its conformity with Part II of GATT 1994, the legislation remained exempt. That was the situation with respect to the US legislation at the present time – it remained in force and its conformity with Part II of the GATT had not decreased. This was a provision that had been agreed by all Members, and it was a central part of the Uruguay Round results. The purpose of the review provided for in paragraph 3(b) was to examine whether the conditions which created the need for the exemption still prevail, and it was the United States' strong position that those conditions still existed. The legislation had not been modified and the United States was prepared to participate fully in further reviews of this provision.

169. The representative of Korea said his delegation wished to state for the record that Korea shared the same concern expressed by previous speakers regarding this long-standing exemption. It

was also concerned about procedure, in that the current year's review process had not provided it with enough opportunity to thoroughly examine the need for continuing this exemption.

170. The General Council took note of the statements made in the course of the review in 2007, and also took note that the subsequent review under the two-yearly cycle provided in paragraph 3(b) of GATT 1994 would normally be held in 2009.

10. Initial Review of the Transparency Mechanism for Regional Trade Agreements – Statement by the Chairman of the Negotiating Group on Rules

171. The Chairman recalled that in December 2006, the General Council adopted a Decision establishing a Transparency Mechanism for RTAs to be implemented on a provisional basis in accordance with paragraph 47 of the Doha Ministerial Declaration. The Decision had been adopted on the basis of certain observations and understandings, including that notwithstanding the current stage of the DDA negotiations and the timing of their conclusion, Members intended to conduct an initial review of the Mechanism pursuant to paragraph 23 of the Decision within one year.

172. Mr Valles Galmés (Uruguay), Chairman of the Negotiating Group on Rules, said that as the Chairman had noted in his introductory remarks, when the General Council in December 2006 had adopted the Decision establishing the Transparency Mechanism on Regional Trade Agreements on a provisional basis, this had been done on the understanding that Members intended to conduct an initial review of the Mechanism within one year of its adoption. Reporting on the state of that initial review, he said that the Transparency Mechanism, although negotiated in the Negotiating Group on Rules, was implemented by the Committee on Regional Trade Agreements and the Committee on Trade and Development, with the latter meeting in dedicated session to consider RTAs notified under the Enabling Clause. Thus far, 11 RTAs had been considered by the CRTA. The CTD had not yet considered any RTAs, because no new RTAs under the Enabling Clause had been notified until recently. It had therefore been decided, in consultations between himself and the Chair of the CRTA, and with the full knowledge of the Chair of the CTD, that they should try to explore Members' views concerning this initial review. After meeting with interested Members, it had been considered that due to a lack of sufficient experience with the Mechanism, such a review could not be completed at the present time. As he had mentioned, the CRTA was thus far already meeting regularly to consider RTAs under the Mechanism. The CTD would also have considered its first RTA under the Mechanism by this time in 2008, as a notification had recently been made under the Enabling Clause. Thus, the experience that Members felt was insufficient at present would be built up gradually, and they should be in a better position to initially assess the functioning of the Transparency Mechanism in a year's time. He added that during the course of the year, the Mechanism had continued to evolve, with minor adjustments being made to ensure its smooth functioning. It was obviously difficult at the present time to determine an exact timeframe for conducting the review. In consultation with Members, he would keep this very much in mind, and in any case proposed to report back to the Council on this matter at the latest within one year. In any event, Members were bound by the scope and timing indicated in Paragraph 23 of the Transparency Decision to review the Mechanism as part of the overall results of the Round.

173. The representative of Brazil welcomed the statement by the Chairman of the Rules Negotiating Group. Brazil agreed in general terms that the level of experience achieved in the application of the Transparency Mechanism was still low and that a more fruitful review exercise would be possible within a longer timeframe than originally foreseen. Brazil looked forward to sustaining its active participation in the implementation of the Mechanism both in the CRTA and in the CTD with a view to participating, hopefully in the near future, in a review process that would allow for the improvement and clarification of the disciplines of the Mechanism to the benefit of all Members.

