

VOLUME I

REPORT OF THE GENERAL COUNCIL TO THE 1996 MINISTERIAL CONFERENCE

The annual reports for 1996 of the General Council, Dispute Settlement Body, Trade Policy Review Body, Sectoral Councils, Committees on Trade and Development, Regional Trade Agreements, Balance-of-Payments Restrictions, and Budget, Finance and Administration are reproduced hereunder. Each report is reproduced as a separate section with its own page numbering.

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¹The report of the General Council also covers the preparatory work for the 1996 Ministerial

SECTION I

REPORT OF THE GENERAL COUNCIL

GENERAL COUNCIL

GENERAL COUNCIL

Draft Annual Report (1996)¹

The present report has been prepared in pursuance of the Procedures for an Annual Overview of WTO Activities and for Reporting under the WTO (WT/L/105), and sets out the actions taken by the General Council since the previous overview of WTO activities held in December 1995.²

In carrying out its tasks, the General Council has held [...] meetings since December 1995. The minutes of these meetings, which were held in documents WT/GC/M/10-WT/GC/M/[..].

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¹The final version of the report will also reflect the General Council meeting on 7 November 1996, and the points will be renumbered as necessary.

²The annual report of the General Council for 1995 is contained in WT/GC/5 and Corr.1.

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of these meetings would be to enable Members to exchange views on the preparation of the Singapore Ministerial Conference, with regard to

2. Given the different mandates of Standing Bodies of the WTO it is difficult to establish a common format for reports of these bodies. In some instances, for example, efforts to include in reports an assessment or an identification of problems and issues could lead to undue difficulties. Each Body must therefore ultimately decide on the format of report which it deems most appropriate for consideration of relevant issues by the superior Body.
3. While taking the above into account, I suggest that these reports include at least the following elements:
 - (a) a section on implementation of the relevant Agreements;
 - (b) progress concerning work under the Built-in Agenda;
 - (c) an indication as appropriate of issues and problems which have been identified and recommendations if any."

The General Council took note of the Chairman's statement on reporting procedures for the Ministerial Conference (WT/L/145), also took note that the Chairman would consult with Pakistan on its concerns regarding the second sentence of paragraph 2 of the statement, and further took note that Pakistan would have the possibility to revert to this matter at the next meeting.

The Chairman then invited the chairpersons of subsidiary bodies to undertake the necessary arrangements for the preparation of their respective reports along the lines of his statement.

- () Progress of preparatory work in subsidiary bodies of the General Council
(WT/GC/M/13, 14, 15)

At its meeting on 18 July 1996, the General Council heard reports on the progress of preparatory work in their respective bodies, made under their own responsibility,

() Election of officers of the Ministerial Conference (WT/GC/M/14)

At the General Council meeting on 2 October 1996, the Chairman recalled that the Rules of Procedure for Sessions of the Ministerial Conference (WT/L/161) provided for the election of a Chairperson and three Vice-Chairpersons who would hold office from the end of one session until the end of the next regular session. Since the Singapore Ministerial Conference was the first Ministerial Conference, and there was no elected Chairperson, he proposed that the General Council act on behalf of the Ministerial Conference and elect a Chairperson and three Vice-Chairpersons at its meeting on 7 November 1996. If this proposal were acceptable, he would consult with Members so that the election of the Chairperson and the three Vice-Chairpersons could take place at the General Council meeting on 7 November.

The General Council so agreed.

() Organizational matters (WT/GC/M/14)

At the General Council meeting on 2 October 1996, the Chairman addressed the following organizational matters pertaining to the Ministerial Conference:

1. Opening Session of the Conference

- (a) In accordance with the usual practice at Ministerial meetings, a brief inaugural ceremony would be held at the opening session to welcome the Prime Minister of Singapore.
- (b) The elected Chairperson of the Ministerial Conference would invite the Prime Minister of Singapore to address the Conference.
- (c) At the end of his address to the Conference, the Prime Minister of Singapore would declare the first Ministerial Conference of the WTO formally opened.
- (d) After the departure of the Prime Minister of Singapore, the Chairperson would take up the following business on the morning of Monday, 9 December as follows:
 - (i) Adoption of the Agenda.
 - (ii) Agreement on the Order of Business.
 - (iii) Introduction of the Report of the General Council by the Chairman of the General Council.
 - (iv) Introduction of the Report on an overview of developments in international trade and the trading system by the Director-General.
 - (v) Statements by Ministers.

2. List of Speakers

Members wishing to speak at the Ministerial Conference should contact the Secretariat and make reservations not later than 1 November 1996. Statements should be limited to a maximum of five minutes. If a delegation so wished, a longer text would be circulated in document form to the Conference.

Requests for reservations made after 1 November would be accommodated in accordance with the availability of time. The purpose of this procedure was to enable the Secretariat to organize in advance the sequence of plenary sessions of the Ministerial Conference.

The General Council took note of these suggestions.

() Attendance of observers at the Ministerial Conference

() Governments (WT/GC/M/14)

At the General Council meeting on 2 October 1996, the Chairman recalled the procedures for the attendance of governments as observers at meetings of the Ministerial Conference as set out in Annex 2 of the Rules of Procedure for

The General Council so agreed.

() Non-governmental organizations (WT/GC/M/13, 14, 15)

At the General Council meeting on 18 July 1996, the Chairman said he believed it was necessary to determine urgently how to proceed with requests from non-governmental organizations to attend the Ministerial Conference in an observer capacity and, on the basis of consultations he had held, proposed the following method for proceeding:

- (i) NGOs would be allowed to attend the Plenary Sessions of the Conference;
- (ii) applications from NGOs to be registered would be accepted on the basis of Article V of the WTO Agreement, i.e. those NGOs "concerned with matters related to those of the WTO"; and
- (iii) a deadline would be established for the registration of NGOs that wished to attend the Conference. A list of the NGOs that had applied for attendance would be circulated subsequently for the information of the General Council. Attendance at plenary sessions by NGOs would also depend upon the availability of space.

The General Council agreed to the Chairman's proposed procedure.

At the General Council meeting on 2 October 1996, the Chairman drew attention to an informal document recently circulated by the Secretariat which listed those NGOs which had complied with the requirements for attendance at the Singapore Ministerial Conference that had been agreed in July.

The General Council

At its meeting on 6 February 1996, the General Council approved the text of the Protocol of Accession for the United Arab Emirates (WT/L/129) 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 Decision on the Accession of the UAE

() Notifications by the Philippines and India (WT/GC/M/13)

At its meeting on 18 July 1996,

() Presiding officers to the Committee (WT/GC/M/11)

At its meeting on 16 April 1996, the Chairman informed the General Council that Mr. Weekes (Canada) had agreed to serve as Chairman of the Committee, and Mr. Berthet (Uruguay) Mr. Harbinson (Hong Kong), Mr. Ravaloson (Madagascar) and Mr. Willems (Belgium) had agreed to serve as Vice-Chairmen.

() Waivers under Article IX of the WTO Agreement

() Harmonized System

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The General Council adopted the Decision on the extension of the waiver (WT/L/169) in accordance with the Decision-Making Procedures Under Articles IX and XII of the WTO Agreement agreed in November 1995 (WT/L/93).

() Zambia - Renegotiation of Schedule LXXVIII (WT/GC/M/13)

At its meeting on 18 July 1996, the General Council considered a request by Zambia (G/L/84) for an extension of a waiver previously granted in connection with its renegotiation of its schedule, and the related draft decision (G/C/W/47).

The Chairman of the Council for Trade in Goods reported on the Council's consideration of this request.

The General Council adopted the Decision on the extension of the waiver (WT/L/171) in accordance with the Decision-Making Procedures Under Articles IX and XII of the WTO Agreement agreed in November 1995 (WT/L/93).

() Decision on the introduction of Harmonized System changes into WTO schedules of

The General Council agreed to revert to this matter at its next meeting.

At its meeting on 14 October 1996, the General Council again considered these requests and adopted the Decisions on the extensions of the waivers (WT/L/185 - Canada; WT/L/182 - Cuba; WT/L/186 and WT/L/187 - European Communities; WT/L/188 - South Africa; WT/L/183 and WT/L/184 - United States; and WT/L/189 - Zimbabwe), 185

() Kazakstan (WT/GC/M/10, 11)

At its meeting on 6 February 1996, the General Council considered a communication from Kazakstan (WT/ACC/KAZ/1) concerning its interest in acceding to the WTO Agreement pursuant to Article XII thereof.

The General Council agreed to establish a working party to examine Kazakstan's request, and authorized its Chairman to designate the Chairperson of the Working Party in consultation with representatives of Members and with the representative of Kazakstan.

The Chairman invited Kazakstan, on behalf of the General Council, to attend meetings of the General Council and, as appropriate, meetings of other WTO bodies as an observer during the period when the Working Party was carrying out its work.

At its meeting on 16 April 1996, the Chairman informed the General Council

The General Council adopted the Decision extending the time-limit (WT/L/130).

At its meeting on 16 April 1996, the General Council considered a communication from Papua New Guinea requesting that the time-limit in paragraph 6 of its Protocol of Accession be further extended to 13 August 1996 (WT/GC/W/33), and a draft decision to this

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The Chairman then made the following statement: "In adopting these procedures on the circulation and derestriction of documents, the General Council takes note that Members attach particular importance to the restricted nature of documents so designated, and that individual governments should proceed accordingly in their handling of such documents."

- () Arrangements for effective cooperation with other intergovernmental organizations
- Relations between the WTO and the International Monetary Fund and the World Bank
(WT/GC/M/13)

At the General Council meeting on 18 July 1996, the Chairman said that informal consultations
on

() WTO Press Release on Trade and Foreign Direct Investment (WT/GC/M/15)

At the General Council meeting on 14 October 1996, the representative of India expressed concern at the recent issuance by the Secretariat of a Press Release

() International intergovernmental organizations (WT/GC/M/10, 11, 12, 13, 14, 15)

At the General Council meeting on 6 February 1996, the Chairman said it was his understanding

() Election of Chairperson (WT/GC/M/10)

At the General Council meeting on 6 February 1996, as the outgoing presiding officer of the General Council, the Chairman made a statement on the work of the General Council in 1995 (WT/GC(96)/ST/1).

The General Council then unanimously elected Mr. Rossier (Switzerland) to the Chair.

SECTION II

REPORT OF THE DISPUTE SETTLEMENT BODY

DISPUTE SETTLEMENT BODY

DISPUTE SETTLEMENT BODY

Annual Report (1996)

The present report has been prepared in pursuance of the Procedures for an Annual Overview of WTO Activities and for Reporting under the WTO (WT/L/105), and sets out the actions taken by the Dispute Settlement Body (DSB) since the previous overview of WTO activities held in December 1995.¹

In carrying out its task, the DSB has held 15 meetings since December 1995. The minutes of these meetings, which remain the record of the DSB's work, are contained in documents WT/DSB/M/10-WT/DSB/M/24.

The following subjects are included in the report:

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¹The 1995 Annual Report of the DSB is contained in WT/DSB/3.

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2. Election of Chairperson (WT/DSB/M/10)

At its meeting on 31 January 1996, the DSB elected Mr. Celso Lafer (Brazil) as Chairman by acclamation.

