

PREPARATIONS FOR THE 1999 MINISTERIAL CONFERENCE

Accessions to the WTO

Communication from the European Communities

The following communication, dated 25 February, had been received from the Permanent Mission of the European Communities.

1. Twenty-nine countries are actively engaged in the process of accession to the WTO. The EC firmly believes that it is in the interest of these acceding countries and of the WTO itself that as many applicant countries are brought into the system as soon as feasible. We continue to play an active role in all Working Parties.

2. The prospect of further multilateral negotiations has made the need to try to conclude as many negotiations as possible all the more pressing. The EC considers that while the ability to make rapid progress does in the first instance depend on the individual efforts of each applicant country, WTO Members can facilitate the process. I would like to set out today three EC proposals on how best to proceed in the coming months:

- (i) Developing a "fast track" procedure for least developed countries (LDCs) in the process of accession.
- (ii) Accelerating the process of accession of all applicant countries that make demonstrable efforts to bring domestic legislation into line with WTO requirements and to submit appropriate, and, where necessary, improved market access offers.
- (iii) Agreeing modalities for the participation in the forthcoming multilateral negotiations of those countries that have not completed their accession negotiations by the end of this year.

(i) A fast-track procedure for LDCs

3. Seven LDCs are at one stage or another of their accession: Vanuatu, Nepal, Sudan, Tonga, Cambodia, Laos and Samoa. We believe that these accessions could be expedited by agreeing with other WTO Working Party Members on a range of minimum criteria which, if met, should allow such countries rapid accession. A flexible, streamlined approach could apply to all least developed countries, speeding up the process for them all without discrimination.

4. The EC would suggest that - without prejudice to the need to tailor terms of accession to all individual candidates - the following elements could be considered:

- Industrial tariffs: LDCs could bind at a level something like 30% across the board over a maximum five-year period (i.e. to 01.01.2004), with the possibility remaining to agree a limited number of higher tariffs on "exceptional" products.
- Agricultural sector: LDCs could aim at 40% across the board. LDCs should not be asked to undertake reduction commitments as regards domestic support and export subsidies. Their commitments in these areas should be inscribed directly in their schedules. Any problems of specific products of LDCs should be addressed in a flexible manner.
- Services: LDCs could be asked to make commitments in at least three services sectors. As far as horizontal commitments are concerned, the EC does attach great importance to good commitments in Mode 3 (commercial presence), in particular on foreign capital participation and employment requirements and in Mode 4 (movement of personnel).
- Alignment to WTO rules: WTO Members could agree on the automatic applicability of transition periods agreed in the Uruguay Round for LDCs towards full compliance with WTO Agreements. Candidate countries would, however, be expected to provide a work programme for the completion of legislative alignment. We should intensify technical assistance efforts to ensure compliance is achieved.

5. The precise application of these targets would of course be tailored to meet each applicant's particular circumstances.

6. The EC considers that special attention should be paid by the WTO and its Members to meeting the technical assistance needs of these LDCs to implement commitments undertaken in the WTO.

(ii) Meeting increased efforts by all acceding countries to meet accession criteria

7. The possibility of concluding an accession negotiation depends on the efforts of each applicant country. In many cases a broader mandate and improved market opening offers are required to bring countries in the process of accession into line with commitments of current WTO Members.

8. WTO Members can respond to such efforts by intensifying market access negotiations and by a measure of flexibility and creativity with respect to the implementation of commitments. But, of course, this means flexibility can only be within the rules: the price of rapid accessions cannot be distortion of the WTO system.

9. The EC welcomes the efforts made by the WTO Secretariat and some WTO Members to keep pace with the range of applications under way, and invites the continued devotion of appropriate resources in the coming months to those countries which make real efforts to complete their accession negotiations.

(iii) Participation in the forthcoming multilateral negotiations

10. In spite of best efforts by both acceding countries and WTO Members, it is still likely that a number of countries will not have acceded to the WTO by the time of the launch of the new round of negotiations. The EC considers that arrangements for the participation of these countries in the negotiations and their eventual accession to the WTO should be agreed in a timely fashion and established clearly by the Ministerial Conference. The EC considers that the following would be key elements in the arrangements:

- Participation in the negotiations: Participation would be open to those countries that have already informed Members, at a regular meeting of the General Council, of their intention to negotiate the terms of their membership and whose application has been agreed by the General Council.
- Market access negotiations: Countries in the process of accession (CPAs) would be granted observer-participant status in the negotiations, replicating arrangements made during the Uruguay Round.
 - CPAs would be subject to the same legally binding terms and conditions as WTO Members with regard to eventual standstill and rollback commitments.
 - CPAs would schedule commitments along with WTO Members, but with no right of veto over the eventual outcome.
- Negotiations on new rules: Again, CPAs would have observer-participant status, with the right to participate in all working groups, and to table proposals, but with no right of veto over the outcome.¹
- Alignment to unchanged WTO rules: The process of examination of the CPAs' trade regime, currently conducted through the multilateral Working Parties, would continue though likely on a less frequent basis than hitherto.
- Some countries may be able to conclude bilateral negotiations and bind market access commitments during the round of multilateral negotiations. Working Parties could then complete the formalities either during the Round or after its conclusion.

¹ It is noted that during the Uruguay Round, CPAs were excluded from participation in negotiations relating to the amendment or application of GATT provisions, or the negotiation of new provisions. (MIN.DEC, Part I, F, (b)). Participation in the negotiations on Trade in Services was subject to the same provisions as for GATT negotiations.