174. The General Council took note of the statements.

11. Transparency for Preferential Trade Arrangements – Statement by the Chairman of the Committee on Trade and Development

175. The Chairman recalled that in December 2006, the Council had adopted a Decision with regard to Transparency for Preferential Trade Arrangements, under which the Committee on Trade and Development was asked to consider transparency for preferential arrangements under paragraph 2 of the Enabling Clause – other than RTAs – and to report back within six months for appropriate action by the General Council. The Decision had been adopted without prejudice to the results of the deliberations the CTD would be called upon to undertake. In July 2007, on the basis of a report from the Chairman of the CTD, the General Council had agreed that the deadline for the CTD to consider this matter and report back for appropriate action be extended to December 2007.

176. Mr Servansing (Mauritius), Chairman of the Committee on Trade and Development, recalled that in reporting on this matter to the General Council in July, he had informed the Council that the proponents – Brazil and India – were working on a draft paper containing elements of what they believed should be contained in Members' notifications of preferential trade arrangements. He had indicated that he would continue to work informally with Members on the basis of the draft text, and to have the matter discussed eventually in an open-ended format. He was pleased to report that in October, the proponents had submitted a non-paper on this matter, circulated as document JOB(07)/142. He had consulted informally with some Members on the basis of this non-paper, which had then been formally considered by the CTD on 8 October. He had encouraged the proponents to reflect on the questions and comments on the non-paper that had been raised by Members at that meeting, and to start thinking of revising and updating its content. In November, he had also held an informal consultation in this regard with some Members to consider a more complete draft text prepared by Brazil and India. This informal meeting had been extremely useful in moving the discussion forward. He believed that important progress had been made, but it was also clear that more time and work, in both formal and informal settings, would be required before the CTD could come to a decision. As he had informed the CTD at its meeting on 4 December, he intended to continue his informal consultations early in 2008, and would open the matter up for discussion again at the next formal meeting of the CTD. The Committee had agreed at its 4 December meeting that a request for more time to deal with this matter should be made to the General Council. Therefore, he wished to request that the General Council allow the CTD until July 2008 to consider the matter and report back for appropriate action.

177. The representative of Brazil thanked the CTD Chairman for his statement on the negotiation of a transparency mechanism for preferential trade arrangements and commended him for his efforts in driving this process forward. Brazil attached the utmost importance to the new mechanism, as it would allow Members to have a clearer and more accurate picture of the systemic and practical effects that preferential trade arrangements had on the trade and interactions of both beneficiary and non-beneficiary Members, leading to greater transparency and common understanding. Accordingly, Brazil looked forward to continuing to work with India as a co-sponsor as well as with all interested Members and the Chair in 2008 with a view to concluding the negotiations as soon as possible.

178. The representative of India associated his delegation fully with the statement by Brazil.

179. The Council took note of the statements and agreed that the deadline for the CTD to consider this matter and to report back for appropriate action be extended to July 2008.

12. TRIPS Council Matters

- (a) 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 and Corr.1) – Report of the Council for TRIPS (IP/C/46)
- (b) Proposal for a decision on an extension of the period for the acceptance by Members of the Protocol amending the TRIPS Agreement (IP/C/45)

180. The Chairman proposed that the General Council take up these two sub-items together. He recalled that in August 2003, the General Council had 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 provided 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. Furthermore, in keeping with the August 2003 Decision, the General Council had adopted, in December 2005, a Protocol Amending the TRIPS Agreement, which had been submitted to Members for acceptance and which, in accordance with Article X:3 of the WTO Agreement, would enter into force upon acceptance by two-thirds of the Members. In view of the status of acceptances, however, the TRIPS Council at its meeting in October 2007 had agreed to submit to the General Council a proposal for a decision to extend the initial period for the acceptance of this Protocol by Members.