3. Working procedures of the Appellate Body (WT/DSB/M/10, 11)

At the DSB meeting on 31 January 1996, the Chairman said that the work on the procedures for the appellate review had been carried out by the Appellate Body members in January 1996. The views expressed by Members on this matter had been conveyed to the Appellate Body in accordance with paragraph 14 in WT/DSB/1. Any other views by Members on key issues were required to be conveyed to the Chairman the following day, as the Appellate Body was finalizing its procedures.

The DSB took note of this information.

At the DSB meeting on 21 BT1 0 0brETBT1 0 0 1 270.48 6425i TjETBT1 0 0 1 220.08 1 Tf(Appellate) Tj

At the DSB meeting on 15 and 16 July 1996, the Chairman drew attention to document WT/DSB/W/33 containing names of candidates for inclusion on the indicative list, and proposed that the DSB approve the names contained therein.

The DSB so agreed.

At the DSB meeting on 27 September 1996, the Chairman drew attention to document WT/DSB/W/36 containing names of candidates for inclusion on the indicative list, and proposed that the DSB approve the names contained therein.

The DSB so agreed.

At the DSB meeting on 16 October 1996, the Chairman drew attention to document WT/DSB/W/40 containing names of candidates for inclusion on the indicative list, and proposed that the DSB approve the names contained therein.

The DSB so agreed.

5. Curricula vitae of representatives to the WTO (WT/DSB/M/20)

At the DSB meeting on 5 July 1996, the Chairman proposed that in order to facilitate the work of the Secretariat with regard to the composition of panels, Members were invited to submit the curricula vitae of their Geneva-based representatives which might be considered to serve on panels.

The DSB took note of the statement.

6. Mutually agreed solutions (WT/DSB/M/15, 24)

At the DSB meeting on 24 April 1996, the Chairman drew attention to the obligation under Article 3.6 of the DSU to notify mutually agreed solutions to matters formally raised under the dispute settlement provisions.

The representative of India spoke.

The DSB took note of the statement.

At the DSB meeting on 16 October 1996, the representative of India drew attention to document WT/DSB/W/35 prepared by the Secretariat in response to India's request made at the DSB meeting on 24 April 1996, with regard to the obligation under Article 3.6 of the DSU to notify mutually agreed solutions. He said that he would make a detailed statement explaining his views on this document at a later date.

The DSB took note of the statement.

7. Requests to be joined in consultations under the DSU (WT/DSB/M/13)

At the DSB meeting on 27 March 1996, the Chairman presented a proposal concerning communications containing requests to be joined in consultations pursuant to Article 4.11 of the DSU. The text of this proposal was subsequently circulated in WT/DSB/W/23.

The DSB agreed to revert to this matter at its next meeting.

8. Recourse to dispute settlement procedures

(a) Brazil

(i) Export financing programme for aircraft (WT/DSB/M/22)

At its meeting on 27 September 1996, the DSB considered a request by Canada for the establishment of a panel to examine its complaint regarding Brazil's export financing programme for aircraft (WT/DS46/2).

The representatives of Canada, Brazil and Jamaica spoke.

The DSB took note of the statements and agreed with Canada's decision that its request for a panel in WT/DS46/2 be withdrawn and that a new request for a panel on this matter

The DSB took note of the statements, agreed to establish a panel to examine the Philippines' request, and authorized the Chairman of the DSB to draw up the terms of reference of the panel in consultation with the parties to the dispute in accordance with Article 7.3 of the DSU.

The representatives of Canada, the European Communities, Indonesia, Malaysia and the United States reserved their third-party rights to participate in the panel proceedings.²

- (b) Canada
- Certain measures concerning periodicals (WT/DSB/M/18 and Corr.1, 19)

At its meeting on 6 June 1996, the DSB considered a request by the United States for the establishment of a panel to examine its complaint regarding Canada's measures concerning periodicals (WT/DS31/2).

The representatives of the United States and Canada spoke.

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

At its meeting on 19 June 1996, the DSB again considered this matter.

The representatives of the United States and Canada spoke.

The DSB took note of the statements and agreed to establish a panel with standard terms of reference in accordance with Article 6 of the DSU.

- (c) European Communities
(i) Implementation of the Uruguay Round commitments concerning rice (WT/DSB/M/10)

At the DSB meeting on 31 January 1996, the representative of Uruguay informed Members that his country had requested consultations under Article XXII:1 of GATT 1994 with the European Communities with respect to the implementation of the commitments on rice undertaken by the latter in the Uruguay Round (WT/DS25/1 and Corr.1).

The DSB took note of the statement.

- (ii) Measures affecting livestock and meat (hormones) (WT/DSB/M/22, 24)

At its meeting on 27 September 1996, the DSB considered a request by Canada for the establishment of a panel to examine its complaint regarding European Communities' measures affecting livestock and meat (WT/DS48/5).

The representatives of Canada and the European Communities spoke.

The DSB took note of the statements and agreed to revert to this matter at its next regular meeting.

At its meeting on 16 October 1996, the DSB again considered this matter.

²After the meeting Sri Lanka also reserved its third-party rights.

The representatives of Canada, the European Communities and Argentina spoke.

The DSB took note of the statements and agreed to establish a panel with standard terms of reference in accordance with Article 6 of the DSU.

The representatives of Australia, New Zealand, Norway and the United States reserved their third-party rights to participate in the panel proceedings.

(iii) Measures concerning meat and meat products (hormones) (WT/DSB/M/16,17)

At its meeting on 8 May 1996, the DSB considered a request by the United States for the establishment of a panel to examine its complaint regarding the European Communities' measures concerning meat and meat products (WT/DS26/6).

The representatives of the United States, the European Communities and Argentina spoke.

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

At its meeting on 20 May 1996, the DSB again considered this matter.

The representatives tatives

The DSB took note of the statements and agreed to establish a panel with the terms of reference to be drawn up by the parties to the dispute within 20 days in accordance with Article 7.1 of the DSU.

The representatives of the European Communities and Mexico reserved their third-party rights to participate in the panel proceedings.

(e) Korea

- (h) Portugal
- Patent protection under the Industrial Property Act (WT/DSB/M/24)

At the DSB meeting on 16 October 1996, the representative of the United States drew attention of Members that Portugal and the United States had reached a mutually satisfactory solution to the matter raised by the United States concerning the term of patent protection required by the Agreement on Trade-Related Aspects of Intellectual Property Rights (WT/DS37/2 and Corr.1).

The DSB took note of the statement.

- (i) Turkey
- Action on imports of textiles and clothing (WT/DSB/M/11, 13, 14, 15)

At the DSB meeting on 21 February 1996, the representative of Hong Kong informed Members that his Government had requested consultations with Turkey with regard to the implementation of the Customs Union between Turkey and the European Community (WT/DS29/1).

The representatives of the Philippines, on behalf of Malaysia and Thailand, India, Korea, Peru, Argentina, Colombia, Brazil, Pakistan, Turkey and the European Communities spoke.

The DSB took note of the statements.

At the DSB meeting on 27 March 1996, the representative of India informed Members that his Government had requested consultations with Turkey on quantitative restrictions imposed unilaterally on imports of a broad range of textile and clothing products from India (WT/DS34/1).

The representatives of Turkey, Hong Kong, the European Communities and Japan spoke.

The DSB took note of the statements.

At the DSB meeting on 27 March 1996, the representative of Hong Kong said that since the thirty-day period to enter into consultations pursuant to Article 4.3 of the DSU had expired, he requested Turkey to confirm its readiness to enter into consultations with Hong Kong (WT/DS29/1).

The representatives of Thailand, on behalf of Malaysia and the Philippines, and Turkey spoke.

The DSB took note of the statements.

At the DSB meeting on 17 April 1996, the representative of Hong Kong expressed his delegation's position regarding the participation of the European Communities in consultations which Hong Kong had requested with Turkey (WT/DS29/1).

The representatives of Thailand, on behalf of Malaysia and the Philippines, India, Peru, Turkey, Brazil, the European Communities and Canada spoke.

The DSB took note of the statements.

At the DSB meeting on 24 April 1996, the representative of India expressed his delegation's position regarding the participation of the European Communities in consultations which India

The representatives of Turkey, the European Communities and Hong Kong spoke.

The DSB took note of the statements.

- (j) United States
 - (i) Anti-dumping investigation regarding imports of fresh or chilled tomatoes from Mexico (WT/DSB/M/20)

At the DSB meeting on 5 July 1996, the representative of Mexico informed Members that his country had requested consultations with the United States with regard to the

The DSB took note of the statements and agreed to establish a panel with standard terms of reference in accordance with Article 6 of the DSU.

The representatives of Canada, Costa Rica, the European Communities, Norway, Pakistan and Turkey reserved their third-party rights to participate in the panel proceedings.⁴

- (v) Measures affecting imports of woven wool shirts and blouses
(WT/DSB/M/13,14)

At its meeting on 27 March 1996, the DSB considered a request by India for the establishment of a panel to

The representative of Brazil spoke.

The DSB took note of the statements.

- (viii) Tariff increases on products from the European Communities (WT/DSB/M/19, 20, 21)

At the DSB meeting on 19 June 1996, the representative of the European Communities requested a special meeting of the DSB in order to consider the Communities' request for the establishment of a panel regarding tariff increases by the United States on certain export products from the European Communities (WT/DS39/2).

The DSB took note of the request.

At its meeting on 5 July 1996, the DSB considered a

9. US

The DSB took note of the statements and adopted the Annual Report contained in WT/DSB/W/37 on the understanding that drafting amendments proposed by Members with regard to the "Summary conclusions" be included in the text and circulated together with an annex as proposed by the Chairman. If necessary, informal consultations would be held on this matter. The DSB authorized the Secretariat to update the Annual Report under its own responsibility as proposed by the Chairman.

12. Summary conclusions

The Dispute Settlement Body (DSB) has been in operation for just under two years. The purpose of this section is to highlight certain aspects of the dispute settlement process during this period.

Since January 1995, 42 distinct matters have been raised in the DSB under the provisions of the DSU.⁷ Dispute settlement panels have been established in respect of 12 different matters, three of which were ultimately settled without panel decisions being issued. Of the nine remaining matters, three panel reports have been circulated,⁸ two of which were appealed to the Appellate Body (as at 18 October 1996). The Appellate Body has issued reports in two cases. Although in each case the Appellate Body upheld the panel's recommendations, it modified the panel's legal reasoning. The remaining six panels are expected to issue their reports in due course.

A number of observations could be made after the DSB's experience in 1995 and 1996. First, the number of matters referred to the DSB is considerably greater than was the number under GATT during similar periods. The major trading nations have been the main participants in the dispute settlement system, both as complaining and responding Members. There has been an evident tendency to use the DSU in settling trade disputes in accordance with the aim of Article 23 of the DSU on "Strengthening of the Multilateral System". A further noteworthy development is the increased use of the system by developing country Members.

Second, there have been a significant number of settlements reached under the DSU. In seven of the 42 matters referred to it, the DSB has been formally notified of settlements. In addition, in seven other matters the DSB has not

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As the body dealing with disputes in the WTO, the DSB, in accordance with the provisions laid down in the DSU, has held meetings as often as necessary in order to carry out its functions. Since January 1995, the DSB has held 22 meetings. There were two non-scheduled meetings held in 1995 and since January 1996, five such meetings have been held.