181. Mr Agah (Nigeria), Chairman of the TRIPS Council, said that at its meeting in October, 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. The TRIPS Council's report to the General Council on this review had been circulated in document IP/C/46. The cover note to this document set out factual information regarding the implementation and use of the Decision, as well as the status of acceptances of the Protocol Amending the TRIPS Agreement. The TRIPS Council's report also contained, in an annex, the record of the discussion that had taken place during the Council's review of the waiver decision. In addition, another annex to the report contained a recommendation for a General Council decision on an extension of the period for the acceptance by Members of the Protocol, which he wished to address now. As Members were aware, the Protocol Amending the TRIPS Agreement adopted in December 2005 provided that the "Protocol shall be open for acceptance by Members until 1 December 2007 or such later date as may be decided by the Ministerial Conference". As of the present, the following Members had notified their acceptance of the Protocol: the United States, Switzerland, El Salvador, Korea, Norway, India, the Philippines, Israel, Japan, Australia, Singapore, China, the European Communities, and Hong Kong, China. In accordance with paragraph 3 of Article X of the WTO Agreement, the Protocol shall enter into force upon acceptance of the Protocol by two-thirds of the Members. Given the present status of acceptances, the Council for TRIPS, at its meeting in October, had agreed to forward to the General Council a proposal for a decision to extend the period for the acceptance by Members of the Protocol by a further two years until 31 December 2009. This proposal was before Members in document IP/C/45 for consideration and adoption. He wished to call once more on those Members who had not yet accepted the Protocol to carry out promptly the necessary internal procedures so that they could deposit their instruments of acceptance as soon as possible.

182. The representative of Uganda, on behalf of the African Group, welcomed the report of the TRIPS Council Chair. Regarding the Decision on the Amendment of the TRIPS Agreement as called for in paragraph 11 of the 2003 Decision, and given the status of acceptances of the Protocol as reported by the TRIPS Council Chair, coupled with the importance of this issue, the African Group fully supported the proposal to extend the period for the acceptance of the Protocol for a further period of two years to allow Members complete the process of ratification and to give effect to the

amendment. The African Group called on all Members to support the proposal and to work towards completing the process of ratification.

183. The representative of Hong Kong, China said his delegation took note of the report of the TRIPS Council on the implementation of the Decision on TRIPS and Public Health and supported the proposal to extend the period for the acceptance by Members of the Protocol amending the TRIPS Agreement. The Protocol adopted by the General Council in December 2005 aimed to address public health problems afflicting many developing and least-developed countries, and Members' acceptance of it would confirm once again their determination to ensure that the trading system under the WTO contributed to humanitarian and development goals. Hong Kong, China fully subscribed to the object and purpose of the Protocol and had already notified its acceptance of it. However, his delegation noted that as of end-November, less than one-third of Members had done so. Since the Amendment to the TRIPS Agreement would take effect only after two-thirds of the Members had accepted the Protocol, his delegation urged other Members to expedite and give priority to the acceptance of the Protocol so that the Amendment could take effect as soon as possible.

184. The representative of Mexico said that regarding the number of countries which had accepted the Amendment, he wished to point out that Mexico, like other countries, had made considerable efforts to implement the amendment to the TRIPS Agreement within the established period. He was pleased to announce that on 11 December 2006, the Mexican Senate had adopted the Protocol amending the TRIPS Agreement, and the only matter still pending was its promulgation in the Official Journal of the Federation and the subsequent notification of acceptance to the WTO. It was hoped that the decision to extend to 31 December 2009 the deadline for adoption of the Amendment to the TRIPS Agreement would be approved, and Mexico would thus be able to meet its commitments within the established period.

185. The General Council took note of the statements and of the report of the TRIPS Council in IP/C/46, and adopted the draft decision in IP/C/45 extending the time period for acceptance by Members of the Protocol amending the TRIPS Agreement to 31 December 2009.⁴

13. Committee on Budget, Finance and Administration – Report of the Committee on its meetings of November and December 2007 (WT/BFA/101)

186. The Chairman drew attention to the report of the Budget Committee on its meetings of November and December 2007.

187. Mr Lynch (New Zealand), Chairman of the Committee on Budget, Finance and Administration, said the report in WT/BFA/101 contained a set of recommendations reflecting the outcome of the Committee's work over the past two months, which had been an intense period, as was customary at the present time of the year. The recommendations covered the following topics: the Director General's Budgetary and Financial Report for 2006 and Report of the External Auditor thereon and Report on Extra-Budgetary Funds for 2006; use of the surplus from 2006; accession of the Kingdom of Tonga; Director-General's proposal for the biennium 2008-2009; future building needs of the WTO; conditions of service for Appellate Body members; recommendation/target amount for the DDA Global Trust Fund in 2008-2009; and International Trade Centre budget proposals for the biennium 2008-2009. The texts of these recommendations were before Members in the Committee's report, and he wished to highlight a few points. Obviously, the primary focus of the Committee's work over these meetings had been the preparation and examination of the WTO's budget for the biennium 2008-2009. Many were familiar with the work of so-called budget "razor gangs" that had to go through budget requests to whittle them back to acceptable levels. He could not speak for the past, but could say categorically that this had certainly not been the Committee's task or