Among its functions the DSB administers the indicative list of governmental and non-governmental panelists having expertise in different fields. This list which, as of 18 October 1996 contained 189 names, has assisted Members to obtain high-level expertise in different panels.

Following the tradition of GATT, the DSB has worked in a spirit of pragmatism and facilitated the obtention of mutually acceptable solutions to trade disputes. The dispute settlement system of the WTO has however moved beyond the GATT dispute settlement procedures through the progressive development of past practices in GATT which are now enshrined in the DSU. The DSU therefore provides Members with both the possibility of reacgond

SECTION I

Dispute	Request for Consultations (date of circulation)	Date of Receipt of the Request for Consultation	Expiration of Consultation Period	Request to Join Consultations	Mutually Agreed Solution	Request for Establishment of a Panel	Panel Established
1.							

Dispute	Request for Consultations (date of circulation)	Date of Receipt of the Request for Consultation	Expiration of Consultation Period	Request to Join Consultations	Mutually Agreed Solution	Request for Establishment of a Panel	Panel Established
5. Korea - Measures Concerning the Shelf-Life of Products	05.05.95 United States WT/DS5/1	03.05.95	02.07.95	24.05.95 Canada WT/DS5/2 09.06.95 Japan WT/DS5/4	31.07.95 WT/DS5/5 & Corr.1 24.11.95 Add.1 22.04.96 Add.1/Rev.1 22.04.96 Add.2 22.04.96 Add.3 19.07.96 Add.4 20.09.96 Add.5		
6. United States - Imposition of Import							

Dispute	Request for Consultations (date of circulation)	Date of Receipt of the Request for Consultation	Expiration of Consultation Period	Request to Join Consultations	Mutually Agreed Solution	Request for Establishment of a Panel	Panel Established
8. Japan - Taxes on Alcoholic Beverages	29.06.95 EC WT/DS8/1	21.06.95	20.08.95	17.07.95 United States WT/DS8/2 17.07.95 Canada WT/DS8/3		15.09.95 EC WT/DS8/5	27.09.95 WT/DSB/M/7
9. EC - Duties on Imports of Cereals	10.07.95 Canada WT/DS9/1	30.06.95	29.08.95			15.09.95 Canada WT/DS/9/2	11.10.95 WT/DSB/M/8
10. Japan - Taxes on Alcoholic Beverages	17.07.95 Canada WT/DS10/1	07.07.95	05.09.95	21.07.95 United States WT/DS10/2 27.07.95 EC WT/DS10/3		15.09.95 Canada WT/DS10/5	27.09.95 WT/DSB/M/7
11. Japan - Taxes on Alcoholic Beverages	17.07.95 United States WT/DS11/1	07.07.95	05.09.95			15.09.95 USA WT/DS11/2 & Corr.1	27.09.95 WT/DSB/M/7
12. EC - Trade Description of Scallops	25.07.95 Peru WT/DS12/1	18.07.95	15.09.95	09.08.95 Canada WT/DS12/3 11.08.95 Chile WT/DS12/2 & Rev.1 17.08.95 Japan WT/DS12/5	19.07.96 WT/DS12/12	15.09.95 Peru WT/DS12/6 22.09.95 Peru WT/DS12/7	11.10.95 WT/DSB/M/8
13. EC - Duties on Imports of Grains	26.07.95 United States WT/DS13/1	19.07.95	17.09.95			29.09.95 United States WT/DS13/2	

Dispute	Request for Consultations (date of circulation)	Date of Receipt of the Request for Consultation	Expiration of Consultation Period	Request to Join Consultations	Mutually Agreed Solution	Request for Establishment of a Panel	Panel Established
18. Australia - Measures Affecting Importation of Salmon	11.10.95 Canada WT/DS18/1	05.10.95	04.12.95				
19. Poland - Import Régime for Automobiles	18.10.95 India WT/DS19/1	28.09.95	27.11.95		11.09.96 WT/DS19/2		
20. Korea - Measures Concerning Bottled Water	22.11.95 Canada WT/DS20/1	08.11.95	08.01.96	30.11.95 United States WT/DS20/2 14.12.95 EC WT/DS20/4	6.05.96 WT/DS20/6		
21. Australia - Measures Affecting the Importation of Salmonids	23.11.95 United States WT/DS21/1	20.11.95	19.01.96	13.12.95 Canada WT/DS21/2			
22. Brazil - Measures Affecting Desiccated Coconut	20.12.95 Philippines WT/DS22/1 10.01.96 Rev.1	30.11.96	29.01.96			08.02.96 Philippines WT/DS22/5	05.03.96 WT/DSB/M/12
23. Venezuela - Anti-Dumping Investigation in Respect of Imports of Certain Oil Country Tubular Goods (OCTG)	4.01.96 Mexico WT/DS23/1	5.12.95	3.02.96				
24. United States - Restriction on Imports of Cotton and Man-Made Fibre Underwear	15.01.96 Costa Rica WT/DS24/1 23.01.96 Corr.1	22.12.95	20.02.96			27.02.96 Costa Rica WT/DS24/2	05.03.96 WT/DSB/M/12

Dispute	Request for Consultations (date of circulation)	Date of Receipt of the Request for Consultation	Expiration of Consultation Period	Request to Join Consultations	Mutually Agreed Solution	Request for Establishment of a Panel	Panel Established
25. EC - Implementation of the Uruguay Round Commitments Concerning Rice	19.01.96 Uruguay WT/DS25/1 19.10.96 Corr.1	14.12.95	12.2.96				
26. EC - Measures Concerning Meat and Meat Products (Hormones)	31.01.96 United States WT/DS26/1	26.1.96	26.3.96	8.02.96 New Zealand WT/DS26/2 9.02.96 Australia WT/DS26/3 13.02.96 Canada WT/DS26/4		25.04.96 United States WT/DS26/6	20.05.96 WT/DSB/M/17
27. EC - Régime for the Importation, Sale and Distribution of Bananas	13.02.96 Ecuador Guatemala Honduras Mexico United States WT/DS27/1	05.02.96	05.04.96	28.02.96 Dominican Republic WT/DS27/2 28.02.96 St. Lucia WT/DS27/3 28.02.96 Nicaragua WT/DS27/4 01.03.96 Jamaica WT/DS/27/5		12.04.06 Ecuador, Guatemala, Honduras, Mexico, United States WT/DS27/6	08.05.96 WT/DSB/M/16
28. Japan - Measures Concerning Sound							

Dispute	Request for Consultations (date of circulation)	Date of Receipt of the Request for Consultation	Expiration of Consultation Period	Request to Join Consultations	Mutually Agreed Solution	Request for Establishment of a Panel	Panel Established
29. Turkey - Restrictions							
Wool Coats 's and Girls'					30.04.96 WT/DS32/2	15.03.96 India WT/DS32/1	17.04.96 WT/DSB/M/14

Dispute	Request for Consultations (date of circulation)	Date of Receipt of the Request for Consultation	Expiration of Consultation Period	Request to Join Consultations	Mutually Agreed Solution	Request for Establishment of a Panel	Panel Established
33. United States - Measures Affecting Imports of Woven Wool Shirts and Blouses						15.03.96 India WT/DS33/1	17.04.96 WT/DSB/M/14
34. Turkey - Restrictions on Imports of Textile and Clothing Products	25.3.96 India WT/DS34/1	21.03.96	20.05.96				
35. Hungary - Export Subsidies in Respect of Agricultural Products	02.04.96 Argentina Australia Canada New Zealand Thailand United States WT/DS35/1	27.3.96	26.5.96	12.04.96 Japan WT/DS35/2			
36. Pakistan - Patent Protection for Pharmaceutical and Agricultural Chemical Products	06.05.96 United States WT/DS36/1	30.04.96	29.06.96	28.05.96 EC WT/DS36/2		4.07.96 US WT/DS36/3	
37. Portugal - Patent Protection under the Industrial Property Act	06.05.96 United States WT/DS37/1	30.04.96	29.06.96		8.10.96 WT/DS37/2 15.10.96 Corr.1		
38. United States - The Cuban Liberty and Democratic Solidarity Act	13.05.96 EC WT/DS38/1	3.05.96	2.07.96			8.10.96 WT/DS38/2 14.10.96 and Corr.1	
39. United States - Tariff Increases on Products from the European Communities	29.05.96 EC WT/DS39/1	18.04.96	17.06.96			24.6.96 EC WT/DS39/2	

Dispute	Request for Consultations (date of circulation)	Date of Receipt of the Request for Consultation	Expiration of Consultation Period	Request to Join Consultations	Mutually Agreed Solution	Request for Establishment of a Panel	Panel Established
40. Korea - Laws, Regulations and Practices in the Telecommunications Procurement Sector	20.05.96 EC WT/DS40/1	9.05.96	8.07.96				
41. Korea - Measures Concerning Inspection of Agricultural Products	31.05.96 US WT/DS41/1	24.05.96	23.07.96				
42. Japan - Measures Concerning Sound Recordings	04.06.96 EC WT/DS42/1	28.05.96	27.07.96	11.06.96 US WT/DS42/2			
43. Turkey - Taxation of Foreign Film Revenues	17.06.96 US WT/DS43/1	12.06.96	11.08.96				
44. Japan - Measures Affecting Consumer Photographic Film and Paper	21.06.96 US WT/DS44/1	13.06.96	12.08.96			20.09.96 US WT/DS44/2	16.10.96 WT/DSB/M/24
45. Japan - Measures Affecting Distribution Services	20.06.96 US WT/DS45/1 24.09.94 US WT/DS45/1/Add.1	13.06.96 20.09.94	12.08.96				
46. Brazil - Export Financing Programme for Aircraft	21.06.96 Canada WT/DS46/1	19.06.96	18.08.96			17.09.96 Canada WT/DS46/2 4.10.96 WT/DS46/4	

Dispute	Request for Consultations (date of circulation)	Date of Receipt of the Request for Consultation	Expiration of Consultation Period	Request to Join Consultations	Mutually Agreed Solution
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Dispute	Request for Consultations (date of circulation)	Date of Receipt of the Request for Consultation	Expiration of Consultation Period	Request to Join Consultations	Mutually Agreed Solution	Request for Establishment of a Panel	Panel Established
52. Brazil - Certain Measures Affecting Trade and Investment in the Automotive Sector	14.08.96 US WT/DS52/1	09.08.96	08.10.96	19.08.96 Canada WT/DS52/2 19.08.96 Japan WT/DS52/3 28.08.96 Korea WT/DS52/4 02.09.96 EC WT/DS52/5			
53. Mexico - Customs Valuation of Imports	9.09.96 EC WT/DS53/1	27.08.96	26.10.96	18.09.96 Norway WT/DS53/2 30.09.96 Switzerland WT/DS53/3			
54. Indonesia- Certain							

Dispute	Request for Consultations (date of circulation)	Date of Receipt of the Request for Consultation	Expiration of Consultation Period	Request to Join Consultations	Mutually Agreed Solution	Request for Establishment of a Panel	Panel Established
56. Argentina - Measures Affecting Imports of Footwear, Textiles, Apparel and Other Items	15.10.96 United States WT/DS56/1	4.10.96	3.12.96	.. Hungary WT/DS56/2			
57. Australia - Textile, Clothing and Footwear Import Credit Scheme	09.10.96 United States WT/DS57/1	7.10.96	6.11.96				
58. United States - Import Prohibition of Certain Shrimp and Shrimp Products	14.10.96 India, Malaysia, Pakistan and Thailand WT/DS58/1	8.10.96	7.12.96				
59. Indonesia - Certain Measures Affecting the Automobile Industry	15.10.96 United States WT/DS59/1	8.10.96	7.12.96	.. Japan WT/DS59/2			
60. Guatemala -							

SECTION II



SECTION III

REPORT OF THE TRADE POLICY REVIEW BODY

Trade Policy Review Body

TRADE POLICY REVIEW MECHANISM

REPORT TO THE SINGAPORE MINISTERIAL CONFERENCE

1. The Trade Policy Review Mechanism was established in 1989, on a provisional basis, as an early harvest of the Uruguay Round. It has thus been in existence for seven years. The Marrakesh Agreement, which confirmed the status of the Mechanism, envisages an appraisal of its operation at the latest in 1999 ("not more than five years after the entry into force of the Agreement Establishing the WTO"). Members, however, have kept the Mechanism under constant review since its inception and a number of procedural improvements have been introduced in the past few years.