⁴ The Decision was subsequently circulated as document WT/L/711.

function in 2007. In fact, on behalf of the members of the Committee, he wished to acknowledge and congratulate the Director-General and the Secretariat for their efforts in preparing a very responsible, measured, modest and well thought-out budget proposal. Over the course of the Committee's formal and informal meetings, the Secretariat had also been extremely responsive to the range of requests from Members for further information or clarification on which to better judge and understand the budget bids presented. Thus, credit was due to the Secretariat in areas such as human resources, information technology, security and, of course, particularly to the Committee Secretary and his team, as well as to the Division Director. As a result, with only a few adjustments to the original proposal – focused on training and the remuneration for Appellate Body members – the Committee had come out of this process with confidence that what it was now presenting to the General Council was a budget with the appropriate level of resources to enable the WTO to continue the work expected and demanded of the organization. The precise figures were for an increase of 1.6 per cent for 2008 and 3.18 per cent for 2009. Overall that was a very good result.

188. He wished to highlight one other point in this regard. The Committee's consideration of the budget proposals had been greatly facilitated by a decision that was, frankly, unprecedented for an international institution. This was the return of a significant proportion of the 2006 surplus to the Members – roughly Sw F 5.5 million in total. The practical effect of this was to reduce the contributions for 2008 for all Members below the levels paid in 2007. He wished to express Members' appreciation and recognition for this decision by the Director-General. It was very significant – as he had said, even unprecedented, and a model for other international organizations – and Members could take pride in the WTO as a standard-bearer in this respect. The second area he wished to touch on was the question of the long-term building needs of the organization. This issue had been under active consideration for quite some time, and Members would recall that the General Council had provided mandates on this question a year earlier, while previous to that there had been agreement to a fiscal envelope on the part of Members involving a Sw F 60 million loan for the Avenue de France project. He had also presented detailed reports to the Council at both its July and October meetings. There was now a recommendation on a new mandate for the General Council's consideration. This recognized that Members were moving into a new phase – effectively, from information gathering to problem solving. The focus was on what was possible and necessary, in the present site, to enable the organization to function now and into the future effectively for the next generation of trade negotiators and Secretariat staff. Key elements included the construction of a new building on the south car park, to be funded from the Sw F 60 million loan just mentioned, and a further Sw F 70 million grant from the Swiss Government to cover the cost of the renovation of the Centre William Rappard, the rental of the former Serono building and other related works. All parties agreed on the necessity for a master plan for the overall project. Further detail was provided in the Committee's report. This had not been an easy process, and he wished to express appreciation for the positive and constructive way this had been approached by Switzerland as host country and also by the Secretariat staff acting on behalf of the Members. The Director-General had also been personally involved, and his able and committed staff had devoted a vast amount of creative energy and effort to this exercise. He believed that Members now had the shape of a "win-win-win" result – for Switzerland as hosts, for the Members and for the Secretariat. He wished to thank the hard-working members of the Committee, who had made his task so much simpler and enjoyable.

189. The General Council took note of the statements and approved the Budget Committee's specific recommendations in paragraphs 6, 7, 9, 40, 45, 47, 53 and 54 of the report, including the draft Resolutions referred to in paragraphs 19 and 20. The Council then adopted the draft Resolutions on the Expenditure of the WTO in 2008 and 2009 and the Ways and Means to Meet Such Expenditure in paragraphs 19 and 20 of the report, as well as the Committee's report in document WT/BFA/101 as a whole.

14. Waivers under Article IX of the WTO Agreement

190. The Chairman noted that the draft waiver decisions for the matters listed in sub-items 14(a) and (b) below had been taken up for consideration by the Council for Trade in Goods at its meeting on 23 November, and were matters on which the Chairman of the Goods Council had to report to the General Council. In order to facilitate the smooth and efficient consideration of the draft decisions by the General Council, he would invite the Chairman of the Goods Council to report on the Council's consideration of these matters in a single intervention. The General Council would then take up each draft decision for action separately.