2. This report by the Trade Policy Review Body provides an interim assessment of the extent to which the TPRM is fulfilling its stated objectives, its value to Members, its cost-effectiveness and the scope for further procedural improvements. A table of Trade Policy Reviews to date is annexed.

Fulfilling its Objectives

3. In framing their expectations of the TPRM, Members are guided

While the scope for procedural improvements is constantly being assessed, the essential character of the reviews has not been challenged. One indicator of the general health of the process is the level and composition of delegations from Members under review: this has improved markedly since the establishment of the WTO, with a majority of Members reviewed during the past two years being led at Ministerial or deputy from

reviews - for example in the case of some Southern African or Caribbean countries - while respecting the individual nature of the TPR process. The question of completing the coverage of TPRs, particularly to the smaller developing and least-developed countries, is one which will require particular attention in the preparation of the TPRB timetable.

Procedural Improvements

14. As noted, there has been a fairly continuous process of self-examination within the TPRB over the years, leading to a number of improvements in procedures. A first set of modifications was introduced in 1994 (L/7458). More recent discussions

fairly

20. While Members are satisfied with the considerable progress made in improving the functioning of the TPRM, they are also conscious of the high level of Secretariat and national resources involved in the process, and anxious to ensure that these resources continue to be used effectively. Members



SECTION IV

REPORT OF THE COUNCIL FOR TRADE IN GOODS

WORLD TRADE ORGANIZATION

G/L/134

5 November 1996

(96-4676)

Council for Trade in Goods
1 November 1996

REPORT OF THE COUNCIL FOR TRADE IN GOODS **TO THE GENERAL COUNCIL**

Introduction

1. This report has been established in accordance with the statement by the Chairman of the General Council, at the meeting on 16 April 1996, with regard to "Reporting Procedures for the Singapore Ministerial Conference". It covers the period from 1 January to 4 November 1996;¹ it comprises a Section I: factual part, and a Section II: conclusions and/or recommendations. The report also covers the activities of the subsidiary bodies of the Council for Trade in Goods (hereinafter referred to as "the Council"), as outlined under item 19(a).

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SECTION I: FACTUAL PART**1. Observer status for International Intergovernmental Organizations (G/C/M/8 to 14)**

1.1 At its meeting of 29 January 1996, the Council agreed that pending the adoption of criteria and conditions for observer status for international intergovernmental organizations in the WTO and unless a delegation raised an objection, those organizations invited to the current meeting of the Council be invited to its next meeting on an ad-hoc basis. The organizations concerned were: FAO, IMF, ITCB, OECD, UN, UNCTAD, World Bank and the WCO.

1.2 At its meetings of 14 February 1996, 19 March 1996, 22 May 1996 and 5 July 1996 the Council agreed to invite the same organizations on an ad-hoc basis to its next respective meeting.

1.3 At the meeting of 25 July 1996, the Chairman pointed out that at its meeting of 18 July 1996, the General Council had approved the "Guidelines on Observer Status for International Intergovernmental Organizations". In light of this decision he proposed to hold informal consultations on which International Intergovernmental Organizations would be granted observer status in the Goods Council.

At its meeting of 19 September 1996, the Council agreed that pending the outcome of further consultations, the organizations which had been following the Council's meeting up to now on an ad-hoc basis, could attend future meetings of the Council on an ad-hoc basis.

2. Election of Chairperson of the Council (G/C/M/8)

~~2.1 At its meeting of 14 February 1996, the Council unanimously elected Ambassador Narayanan, as Chairman of the Council for 1996.~~

3. Appointment of Officers for the Committee on Agriculture Tm/F17 11 Tf(for) Tm25/F8 11 Tf(February

3.4 A number of delegations stated that future consultations on Chairpersons should be initiated as early as possible, they should be more transparent, and the principle of rotation should be the rule wherever possible. The point was also made that in the future the question of the Vice-Chairmanship should be settled in the context of such consultations.

4. Approval of Rules of Procedure of the Committees on Agriculture, Anti-dumping Practices, Safeguards, Subsidies and Countervailing Measures (G/C/M/10)

4.1 At its meeting of 22 May 1996, the Council approved the rules of procedure of the Committees on Agriculture (G/AG/W/22), Anti-Dumping Practices (G/ADP/W/135/Rev.1), Safeguards (G/SG/W/59/Rev.1) and Subsidies and Countervailing Measures (G/SCM/W/143/Rev.1).

5. Letter from the Chairman of the Committee on Trade and Development (G/C/M/10 and 13 and Corr.1)

5.1 At the meeting of 22 May 1996, the Chairman informed the Council that the Chairman of the Committee on Trade and Development (CTD) had sent a letter to him requesting information on the implementation of development-related provisions in those Uruguay Round Agreements dealt with by the Council. This information was necessary for the review to be conducted by the CTD. He had sent a letter to the chairpersons of the various subsidiary bodies of this Council requesting them to give him information on the work done in this area. After receipt of this information, he would take further action on the basis of the information provided.

5.2 At the meeting of 19 September 1996, the Chairman informed the Council that the responses to the letter he had sent to the Chairpersons of the subsidiary bodies of the Council had been received and forwarded to the Chairman of the CTD. The Secretariat had made a compilation of those responses in document WT/COMTD/W/16 and Addendum. The matter was now under consideration in the CTD.

6. Circulation and Derestriction of Council Documents (G/C/M/13 and Corr.1)

6.1 At the meeting of 19 September 1996, the Chairman drew the Council's attention to the decision taken by the General Council at its meeting of 18 July 1996 on "Procedures for the Circulation and Derestriction of WTO documents" (WT/L/160/Rev.1). The Council took note of the decision.

7. Availability of documents in Spanish (G/C/M/13 and Corr.1)

7.1 At the meeting of 19 September 1996, the representative of El Salvador, also on behalf of GRULAC, expressed concern at the fact that documents were not made available in the Spanish language in time for meetings. Another representative stated that the same problem had arisen regarding documents in French.

8. Committee on Market Access

Semi-annual report of the Committee (G/C/M/11)

8.1 At its meeting of 5 July 1996, the Council took note of the report made by the Chairman of the Market Access Committee (G/MA/4) concerning (1) implementation of HS96 changes; (2) other waivers; (3) establishment of consolidated loose-leaf schedules; (4) non-tariff matters; (5) Integrated Data Base; and (6) Report of the Committee to the Council in connection with the Singapore Ministerial Meeting.

9. Agreement on Subsidies and

State of play concerning subsidi
requirements under Article 25.
(G/C/M/10)

9.1 At the meeting of 22 May 1996
of compliance by Members with their
Agreement.

10. Working Party on State Trade

10.1 At its meeting of 15 October
European Communities circulated in G/S
to the Working Party on State Trading
to this matter at an appropriate time.

11. Customs Unions and Free-Tr
(G/C/M/8, 9, 10,11 and 13 at

11.1 At its meeting of 29 January 1
Chairman that at the last meeting of the
a committee dealing with regional trade

- (c) Agreement between the Swiss Government, of the one part, and the Government of Denmark and the Home Government of the Faroe Islands, of the other part, on free trade between the Faroe Islands and Switzerland (G/C/M/9)

11.5 At its meeting of 19 March 1996, the Council took note of

with the four parties on 25 November 1995. The Agreement was being applied on a provisional basis and would enter into force once ratification procedures in the countries, parties to this Agreement, had been completed.

between (i) Europe Agreements between

(n) Free Trade Agreement between the EFTA States and

- (e) Decision on the introduction of Harmonized Commodity Description and Coding System (HS) changes into WTO schedules of tariff concessions on 1 January 1996 (G/C/M/11)

12.6 At its meeting of 5 July 1996, the Council considered the draft of a decision (G/MA/W/6) concerning a waiver, which related to the HS96 changes to be introduced in Member's tariff schedules on 1 January 1996. A waiver had appeared necessary for those Members finding it necessary to consult or negotiate under Article XXVIII of GATT 1994 as a result of the HS96

obligations as a consequence of the adoption of a special regime concerning investment measures in the automotive sector.

13.3 At the meeting of 22 May 1996, Brazil informed the Council that, following informal consultations with interested WTO Members, it had withdrawn its request for a waiver (G/L/75), presented on 15 March 1996, regarding the Brazilian automotive regime.

(b) US draft bill concerning the definition of "domestic industry" in the area of safeguards (G/C/M/8)

13.4 At the meeting of 29 January 1996, the representative of Mexico expressed concern regarding a draft bill that was passed in the US Senate concerning the definition of "domestic industry" in the United States legislation in the area of safeguards when dealing with perishable agricultural products.

(c) US - "Cuban Liberty and Democratic Solidarity Act of 1996" (G/C/M/9)

13.5 At the meeting of 19 March 1996, the representative of Cuba voiced concern at the signing into law by the US President of the "Cuban Liberty and Democratic Solidarity Act of 1996", which in the view of Cuba harmed the interests of third-country WTO Members due to its extraterritorial effects".

(d) Ban on exports of wild-harvested shrimps to the US (G/C/M/9 and 10)

13.6 At the meeting of 19 March 1996, the representative of the Philippines, also on behalf of the ASEAN countries, informed the Council that following the decision of the US Court of International Trade on 29 December 1995, exports of wild-harvested shrimps to the US after 1 May 1996 would be embargoed if the exporting country did not adopt sea turtle conservation programs comparable to the US program.

13.7 At the meeting of 22 May 1996, the representative of Hong Kong expressed concern on this matter, and requested further information from the United States.

(e) US Narcotics Control Trade Act (G/C/M/9)

13.8 At the meeting of 19 March 1996, the representative of Mexico informed the Council of a US draft Bill which if it became law could cause problems to US trading partners. The Bill would oblige the US government to impose trade sanctions on those countries which it felt were not doing enough to act against the production or traffic in illegal narcotics.