191. Mr Nielsen (Denmark), Chairman of the Council for Trade in Goods, said that at its meeting on 23 November, the Goods Council had approved the draft waiver decisions for the matters in sub-items 14(a) and (b). The Goods Council had further recommended that these draft decisions be forwarded to the General Council for adoption. With respect to sub-item 14(b), he wished to add that since the Goods Council's approval of the draft decision in G/C/W/584, he had been informed that Singapore had requested to be included in the Annex to the draft decision which listed the Members covered by the waiver. He therefore suggested that the General Council consider for adoption the draft decision in G/C/W/584 with the addition of Singapore to its Annex.

192. The General Council took note of the statements.

- (a) Introduction of Harmonized System 2002 changes into WTO Schedules of tariff concessions – Draft decision (G/C/W/585/Rev.1)

193. The Chairman drew attention to the draft decision in document G/C/W/585/Rev.1 which provided for a waiver from the provisions of Article II of GATT 1994 until 31 December 2008 for a number of Members to enable them to implement the HS 2002 changes into their Schedules of concessions, subject to certain conditions.

194. He proposed that, in the light of the report made above by the Chairman of the Goods Council, and 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/585/Rev.1.

195. The General Council so agreed.⁵

- (b) Introduction of Harmonized System 2007 changes into WTO Schedules of tariff concessions – Draft decision (G/C/W/584)

196. The Chairman drew attention to the draft decision in document G/C/W/584 which provided for a waiver from the provisions of Article II of GATT 1994 until 31 December 2008 for a number of Members to enable them to implement the HS 2007 changes into their Schedules of concessions, subject to certain conditions. He proposed that, in the light of the report made above by the Chairman of the Goods Council, and in accordance with the Decision-Making Procedures under Articles IX and XII of the WTO Agreement agreed in November 1995, the General Council adopt the draft decision in G/C/W/584 with the addition of Singapore to the Annex.

197. The General Council so agreed.⁶

⁵ The Decision was subsequently circulated as WT/L/712.

⁶ The Decision was subsequently circulated as WT/L/713.

- (c) Review of waivers pursuant to Article IX:4 of the WTO Agreement
- (i) *EC - The ACP-EC Partnership Agreement, granted on 14 November 2001 until 31 December 2007 (WT/L/436, WT/L/707)*
- (ii) *Kimberley Process Certification Scheme for rough diamonds, granted on 15 December 2006 until 31 December 2012 (WT/L/676)*
- (iii) *Canada - CARIBCAN, granted on 15 December 2006, from 1 January 2007 until 31 December 2011 (WT/L/677, WT/L/705)*
- (iv) *Cuba - Article XV:6 of GATT 1994, granted on 15 December 2006 until 31 December 2011 (WT/L/678, WT/L/708)*

198. The Chairman recalled that, in accordance with paragraph 4 of Article IX of the WTO Agreement, "any waiver granted for a period of more than one year shall be reviewed by the Ministerial Conference not later than one year after it is granted, and thereafter annually until the waiver terminates." In keeping with this provision, there were four waivers before the General Council for review. Three of the waiver Decisions under review provided that an annual report should be submitted by the Members concerned on the operation or implementation of those waivers, with a view to facilitating their 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/705, 707, and 708.

199. The representative of Ecuador, referring to sub-item (c)(i) where Ecuador was concerned in the case of bananas, said it considered the waiver from Article I:1 had ceased to exist on 25 October 2005 when the second WTO arbitration had determined that the tariff proposed by the EU had not resolved the issue and that minimum access of the MFN banana suppliers to the European market had not been maintained.

200. The representative of Thailand, also on behalf of the Philippines, thanked the European Communities for its status report on the waiver under sub-item c(i). In November 2001, they had agreed to join the consensus in granting a waiver for the Cotonou Agreement on the condition that the EC promptly redressed the undue impairment of their legitimate trade interests, which it had done. At the present meeting, Members were informed that the parties to the Agreement had agreed to conclude new WTO-compatible regional trade agreements, which were scheduled to enter into force on 1 January 2008. In this connection, Thailand and the Philippines wished to request the signatories to these RTAs to notify the new agreements to the WTO in accordance with the RTA Transparency Mechanism for their early review.

201. The representative of Barbados, on behalf of CARICOM, welcomed the successful review of the CARIBCAN arrangement and thanked the Government of Canada for continuing to recognize the importance of this waiver to the economic, trade and development priorities of the SVEs of the Caribbean region. The arrangement was founded on two important principles: assisting their economies in the promotion of their economic development, and enhancing integration in the region while ensuring that the treatment offered did not adversely affect the trade of other Members. CARICOM was pleased to note that CARIBCAN appropriately delivered on both principles, and again welcomed the continuation of this important economic arrangement.

202. The representative of the European Communities said the Community did not agree with Ecuador's interpretation that the waiver for bananas in document WT/L/436 had already expired. The Community believed that it would expire at the end of 2007, when the agreements thereunder would be replaced with WTO-consistent arrangements.

203. The General Council took note of the statements and of the reports in documents WT/L/705, 707 and 708.

15. International Trade Centre UNCTAD/WTO – Report of the Joint Advisory Group on its Fortieth Session (ITC/AG(XL)/214)

204. The Chairman recalled that the Joint Advisory Group of the International Trade Centre UNCTAD/WTO had held its Fortieth Session from 25-27 April 2007. The report of the Joint Advisory Group had been distributed in document ITC/AG(XL)/214. In keeping with customary practice, this report had been considered initially by the Committee on Trade and Development at its meeting on 8 October.

205. Mr Servansing (Mauritius), Chairman of the Committee on Trade and Development, said that in presenting the JAG report to the CTD at its October meeting, the Executive Director of the ITC, Ms Francis, had informed the CTD that the April meeting of the JAG had had a new interactive format, with panel sessions to discuss issues of importance to each region. In her opening remarks to the JAG, she had outlined the elements of the internal reform process the ITC had embarked on. The organization would first move from having strong products to delivering strategic solutions for its clients. It would also work towards more holistic delivery, based on its comparative and competitive advantage. Finally, it would work with a range of partners, including UNCTAD, UNIDO, the WTO, the World Bank and others, to develop an architecture for export development. The Secretary General of UNCTAD and the Director-General of the WTO, in their opening remarks, had indicated that the ITC enjoyed their full support. The JAG had had before it the ITC's Annual Report, the ITC Programme Document and a Draft Strategic Framework for 2008 and 2009. The Group had encouraged the ITC to proceed with its reform process and had expressed wide support for the organization's efforts to have a more consolidated and strategic approach to its programme of work. The ITC Programme document had been considered a good basis for the development of further strategic priorities for the organization. Efforts to build strategic partnerships with other trade-related technical assistance providers had been appreciated, and the ITC's key role in implementing projects under the Enhanced Integrated Framework and Aid for Trade had been recognized. On strengthening governance and accountability, the Group had endorsed the suggestion to have a single trust fund for greater transparency. Finally, at the CTD meeting, Ms Francis had thanked the Governments of Canada, China, Denmark, Finland, France, Germany, India, Japan, the Netherlands, Norway, Sweden, and Switzerland for their announcements of voluntary contributions to the ITC. The CTD had taken note of the report of the Joint Advisory Group and had forwarded it to the General Council for adoption.

206. The General Council took note of the statement and adopted the report of the Joint Advisory Group in document ITC/AG(XL)/214.

16. WTO Pension Plan

(a) Election of Chairman and Members to the Management Board – Proposal by the Chairman of the General Council (WT/GC/W/581)

207. The Chairman recalled that Article 4(a) of the Regulations of the WTO Pension Plan provided, *inter alia*, for the election by the General Council of a Chairman, four members and four alternates to the Management Board of the Pension Plan, each for a three-year term. In a communication circulated to delegations in document WT/GC/W/581, he had made a number of proposals for the Council's consideration to fill vacancies on this Board. First, as the current Chair of the Management Board, Mrs Demir (Turkey), was no longer available to serve as Chair, the Council had to take a decision on her replacement; second, Mr Niggli (Switzerland) – currently a member of the Management Board – had kindly agreed to have his name put forward for election as Chair; third, if