(f) Impairment by the European Community of Tariff Treatment of High Technology Products (G/C/M/10)

13.9 At the meeting on 22 May 1996, the United States informed the Council that on 2 May 1996, it had requested consultations with the EC concerning tariff treatment being applied to high technology products, i.e. Local Area Network (LAN) equipment and personal computers with television capability (G/L/73).

(g) Argentine footwear (G/C/M/11)

13.10 At the meeting of 5 July 1996, the United States representative stated that in September 1995, Argentina had enacted decrees which established specific duties for imports of footwear, textiles and apparel. In the view of the US, these specific duties violated Argentina's tariff bindings, and its obligations under the Customs Valuation Agreement.

- (h) US request for Consultations concerning Restrictive Business Practices in the Japanese Photographic Film and Paper Market (G/C/M/13 and Corr.1)

13.11 At the meeting of 19 September 1996, the

as well as other laws and regulations relating to preshipment inspection (G/PSI/N/1, Add.1, Add.2, Add.3, and Add.4). Of these, 3 Members had notified laws and regulations putting the Agreement on Preshipment Inspection into force; 13 Members had notified other laws and regulations relating to preshipment inspection; and 19 Members had notified that they had no laws or regulations relating to preshipment inspection.

15. Working Group on Notification Obligations and Procedures

(a) Status of work in the Working Group (G/C/M/9)

15.1 At its meeting of 19 March 1996, the Council took note of the report provided by the Chairman of that Group on the status of work in the Group. The Group had identified four general subjects for examination namely: (1) duplication of notification obligations; (ii) simplification of data requirements and the standardization of formats; (iii) improvement in the timing of the reporting process; and (iv) possible assistance to some developing countries in meeting their notification obligation. The Council took note of the report.

(b) Report of the Working Group on Notification Obligations and Procedures (G/C/M/14)

15.2 At its meeting of 15 October 1996, the Council considered the report of the Working Group (G/L/112) and took the following action on the recommendations contained in the report:

(1) it agreed to request the Committee on Agriculture to consider the modified notification formats contained in the draft revision to document G/AG/2, as set out in document G/NOP/W/15 and to request the Committee on Subsidies and Countervailing Measures to consider the modified notification formats contained in draft revision to document G/SCM/6, as set out in document G/NOP/W/15. Both Committees should consider the modified notification formats with a view to achieving greater coherence and efficiency in the notification system;

(2) it agreed to request the General Council to take the necessary steps to eliminate the notification obligations in the Decisions of the GATT 1947 CONTRACTING PARTIES relating to import licensing procedures (L/3756 and SR/28/6)⁵. The Council also agreed to refer the Decisions of the GATT 1947 CONTRACTING PARTIES relating to quantitative restrictions and non-tariff measures (BISD 32S/92-93 and BISD 31S/227-228), and to Marks of Origin (BISD 7S/30-33) to the Market Access Committee, and to retain the Decision on Liquidation of Strategic Stocks (BISD 3S/51) in the Council, for further consideration;

(3) it agreed that a comprehensive listing of notification obligations and the compliance therewith by all WTO Members be maintained on an ongoing basis and be circulated semi-annually to all Members. The Council also agreed to an updating of the listing of notifications received, as set out in Annex III to the report of the Working Party, prior to the Singapore Ministerial Meeting;

(4) it agreed to consider the preparation of general guidelines for the bodies under its purview, providing for the regular review of questionnaires and formats and of the situation as regards compliance with notification obligations;

(5) it agreed to forward the to the Committee on Trade and Development the recommendation that "active consideration be given ...to the development of a special programme of assistance to developing country Members and particularly to the least-developed country Members providing more

⁵See 2 (a) of "Section II: Conclusions and/or Recommendations".

intensive technical assistance, possibly with the participation of other organizations, focusing on the development of systems and structures required to respond to notification obligations";

(6) it agreed to request the Ministerial Conference or the General Council to consider the establishment, at an appropriate time, of a body with a mandate to review the notification obligations and procedures throughout the WTO Agreement. Alternatively, consideration might be given to the establishment of a body, or the extension/modification of the mandate of the current Working Group, to conduct, at an appropriate time, a further comprehensive review of the notification obligations and procedures in the agreements in Annex 1A of the WTO Agreement. It was suggested that future work also encompass matters relating to the Central Registry of Notifications, electronic transmission of notifications and further work on the notifications handbook⁶.

15.3 In connection with the last recommendation,

products being integrated which were not subject to restrictions. Specific proposals had be5nnot87e9 BT1 0 0 1 23

(iii) Bilaterally Agreed Arrangements

16.9 It was stated that a fundamental concept of the ATC was to strengthen the multilateral disciplines in the field of textile and clothing trade with a view to ensuring final integration of the sector into the GATT/WTO rules. It was recalled that, in the context of safeguard measures, a number of bilateral arrangements had been notified. Concern was expressed that though under the ATC the TMB was required to determine whether these bilateral arrangements had been justified in accordance with the provisions of Article 6, some of these had not been subsequently confirmed by the TMB as being in conformity with the provisions of the ATC. The absence of endorsement by TMB of a safeguard action did not make the safeguard action

with decision-making and had mentioned as possible factors the circumstances of its establishment, the large number of disputes it had faced and tight time-constraints under which it often operated. Its reports had to be carefully crafted and if more transparency was requested then the reports would have to be more detailed, which would in turn also increase the TMB's workload and difficulties with respect to decision-making. Despite best efforts and certainly good faith efforts, the TMB had faced cases the nature of which required time - it was unfair to criticise this. One could only urge that it make greater efforts and hope that its members could overcome divergencies of views and enhance TMB's ability to reach consensus. The TMB's report to the Council had facilitated increased transparency, which should be encouraged.

16.14 It was also stated that the degree of acceptance or compliance with TMB recommendations would be one important element in any assessment of its functioning. It was argued that the fact that one Member declined to follow a TMB recommendation affirming a Member's safeguard action undermined the ATC's assumption that Members would follow the TMB's recommendations.

16.15 In response, it was pointed out that the ATC did not require governments to comply with TMB recommendations but to endeavour to accept them in full and that it would be wrong to imply that affected exporting Members should not exercise the dispute settlement rights under Article 8.10.

(v) Treatment of Small Suppliers and Least Developed Countries

16.16 With respect to small suppliers, it was recalled that, according to Article 1.2, meaningful increases in access possibilities must be provided for small suppliers, using the provisions of Articles 2.18 and 6.6(b). Concern was expressed that the only way to determine if the provisions were being complied with was to receive notifications from Members imposing or maintaining restrictions, indicating the way in which "meaningful increases" in access possibilities were being implemented.

16.17 In response it was stated that the Members were abiding now and would continue to abide by their obligations to small suppliers.

16.18 It was recalled that the ATC provided that, to the extent possible, exports from a least-developed country Member might also benefit from the provisions

(vi) Particular Interests of Cotton-Producing Countries

16.20 Recalling that according to Article 1.4 "the particular interests of the cotton producing exporting Members should, in consultation with them, be reflected in the implementation of the provisions of this Agreement", it was pointed out that, as was clear from the quoted wording, the onus of consultations was on the importing Member integrating products into GATT 1994. Concern was expressed that no such consultations had been notified, nor held. The TMB had received no notifications relating to the implementation of this provision. It should have sought information from the Members concerned. Therefore the requirements of this provision had not been fulfilled and the particular interests of cotton-producing exporting Members had not been reflected in the implementation of the provisions of the ATC.

16.21 In response it was stated that this provision had been faithfully implemented. No specific consultations had been requested from any Member with respect to this provision. Some Members had held consultations with a number of countries which they considered to be relevant to Article 1.4. There was no obligation to notify the TMB and no Member had taken this issue to the TMB.

(vii) Rules of Origin

16.22 It was recalled that according to the ATC the introduction of changes, such as changes in practices, rules and procedures, should not upset the balance of rights and obligations between the Members concerned; adversely affect the access available to a Member; impede full utilization of such access; or disrupt trade under the ATC (Article 4.1). The Agreement on Rules of Origin (ARO) further provided that pending the completion of the work programme for harmonization of origin rules, Members should ensure, *inter alia*, that their rules of origin were not used as instruments to pursue trade objectives directly or indirectly. Concerns were expressed that one Member had implemented changes in its origin rules for textile and clothing products as an instrument of trade policy. This was contrary to the provisions of the ARO as well as Article 4 of the ATC, and had introduced great uncertainty and unpredictability with adverse effects on the exports of a large number of Members. Corrections to this situation were necessary. The harmonization of the rules of origin had been mandated by the ARO to be undertaken at the multilateral level; the fact that the Member concerned had harmonized its rules of origin relating to imports of textiles and clothing products unilaterally demonstrated that it had proceeded contrary to the relevant provisions of the ARO and the ATC. This development was very disturbing considering that the objective of the ATC was to bring about further liberalization, not restrictions, of trade in textiles and clothing.

16.23 In response, it was stated that Members requesting consultations under Article 4 were required to show that there had been a change in the implementation and administration of restrictions and if that was the case, that they had been adversely affected or trade disrupted. In consultations with various Members, it had in a number of cases been agreed that the implementation of revised origin rules had had no adverse impact. In cases where adverse impact could be demonstrated, the particular Member was working towards a mutually satisfactory solution. The new rules had been designed to conform with rules of other Members and also to provide greater protection against circumvention. One Member had expressed concern about the new rules and was consulting with the Member in question, but had so far not requested the intervention of any WTO body. The Members who felt that they were affected by the changes in the rules were free to raise the matter in the appropriate forum.

(viii) Other ATC Issues (Outward Processing Trade, Special Regimes, etc.)

16.24 It was stated that a fundamental principle of the GATT/WTO was the elimination of discriminatory treatment in international commerce. Concerns were expressed, however, that special regimes were continually being extended to provide better access to certain Members. Special regimes were also being used to promote the interests of special interest groups in importing countries, such

as manufacturers of fabrics at the expense of the export of textile and clothing products from developing country manufacturers. It should be ensured that access rights of other restrained Members were not adversely affected.

16.25 In response it was stated that the ATC required more favourable treatment to qualifying re-imports as defined by the laws and practices of the importing country. The ATC gave importing Members discretion on what type of more favourable treatment was to be given to this trade. A particular Member was currently providing more favourable treatment to re-imports under its outward processing programme, fully consistent with the ATC.

(ix) Relationship Between Restrictions and Regionalism

16.26 Concerns were expressed that expanding restrictions in the context of regionalism had adverse implications, especially for the export prospects of developing country Members. Unilateral restrictions under the pretext of regional obligations could not be justified under GATT 1994 or the ATC and could undermine the implementation of the ATC objective of further liberalization of trade.

16.27 In response, it was stated that regionalism could beneficially influence trade in overall terms through its impact on both quantitative restrictions and tariff rates. General conclusions could not be drawn from very specific individual cases. The general question of regionalism should appropriately be discussed in the Committee on Regional Trading Arrangements.