Mr Niggli were elected as Chair, the Council would have to take a decision on his replacement as a member, and Mr Trindade (Australia) had kindly agreed to have his name put forward for election as a member; and finally, Ms Shub (United States) was no longer available to serve as a member of the Board, and Mr Tagliani (United States) had kindly agreed to have his name put forward for election as a member in her place. He had also invited Members to submit any comments they might have regarding the proposed nominations by 7 December. He informed delegations that he had not received any comments regarding the proposed nominations. Accordingly, he proposed that the General Council elect Mr Niggli to serve as Chairman, and Messrs. Trindade and Tagliani to serve as members on the Management Board of the WTO Pension Plan for the remainder of the current three-year term, i.e. until May 2008.

208. The General Council so agreed.⁷

(b) Annual report of the Management Board for 2006 (WT/L/706)

209. The Chairman drew attention to the annual report of the Management Board for 2006 in document WT/L/706. The annual report of the Management Board was submitted to the General Council in accordance with Article 5(d) of the Regulations of the WTO Pension Plan. This was the seventh report of the Management Board since the establishment of the Pension Plan on 1 January 1999.

210. Mr Niggli (Switzerland), Chairman of the Management Board, thanked Members for their trust and confidence in having elected him as Chair of the Management Board. It was a pleasure and an honour after three years as a member of the Board to continue serving it in a slightly different capacity. Referring to the Board's annual report, he said that from the point of view of its investment strategy, 2006 had been another good year for the Plan, with a nominal rate of return of 9.7 per cent. The annualized rate of nominal return over the past four years had been 10.5 per cent. The value of the Plan's assets had stood at approximately Sw F 339 million at 31 December 2006, as compared to Sw F 296 million on the same date in 2005. The Plan population also continued to grow and had reached 684 active participants and 101 beneficiaries at the end of 2006. In the course of its six meetings in 2006, the Management Board had dealt with a wide range of subjects. Among the most important had been the ongoing work of the Group set up by the Board to review the actuarial assumptions underpinning the actuarial valuation of the Plan, notably with respect to the continuing improvement in mortality or life expectancy. The Group had continued its work throughout 2007. The Board had also devoted its attention to the possible actuarial implications for the Plan of management decisions concerning, for instance, staff severance programmes which might result in higher than normal early retirement rates. The Board was of the view that the organization should offset any additional costs incurred by the Plan as a result of such decisions. The annual report covered a number of other issues considered by the Board in 2006, but in the interest of brevity he would not go into those issues.

211. The General Council took note of the statement and of the Annual Report of the Management Board for 2006 in WT/L/706.

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

212. 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

⁷ WT/L/714.

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. In accordance with Paragraph 7.1(b) of the Guidelines, he would be assisted in the selection process by the serving Chairman of the Dispute Settlement Body, Mr Gosper (Australia), and the former Chairman of the General Council, Mr Glenne (Norway). In keeping with paragraph 7.1(d), his colleagues and he would communicate, as early as possible, a specified time-period in which they would be available to hear the views and suggestions, if any, of Members, individually and/or in groups. Furthermore, as provided for in Paragraph 7.1(c) of the Guidelines, he would request the Secretariat to distribute to delegations in the meeting room a list of past Chairs of major bodies in order to provide some structure for Members' subsequent deliberations on the possible distribution of chairs based on past practice and the need for balance. He noted that, in accordance with paragraph 2.1 of the Guidelines, representatives of Members in financial arrears for over one full year could not be considered for appointment.

213. The General Council took note of the statement.

18. Review of WTO activities

Reports of:

- (a) General Council (WT/GC/W/582), Dispute Settlement Body (WT/DSB/43 and Add.1), and Trade Policy Review Body (WT/TPR/213)
- (b) Sectoral Councils (G/L/845, S/C/28 and IP/C/48)
- (c) Committees on Trade and Development (WT/COMTD/64), Trade and Environment (WT/CTE/14), Balance-of-Payments Restrictions (WT/BOP/R/88), Budget, Finance and Administration (WT/BFA/100), and Regional Trade Agreements (WT/REG/18)
- (d) Working Groups on Trade, Debt and Finance (WT/WGTDF/6) and Trade and Transfer of Technology (WT/WGTTT/9)
- (e) Committees under the Plurilateral Trade Agreements (GPA/92, WT/L/701)

214. The Chairman drew attention to the annual reports of the various Councils and Committees in the documents referred to under this Agenda item, which had been drawn up in pursuance of the Decision concerning procedures for an annual overview of WTO activities and for reporting under the WTO (WT/L/105). In the interests of moving the meeting along in a smooth and efficient way, he proposed that the Chairpersons of the various bodies not introduce their respective reports at the present meeting. He would, of course, invite any Chairpersons who wished to draw particular attention to some aspect of the work carried out in their bodies, or to add anything to their reports, to take the floor.

215. Mr Niggli (Switzerland), Chairman of the Committee on Government Procurement, referring to the report of the Committee in document GPA/92, said he wished to share some related developments with delegations as a follow up to the statement made by his predecessor at the General Council meeting in December 2006 regarding the provisional adoption of the revised text of the Agreement on Government Procurement. In 2007, the Parties to the Agreement had carried forward this work in important ways. A legal check – rectification – of the revised GPA text had been completed. Work had continued on matters such as the development of arbitration procedures and indicative criteria regarding the removal of governmental control over scheduled entities. Work had

also continued on the parallel negotiations on the coverage of the Agreement, though progress on this aspect had been slow. He also wished to call Members' attention to important developments regarding accession to the Agreement. Much work had been done during the year regarding the accession of Jordan, and he was hopeful that its accession process would be completed in early 2008. China, at the formal meeting of the Committee on Government Procurement the past week, had confirmed that it hoped to initiate its own accession process by tabling its initial coverage offer by the end of 2007. The Parties had welcomed this statement. Also at the formal meeting, Saudi Arabia had been granted observer status under the Agreement, a necessary step towards fulfilling its own accession commitment.

216. The General Council took note of the statements, adopted the report of the Committee on Trade and Development in document WT/COMTD/64, and took note of the reports of the other WTO bodies, including the reports of the Committees under the Plurilateral Trade Agreements, in documents WT/DSB/43 and Add.1, WT/TPR/213, G/L/845, S/C/28, IP/C/48, WT/CTE/14, WT/BOP/R/88, WT/BFA/100, WT/REG/18, WT/WGTDF/6, WT/WGTTT/9, GPA/92 and WT/L/701.

217. The General Council then adopted the draft report of the General Council contained in document WT/GC/W/582, on the understanding that the Secretariat would make the necessary adjustments to that draft report to include matters that had been considered at the present meeting.⁸

19. Administrative Measures for Members in arrears

218. The Chairman, speaking under "Other Business", recalled that at its meeting in May 2006, the General Council had approved a recommendation from the Committee on Budget, Finance and Administration regarding revised Administrative Measures for Members in arrears (WT/BFA/86). Among these Administrative Measures was a requirement that, at each meeting of the General Council, the Chairman of the Committee on Budget, Finance and Administration should provide information with regard to which Members were under Administrative Measures in Categories II through IV.

219. Mr Lynch (New Zealand), Chairman of the Committee on Budget, Finance and Administration, said that in pursuance of the revised Administrative Measures, he wished to inform the General Council that the Members under Categories II through IV of the Administrative Measures as at 11 December – a list which he noted with regret was unchanged from that he had read out at the October Council – were as follows: Burkina Faso and Senegal in Category II, and the following Members in Category IV: Burundi, Central African Republic, Chad, Commonwealth of Dominica, Côte d'Ivoire, Democratic Republic of Congo, Djibouti, Gabon, Gambia, Guinea, Guinea-Bissau, Malawi, Mauritania, Niger, Paraguay, Republic of Congo, Sierra Leona and Togo.

220. The Chairman then recalled that under the revised Administrative Measures he was also required at each Council meeting to request those Members in Categories III and IV of the Measures to inform him, before the next meeting of the General Council, as to when their payment of arrears might be expected. In keeping with the Administrative Measures, he would report on Members' replies to the next meeting of the General Council. Since the October General Council meeting, he had not received any replies from the Members concerned.

221. The General Council took note of the statements.

⁸ The Annual Report of the General Council was subsequently circulated in document WT/GC/114.