(x) Use of Trade Measures for Non-Trade Purposes

16.28 Concerns were expressed that pressures had been growing for trade measures in pursuit of non-trade objectives, particularly affecting textile products. on

16.31 In response, it was stated that the Uruguay Round results constituted a total package with a general equilibrium between rights and obligations for all Members. Benefits given to certain Members in the ATC through progressive integration of the textile and clothing trade into the ATC were trade-offs for the obligations these Members had undertaken in other Agreements. Besides, Article 7 explicitly referred to "specificthe

16.37 In response it was stated that the concerned Members continued to fully implement anti-circumvention measures. They had fully cooperated with their trading partners at combating and redressing situations which might suggest the existence of circumvention. They reaffirmed their commitments to close cooperation but stated that recourse to the remedies provided for in the ATC was the proper course to follow. One of the main problems was the subjective manner in which the circumvention provisions were being interpreted and applied. The magnitude

17.4 Some Members stated that, according to Article 8.3, the TMB was supposed also to rely on additional and supplementary information that could or should be available to it. In certain cases, it had not sought such information, e.g. from the importing as well as the major cotton-pr

The GALs offered to certain Members were necessary to remain in conformity with Article 6. The remark by the TMB that in most cases Members could comply with recommendations was a positive statement of fact which did not reflect distorted legal obligations, namely that Members had been able, following their best endeavours, to comply in full with the recommendations made. In most cases Members had been able to abide by TMB recommendations, which boded well for the ATC. Reference had been made to dispute cases

itself. The ATC established the TMB and unless one was ready to embark on substantial legislative and negotiating activity which did not seem feasible, one had to continue to live with the TMB. The course of action therefore was to try to enhance its functioning precisely through a discussion such as the present one. By the very nature of its constitution the TMB had limits to a perfect performance.

17.16 It was stated that the report of the TMB had contributed towards greater transparency of the TMB functioning, and that this trend should be encouraged.

B. Action Taken by the Council

17.17 The Council took note of the TMB's report and decided to annex it to Council's own report to the General Council.

17.18 The Council also agreed to take the following action on the three recommendations made by the TMB to the Council:

- (i) it took note of the observations and concerns contained in paragraph 102

18.6 At the resumed meeting of 4 November 1996, the representative of Australia stated that his delegation would continue to work with other delegations towards the objective that the Singapore Ministerial Conference underlines the commitment of the WTO to the further progressive liberalization of tariffs through successive rounds of multilateral trade negotiations. At this stage, Australia would not insist on the inclusion of the recommendation proposed in Section II of the Council's report.

18.7 At the meeting of 1 November 1996, under "Other Business", a proposal was also submitted by Canada on Further Tariff Liberalization (G/MA/W/9) which recommended a WTO work programme to address, *inter alia* the acceleration of Uruguay Round tariff reductions, expansion of membership for existing sectoral and harmonization initiatives, and identification of additional sectors for zero-for-zero and harmonization initiatives.

18.8 Additionally, two communications were submitted at that meeting under "Other Business": one by the United States (G/MA/W/8), concerning the Information Technology Agreement on further liberalization of information technology products; and one by the European Communities on behalf of the WTO Members concerned (G/MA/W/10), on Trade in Pharmaceutical Products outlining the review of pharmaceutical product coverage that had resulted in the addition of 465

SECTION II: CONCLUSIONS AND/OR RECOMMENDATIONS

The conclusions and/or recommendations of the subsidiary bodies of the Council are contained in the reports of the respective bodies annexed to this report.

The following conclusions and/or recommendations arise directly from the deliberations of the Council:

1. Agreement on Preshipment Inspection

1.1 The Council recommends that the General Council acting on behalf of the Ministerial Conference in accordance with Article IV:2 of the Agreement establishing the World Trade Organization, set up a Working Party under the Council with the following terms of reference:

"to conduct the review provided for under Article 6 of the Agreement on Preshipment Inspection and to report to the General Council through the Council, in December 1997."

2. Notification Obligations and Procedures

(a) The Council requests the General Council to take the necessary steps to eliminate the notification obligations in the Decisions of the GATT 1947 CONTRACTING PARTIES relating to import licensing procedures (L/3756 and SR/28/6).

(b) The Council requests the Ministerial Conference or the General Council to consider the establishment, at an appropriate time, of a body with a mandate to review the notification obligations and procedures throughout the WTO Agreement. Alternatively, consideration might be given to the establishment of a body, or the extension/modification of the mandate of the current Working Group, to conduct, at an appropriate time, a further comprehensive review of the notification obligations and procedures in the agreements in Annex 1A of the WTO Agreement. It was suggested that future work also encompass matters relating to the Central Registry of Notifications, electronic transmission of notifications and further work on the notifications handbook.

SECTION V

COUNCIL FOR TRADE IN SERVICES

WORLD TRADE
ORGANIZATION

S/C/3
6 November 1996

(96-4706)

Council for Trade in Services

COUNCIL FOR TRADE IN SERVICES

Report to the General Council

Part I: Activities of the

Notification of the Establishment of Enquiry and Contact Points

4. Paragraph 4 of Article III and paragraph 2 of Article IV of the GATS call upon Members to establish enquiry points and, where appropriate, contact points within two years from the date of entry into force of the Agreement. However, these articles do not require the notification of the establishment and location of these agencies. Given the objective behind the establishment of such agencies, the Council considered it desirable that their existence and location be made known. The Council therefore, at its meeting on 28 May 1996, adopted the "Decision on the Notification of the Establishment of Enquiry and Contact Points" (S/L/23) which calls upon Members to notify the establishment of such agencies. So far twenty-four Members have submitted such notifications (S/ENQ/1 - 24).

Notifications pursuant to Article V (Economic Integration)

5. At its meeting on 22 November 1995, the Council for Trade in Services had received a communication from the European Communities and their Member States notifying the "Economic Integration Agreement" as instituted by the Treaty of Rome, subsequently enlarged, and modified most recently by the Treaty on the European Union. At its meeting on 23 September 1996, the Council decided to request the Committee on Regional Trade Agreements to examine the Agreement in terms of its consistency with the provisions

9. Members consider that a great deal of useful work can be done in the

15. With respect to issues, Members drew up a non-exhaustive list of priority issues, based on delegation submissions and statements, which define in some detail

20. The Working Party has held eight meetings. The Working Party first took up the issue of emergency safeguard measures,

25. The Schedules and Exemption Lists attached to the Fourth Protocol will enter into force on 1 January 1998 provided that the Protocol has been accepted by all Members concerned. However, the Decision by which the Council adopted the Protocol also provided that during the period from 15 January to 15 February 1997 the Schedules and Exemption

32.

38. On the availability of financial services data, the Committee encouraged the Secretariat to work in close cooperation with other international organizations in their efforts to improve the availability of statistics, and requested it to report on any future developments with respect to this subject.

39. The Council for Trade in Services had decided in July 1995 that all Members be given the opportunity to modify or withdraw all or part of their specific commitments and to list Article II (MFN) exemptions under the GATS in financial services during a period of 60 days beginning on 1 November 1997. The Committee will oversee negotiations undertaken in accordance with this decision, and has decided that such negotiations will resume in early April 1997.

40. On the organization of future work, the Committee recognized the importance of proper early preparation for the resumption of negotiations in 1997. It therefore agreed to draw up a timetable for such negotiations leading to their conclusion in December 1997. Such a timetable will be presented to the next meeting of the Committee to be held in early April 1997.

Movement of Natural Persons

41. During 1996, the Council reviewed the status of acceptance of the Third Protocol to the GATS.² The Protocol had been open for acceptance until 30 June 1996. At that point, there remained five Members which had not accepted the Protocol due to procedural delays. At its meeting on 30 July 1996 the Council reviewed the situ

Part II: Future work

Negotiations on

SECTION VI

COUNCIL FOR TRADE-RELATED ASPECTS OF
INTELLECTUAL PROPERTY RIGHTS (TRIPS)

WORLD

of the material to be notified by Members whose legislation, in the area of copyright and related rights, was the subject of review at the Council's July meeting (see

to the Council for TRIPS. At the meeting of the Council in November

in the IP/Q/COUNTRY/- series of documents. At subsequent meetings of the Council, an opportunity will be given to follow-up points emerging from the review session which delegations consider have not been adequately addressed. In this connection, it was recognized that the review of national implementing legislation implied quite a heavy workload and that it was important to allow an adequate opportunity, consistent with the provisions of Article 63 of the Agreement, for a follow-up to all Members, in particular to developing country Members that had constraints on their resources affecting their ability to analyse and digest some of the material.

15. The procedures adopted by the

(iv) Technical Cooperation

20. In accordance with a decision taken by the Council in November 1995, the Chairman made available for the February 1996 meeting of the Council an informal discussion note outlining and structuring the issues which had been raised/2n

(v) Cooperation with WIPO

24. Article 68 of the TRIPS Agreement provides that the Council shall, in consultation with WIPO, seek to establish, within one year of its first meeting appropriate arrangements for cooperation with the bodies of that Organization. At its December 1995 meeting, the Council for TRIPS approved a draft agreement drawn up as a result of consultations between the Chairman of the Council for TRIPS, assisted by the WTO Secretariat, and the Chairman of the WIPO Coordination Committee, assisted by the International Bureau of WIPO. The draft agreement was approved by the General Council at its meeting of 13 and 15 December 1995. Following approval by the competent bodies of WIPO and the signature by the Director's-General of the two Organizations, the Agreement between the World Intellectual Property Organization and the World Trade Organization (IP/C/6) entered into force on 1 January 1996. The Agreement provides for cooperation in the following three areas: the notification of, access to and translation of national laws and regulations; the implementation of Article 6*ter* of the Paris Convention (relating to national emblems) for the purposes of the TRIPS Agreement; and legal-technical assistance and technical cooperation.

25. At its December 1995 meeting, the Council adopted a decision on the implementation of the obligations under the TRIPS Agreement stemming from the incorporation of the provisions of Article 6*ter* of the Paris Convention 1967 (IP/C/7). This decision has as its purpose giving legal effect under the TRIPS Agreement to the procedures relating to the administration of TRIPS obligations regarding Article 6*ter* of the Paris Convention that are incorporated in the Agreement between WIPO and the WTO.

III Built-in Agenda

(i) Article 24.1

26. Under Article 24.1, Members agree to enter into negotiations aimed at increasing the protection of individual geographical indications under Article 23. No time-frame is specified for such negotiations. At the July meeting of the Council, some Members addressed Article 24.1, but no specific suggestions have been made as yet in the Council with regard to such negotiations.

(ii) Article 24.2

27. Article 24.2 requires the Council for TRIPS to keep under review the application of the provisions of the Section of the Agreement on geographical

wines eligible for protection by those Members participating in the system, but does not specify a time-frame for such negotiations. At the July and September meetings of the Council, some delegations addressed the question of how and when these negotiations might be initiated.

(iv) Article 27.3(b)

29. Article 27.3(b) states that the provisions of this subparagraph shall be reviewed four years after the date of entry into force of the WTO Agreement. At the Council's meeting in July, some delegations addressed the question of when this

SECTION VII

COMMITTEE ON TRADE AND DEVELOPMENT

WORLD TRADE ORGANIZATION

WT/COMTD/9
4 November 1996

(96-4637)

Committee on Trade and Development

REPORT (1996) OF THE COMMITTEE ON TRADE AND DEVELOPMENT TO THE GENERAL COUNCIL

Introduction

1. The Committee on Trade and Development (CTD) held eight meetings in 1996; on 16 February (Fifth Session), 24 May (Sixth Session, continued on 7 June), 18 June (Seventh Session), 12 July (Eighth Session), 12 and 23 September (respectively Ninth and Tenth Sessions), 4 and 15 October (respectively Eleventh and Twelfth Sessions). The Twelfth Session briefly resumed on 31 October. Another meeting will take place in November. There has also been a series of informal consultations at

Section I - Work of the CTD during 1996

(a) Review of the implementation of provisions in favour of developing country Members

5. The Committee agreed to review the implementation of provisions in favour of developing country Members on the basis of contributions from Members and from the WTO Bodies responsible for monitoring the implementation of the Uruguay Round commitments. To assist in this exercise, the Chairman invited the Chairpersons of other WTO Bodies to submit information on how provisions in favour of ~~developing~~ ~~developing~~ countries had been dealt with in their respective Committees. On the basis

16. A number of Members drew attention to

for consideration to the General Council and submission to Ministers for adoption in Singapore (circulated in document WT/COMTD/W/20).

21. In addition, Members felt that, while the WTO Plan of Action pointed in the right direction, more was needed to increase coordination in international actions in favour of least-developed countries and efficiency with respect to the assistance offered to them. Thus, the Committee also agreed that the General Council recommend that Ministers in Singapore call for a high-level meeting in Geneva as soon as possible in 1997, in principle to be organized jointly by WTO, UNCTAD and ITC, with the participation of national aid agencies, international financial institutions and other relevant organizations, to foster an integrated approach to the trade-related aspects of least-developed countries' economic development, which will need to be observed in the implementation of the WTO Plan of Action. Special emphasis should be given to increasing efficiency in the provision of technical assistance for human and institutional capacity building.

22. Given that only a limited number of least-developed countries are represented in Geneva, the Government of Norway accepted to finance, through its Trust Fund, the participation of representatives from least-developed countries from the European capitals at the Fourth Session of the Sub-Committee on 23 September 1996 and related briefings by the WTO Secretariat on 24 September 1996. These activities were well attended by both Geneva and non-Geneva based least-developed country delegations.

(e) Trade and development activities of intergovernmental organizations

23. The Committee has actively engaged in pursuing the objective of closer institutional cooperation by inviting to its Seventh Session the Secretary-General of United Nations Conference on Trade and Development (UNCTAD), the Executive-Director of the International Trade Centre and the Chairman of both WTO's General Council and UNCTAD's Trade and Development Board. This dialogue continued at the Committee's Tenth Session, where the Chairman of the Joint International Monetary Fund (IMF)/World Bank Development Committee addressed the CTD. This intensified dialogue has provided Members of the Committee with a number of positive contributions, in particular, with respect to better appreciating the work of each of these organizations.

24. On these occasions, the Director-General of the WTO has also addressed the Committee on the results of the Uruguay Round; the Singapore Ministerial Conference; his invitation to participate in the G7 Summit; and, technical cooperation.

25. The Chairman of the Joint IMF/World Bank Development Committee and the Director-General of the WTO also addressed the Sub-Committee on Least-Developed Countries at its Fourth Session. On that occasion, Members of the Sub-Committee were informed by the Chairman of the Development Committee of the joint IMF/World Bank initiative for debt relief of highly-indebted poor countries. In his address, the Director-General of the WTO referred to some actions that WTO Members should take to enhance the development of the least-developed countries, and that these should come together in a Plan of Action for Least-Developed Countries.

(f) Other elements addressed by the Committee

26. At its Fifth Session, the Committee reviewed and took note of the activities of the WTO during 1995 in the area of technical cooperation. Members also commended Norway for its special contribution to technical cooperation activities through the establishment of a Trust Fund, and the European Communities' financing of a technical cooperation programme in favour of African, Caribbean and Pacific countries on the results and opportunities created by the Uruguay Round.

27. At its Twelfth Session, the Committee was informed of an initiative by the Secretariat to hold a Meeting of Ministers from Least-Developed Countries on 13-15 November 1996 to brief them on the Singapore Ministerial Conference. The Meeting is to be financed by contributions from the Governments of the Czech Republic, Korea and Norway.

Section II - Future Work Programme

28. In its future work, the CTD will continue to address all items included in its terms of reference. It will, in particular, continue to fulfil its mandate of keeping under review the implementation of the Uruguay Round provisions in favour of developing and least-developed country Members. In this context, the Committee will explore ways of ensuring greater disclosure of the application of the Uruguay Round provisions in favour of developing and least-developed countries¹; and of increasing efforts to disseminate information relating to those provisions. In 1997, the Committee will also need to decide how to implement the recently adopted Guidelines for WTO's Technical Cooperation with respect to, for example, the monitoring, managing and evaluating technical cooperation activities of the WTO.

29. Members stressed that, in addressing the different items of the work programme, the Committee should a

ATTACHMENT 1

GUIDELINES FOR WTO TECHNICAL COOPERATION

Adopted by the Committee on Trade and Development on 15 October 1996¹

Bearing in mind the Marrakesh Declaration of 15 April 1994 and the Decision on Measures in Favour of Least-Developed Countries, WTO Technical Cooperation is to be provided in conformity with the principles set out below:

I. OBJECTIVES AND PRINCIPLES

- Assist in the full integration of beneficiaries into the multilateral trading system and contribute to the expansion of their trade;
- Strengthen and enhance institutional and human capacities in the public sector for an appropriate participation in the multilateral trading system; whenever possible and in consultation with the government concerned, capacity building activities could include representatives of the private sector;
- Be demand-driven and adapted to recipient needs, in particular with respect to the best suited modes of delivery;
- Be complementary to and supportive of recipients' efforts to identify their own

II. OPERATIONAL DIRECTIVES

1. Modes of Delivery

- The modes of delivery shall be chosen to fit both the requirements of the recipient country and technical cooperation programmes;
- Modes of delivery shall be assessed in the light of principles and directives to be agreed upon by the Committee on Trade and Development and on the progress in devising new means for an efficient dissemination of knowledge;
- Modes of delivery shall be elaborated with the aim of:
 - Extending assistance on as broad and cost-effective a basis as possible, e.g.:
 - Training courses of a regional or linguistic format;
 - Development of information and training material, in particular with the help of technology based aids;
 - Emphasizing in-depth and concrete training on WTO matters such as:
 - Specialized technical seminars and workshops of a regional or linguistic format;
 - Practical training programmes.

2. Long-Term Engagement

- Follow-up of individual programmes and assessment of their effectiveness;
- Development of training capabilities with particular emphasis on the training of local trainers, the use of local or regional technical expertise, and the establishment of links with academic and research institutions.

3. International Coordination

a) International and Regional Institutions Dealing with Trade-Related Matters

- Close institutional dialogue with other international organizations, in particular with ITC and UNCTAD, and with other regional institutions to ensure a coherent approach, to identify areas of competence and complementarity, to define and execute joint projects and avoid duplication;
- Dissemination of information on the WTO technical cooperation programmes, and establishment with other relevant organizations of a central inventory of programmes.

- b) Bilateral Development Assistance in Trade-Related Matters
 - Exchange of information with donor and recipient governments, including participation in bilateral programmes.

4. Management

- a) Transparency
 - Three year plan adjusted on an annual basis, including budgetary implications, to be approved by the Committee on Trade and Development and to be submitted to the appropriate bodies of WTO, according to agreed procedures and decisions of the General Council;
 - Annual Secretariat reporting on programme implementation, and financial report;
 - *Ad hoc* Secretariat status reports.
- b) Funding
 - Regular Budget of the WTO, within the limits specifically assigned by Members;
 - WTO Trust Fund for technical cooperation: Voluntary contributions by Members and international financial institutions;
 - International or national cost-sharing, whenever appropriate.
- c) Monitoring and Evaluation
 - By the Committee on Trade and Development based on annual evaluation of the results of technical assistance activities in order to ensure optimum use of resources according to appropriate evaluation criteria;
 - The WTO Trust Fund shall be managed according to the recommendations contained in the decision taken by the General Council of 18 July 1996 (WT/GC/M/13) and to the Financial Regulations and Financial Rules in documents WT/L/156 and WT/L/157 of 5 August 1996.

SECTION VIII

COMMITTEE ON REGIONAL TRADE AGREEMENTS

Committee on Regional Trade Agreements

REPORT (1996) OF THE
COMMITTEE ON REGIONAL TRADE AGREEMENTS
TO THE GENERAL COUNCIL

Introduction

1. Nearly all Members of the World Trade Organization (WTO) are Parties to at least one regional trade agreement notified to the GATT or the WTO; some Members participate in other regional initiatives. The number of such agreements has increased in recent years.
2. In a meeting of the General Council held on 15 November 1995, it was proposed that a committee on regional trade agreements be established in the WTO as a means to improve the organization of the work of the WTO in this area, in particular, with respect to the replacement of more than 20 active working parties examining regional trade agreements, as well as to provide a forum in the WTO to examine the implications for the multilateral trading system of the growing number of regional trading agreements and initiatives. Should such a committee be created, the rights and obligations of Members would not be affected, and the terms of reference of the existing working parties would not be changed. The General Council, at its December 1995 meeting, agreed in principle to establish a Committee on Regional Trade Agreements, subject to agreement on its terms of reference and related matters.
3. The Committee on Regional Trade Agreements was established by the following Decision of the General Council on 6 February 1996 (WT/L/127):

"Having regard to agreements¹ which are required to be notified, as the case may be, under Article XXIV of the General Agreement on Tariffs and Trade (GATT) 1994, Article V of the General Agreement on Trade in Services or the 1979 Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries;

Having regard to the biennial reporting envisaged in Paragraph 11 of the Uruguay Round Understanding on the Interpretation of Article XXIV of the GATT 1994; and

Acting pursuant to paragraphs 1 and 7 of Article IV of the Agreement Establishing the World Trade Organization (WTO),

¹The term "agreements" in this Decision

The General Council hereby *decides*:

1. To establish a Committee on Regional Trade Agreements, open to all Members of the WTO, with the following terms of reference:

(a) to carry out the

(a) Examination of regional trade agreements

6. Members drew attention to the need for the Committee to assign a priority to dealing with the backlog of outstanding examinations. By the end of 1996, the Committee will have started, or continued, the examination of 21 regional trade agreements out of the 32 outstanding as of June 1996, thus working towards removing the backlog (see Attachment 1).

7. The examinations of regional trade agreements during 1996 led to questions from some Members concerning the interpretation of some of the WTO provisions pertaining to regional trade agreements, in particular, of Article XXIV of the GATT 1994, the Understanding on the Interpretation of Article XXIV of the GATT 1994 and Article V of the General Agreement on Trade in Services. In some instances, the observation was made that examinations were hampered by the lack, or late submission, of relevant information.

(b) Reporting on the operation of agreements

8. Preliminary discussions on this item were based on a checklist of points prepared by the Secretariat (WT/REG/W/3). Members were of the view that the fulfilment of the legal obligations to provide for biennial reporting on the operation of agreements could help to increase the transparency of regional trade agreements. They considered that the procedures to give effect to this obligation should be designed to operate in an efficient manner, taking into account other relevant WTO procedures.

(c) Procedures to facilitate and improve the examination process

9. The Committee requested the Secretariat to prepare a standard format for

adopt the conclusions after having considered a draft version. This remains a matter for consideration. The Committee also discussed other matters dealt with in the Secretariat document "Note on Procedures to Facilitate and Improve the Examination Process" (WT/REG/W/9).

Future Work Programme

18. There exists considerable scope for the Committee to develop its work within the existing terms of reference. The Committee's future work programme will build on work begun this year. Members consider it important for Ministers in Singapore to endorse the

ATTACHMENT 1Status of Examination of Regional Trade Agreements**Regional trade agreements examined in 1996 (21)**

Agreement	Date of Examination	Round of Examination
EC Enlargement - Goods	29/7/96	First
NAFTA - Goods	30/7/96	Second
EFTA-Hungary	17/9/96	First
EFTA-Israel	17/9/96	First
EFTA-Poland	17/9/96	First
EC-Czech Rep.	18/9/96	First
EC-Hungary	18/9/96	First
EC-Poland	18/9/96	First
EC-Slovak Rep.	18/9/96	First
MERCOSUR	20/9/96	Second
NAFTA - Services	10-11/10/96	Second
EC Enlargement - Services	11/10/96	First
EC-Bulgaria	5/11/96	First
EC-Romania	5/11/96	First
EC-Estonia	5/11/96	First
EC-Latvia	5/11/96	First
EC-Lithuania	5/11/96	First
EFTA-Bulgaria	6/11/96	First
EFTA-Romania	6/11/96	First
EFTA-Slovenia	6/11/96	First
EC-Turkey	8/11/96	First

Other regional trade agreements already notified, to start examination in 1997 (14)

- (a) Regional trade agreements notified before June 1996 (8)¹
- Central European Free Trade Agreement (FTA)²
 - Czech Rep.-Slovenia FTA²
 - Slovak Rep.-Slovenia FTA²
 - Hungary-Slovenia FTA²
 - EC-Faroe Islands FTA
 - Iceland-Faroe Islands FTA
 - Switzerland-Faroe Islands FTA
 - Norway-Faroe Islands FTA
- (b) New notifications (6)
- Czech Republic-Romania FTA. The terms of reference for the examination of the Agreement were adopted by the Council for Trade in Goods on 5 July 1996.
 - Slovak Republic-Romania FTA. The terms of reference for the examination of the Agreement were adopted by the Council for Trade in Goods on 5 July 1996.
 - EFTA States-Estonia FTA.¹ The terms of reference for the examination of the Agreement were adopted by the Council for Trade in Goods on 19 September 1996.
 - EFTA States-Latvia FTA.¹ The terms of reference for the examination of the Agreement were adopted by the Council for Trade in Goods on 19 September 1996.
 - EFTA States-Lithuania FTA.¹ The terms of reference for the examination of the Agreement were adopted by the Council for Trade in Goods on 19 September 1996.
 - Establishment of the European Community, Services. The terms of reference for the examination of the Agreement were adopted by the Council for Trade in Services on 23 September 1996.

¹Three bilateral Free Trade Agreements between Switzerland and the Baltic countries, previously notified to the GATT, were replaced by the relevant EFTA Agreements, notified to the WTO after June 1996.

²The Committee was informed orally of the replacement of the three bilateral Free Trade Agreements between Slovenia and Czech Republic, Hungary and Slovak Republic by the Agreement on Accession of Slovenia to the Central European Free Trade Area.

ATTACHMENT 2

Documents for the Committee on Regional Trade Agreements

- | | | |
|------------|---|---|
| WT/REG/1 | - | Rules of Procedure for Meetings of the Committee on Regional Trade Agreements |
| WT/REG/W/1 | - | GATT/WTO Documents Issued for the Examination of Regional Agreements |
| WT/REG/W/2 | - | Draft Rules of Procedure for Meetings of the Committee on Regional Trade Agreements |
| WT/REG/W/3 | - | Checklist of Points on Reporting on the Operation of Regional Agreements |
| WT/REG/W/4 | - | Communication from Republic of Korea |
| WT/REG/W/5 | - | Communication from the Delegations of Australia, Hong Kong and Korea |
| WT/REG/W/6 | - | Standard Format for Information on Regional Trade Agreements |
| WT/REG/W/7 | - | Checklist of Points Raised by Delegations on Procedures to Facilitate and Improve the Examination Process |
| WT/REG/W/8 | - | Systemic Implications of Regional Trade Agreements and Regional Initiatives for the Multilateral Trading System |
| WT/REG/W/9 | - | Note on Procedures to Facilitate and Improve the Examination Process |

SECTION IX

COMMITTEE ON BALANCE-OF-PAYMENTS RESTRICTIONS

WORLD TRADE
ORGANIZATION

RESTRICTED

WT/BOP/R/19

5 November 1996

(96-4664)

Committee on Balance-of-Payments Restrictions

REPORT (1996) OF THE COMMITTEE ON
BALANCE-OF-PAYMENTS RESTRICTIONS

1. This report has been prepared in pursuance of thpursuance

would be no need for further consultation; if not, the Committee would resume its consultation with Nigeria in February 1997.⁶

5. During the June 1996 consultations with Slovakia, the Committee

10. In accordance with the conclusion of the Committee in November 1995, Sri Lanka notified the WTO that it had removed import restrictions on four tariff lines (potatoes, red onions, "B" onions and peppers).¹⁴
11. A report on other business conducted by the Committee is contained in document WT/BOP/R/16.
12. In accordance with the annual notification requirement, contained in paragraph 9 of the Understanding, the Committee adopted a notification format (WT/BOP/14) on 21 October 1996.
13. Pending a final decision by the General Council, the Committee has granted ad hoc observer status to the following intergovernmental international organizations: ACP, EFTA, EBRD, OECD, UNCTAD and World Bank.
14. From 1997, four Members are expected to be consulting under Article XVIII:12(b): Bangladesh, India, Pakistan and Tunisia. Nigeria and Sri Lanka will also continue consultations if any measures justified on balance-of-payments grounds remain in force.

¹⁴WT/BOP/N/13, 30 September 1996.

Table 1
BOP CONSULTATIONS CONDUCTED SINCE THE ENTRY INTO FORCE OF THE WTO

Member	Last Consultation	Follow up
Bangladesh	March 1995	The next consultations will be held in the spring of 1997.
Brazil	October 1995	Following consultations with the Committee, Brazil withdrew the provisions for import quota on motor vehicles introduced in June, with effect from 27 October 1995.
Egypt	June 1995	Egypt disinvoked Article XVIII:B with effect from 30 June 1995.
Hungary	September 1996	The 8 per cent import surcharge introduced in March 1995, has been reduced to 7 per cent as of 1 July 1996 and 6 per cent as of 1 October 1996. Hungary confirmed its firm intention to eliminate the surcharge by 1 July 1997, at the latest.
India	December 1995	The consultation will resume on 20-21 January

SECTION X

COMMITTEE ON BUDGET, FINANCE AND ADMINISTRATION

Committee on Budget, Finance and Administration

ANNUAL REPORT (1996)

1. In accordance with the procedures for an annual overview of WTO activities and for reporting under the WTO adopted by the General Council on 15 November 1995, a report on the activities of the WTO Committee on Budget, Finance and Administration in 1996 is hereby submitted.

2. It will be recalled that the Committee met on a number of occasions and has presented reports to the General Council on a regular basis.¹⁵ This report will then cover the major areas the Committee has dealt with in the course of the year to date.

I. ON-GOING RESPONSIBILITIES

3. The Committee monitored on a regular basis the financial and budgetary situation of the Organization, the receipt of contributions including the implementation of the related schemes and measures pertaining to receipt of contributions, and examined the Final Position of the 1995 Budget and the Director-General's Financial Report on the 1995 Accounts and Report of the External Auditor. It also dealt with the Director-General's budget proposals

¹⁵Reports: WT/BFA/20 covering the meeting of 29 January 1996; WT/BFA/21 covering the meeting of 29 February 1996; WT/BFA/22 covering the meeting of 26 March 1996; WT/BFA/24 covering the meeting of 2 May 1996; and WT/BFA/26 covering the meeting of 27 June 1996. In addition, the Committee sent a specific recommendation to the General Council in document WT/BFA/19.

SECTION XI

PLURILATERAL TRADE AGREEMENTS

WORLD TRADE
ORGANIZATION

WT/L/190

17 October 1996

(96-4315)

REPORT (1996) OF THE COMMITTEE ON GOVERNMENT

6. At the time of the signature of the Agreement in Marrakesh in April 1994, the European Communities and the United States negotiated a bilateral agreement extending their mutual benefits under the Agreement, the relevant details of which, including the intended modifications, were circulated to the Interim Committee on 15 June 1994. At its meeting of 7 December 1995 the Interim Committee accepted that the European Communities and the United States had met the procedural requirements, in terms of the relevant Decision of the Informal Group on Negotiations (GPA/IC/3), necessary for the incorporation of modifications to the respective Annexes to Appendix I, which were subsequently submitted on 22 December 1995 (GPA/IC/10).

7. After the entry into force of the Agreement, Japan and the United States notified modifications to Appendix I which followed their bilateral agreement reached on the

offer in view of ~~Matters~~ to conclude this process in the latter part of 1996. At its September meeting, the Committee was ~~informed~~ of further improvements that Chinese Taipei had made to its offer.

Decisions on Procedural Matters

12. At its ~~Meeting~~ meeting on 27 February 1996, the Committee on Government Procurement adopted the following Decisions on procedural matters: Participation of Observers in ~~the Committee~~ ~~Matters~~; Accession to the Agreement; and Interim Procedures on the Circulation of and on the ~~Restri~~ Restriction of Documents, Pending Definitive Procedures ~~(Matters)~~. These Decisions, which concern,

reporting in Article XIX:5 of the Agreement should be the same as those applied under Article IV, which were those used in the normal course of trade. As for the requirement to report statistics on the origin of services, the Committee postponed application of this requirement until practicable rules for determining the origin of services had been defined. At its meeting on 4 June 1996, the Committee adopted classification systems for goods and services to be used in statistical reporting under the Agreement (GPA/4). Some Parties asserted that the objective of establishing statistics, i.e. to

Three-year Review

21. Article XXIV:7(b) and (c) of the Agreement calls on the Parties, not later than the end of the third year from the date of its entry into force, to undertake further negotiations, with a view to improving the Agreement and achieving the greatest possible extension of its coverage among all Parties and eliminating any remaining discriminatory measures and practices. At the Committee's meeting on 4 June 1996, suggestions were made that, with a view to facilitating accession by

INTERNATIONAL DAIRY COUNCIL

Report to the Singapore Ministerial Conference

The International Dairy Agreement (IDA) entered into force on 1 January 1995. The two main functions of the Agreement are (i) the maintenance of minimum export prices for specific dairy products listed in the Agreement, and (ii) to provide, with the International Dairy Council, a forum for exchange of information on the world market situation and outlook for

