



WTO MINISTERIAL CONFERENCE HIGHLIGHTS

9 DECEMBER 1996

Delegates to the WTO Ministerial Conference (MC) heard opening Plenary statements by the Prime Minister of Singapore, the Chair of the WTO General Council and WTO Director-General. General statements, which will continue until 13 December, then commenced.

PLENARY

Yeo Cheow Tong, Chair of the WTO Ministerial Conference and Singapore's Minister for Trade and Industry, opened the meeting. Goh Chok Tong, Prime Minister of Singapore, stated that developing countries must be given time to adjust to rule changes, and the concerns of LDCs must be addressed. He called for agreement on whether the WTO is the best forum to discuss investment. He also stated that the WTO should not wait too long to bring down tariffs in information technology sectors.

William Rossier, Chair of the General Council, said the Council has adopted decisions aimed at furthering cooperation with intergovernmental (IMF and World Bank) and non-governmental international organizations and making the activities of the WTO more transparent. He reported that Ecuador, Bulgaria, Mongolia and Panama have concluded accession negotiations. New applications for accession from developing economies, including LDCs, and economies in transition are under active consideration. A new working body is examining the impact of the growing number of regional trade agreements on the multilateral trading system. A decision on salaries and conditions of the WTO staff will have to be made by the end of June 1997. He highlighted a proposal that the MC adopt the WTO Plan of Action for LDCs and the report of the Committee on Trade and Environment.

WTO Director-General Renato Ruggiero said that the new candidates for accession include some of the world's largest economies. He referred to the "political sensitivity" of outstanding issues in the draft Ministerial Declaration and reminded Ministers of their shared responsibility. He noted a number of transitions, including: the fact that global economic integration has gone beyond the point of no return; knowledge has emerged as both a resource and a product; the need for liberalizing telecommunications and information technology; and that members must go beyond negotiations on traditional sectors and traditional assumptions. He called for leadership rooted in the support of a knowledgeable and engaged global community. Leadership in an interdependent world, he added, is increasingly an art of cooperation, based on a recognition that national interests are global interests. Other priorities for 1997 are the conclusion of negotiations in financial services and accessions. He also urged Members to proceed to the for-

mal establishment of the WTO Secretariat.

GENERAL STATEMENTS

The EU stressed ensuring that commitments have been implemented in accordance with Uruguay Round timetables. INDONESIA noted that technical assistance to developing countries is needed to ensure full implementation of the Uruguay Round agreements. The UK and AUSTRALIA supported a new multilateral trade negotiation before the end of the century. NEW ZEALAND stated that the analysis and information exchange that will precede the next round of negotiations should commence next year. The WORLD BANK emphasized non-discrimination as the priority that should govern the multilateral trading system in the near term, aiming toward "a single level playing field for international trade with goals at both ends."

Many speakers supported integration of the countries conducting accession negotiations into the WTO. HONG KONG supported membership based on the level of economic development of the applicant. HONG KONG will continue to be a distinct member of the WTO after July 1997 under the name Hong Kong-China and will remain committed to the pursuit of free trade. Several countries noted the success of the dispute resolution mechanism.

CANADA, MEXICO and THAILAND urged the WTO to be ambitious given the emergence of regional trade initiatives and to assert its primacy. AUSTRALIA warned of the "significant discriminatory effect" of regional initiatives. NEW ZEALAND emphasized that regional trade arrangements be complementary to and consistent with the multilateral trading system.

A number of countries, including AUSTRIA and AUSTRALIA, endorsed the Committee on Trade and Environment's (CTE) work. CANADA stressed the importance of the CTE's work on eco-labelling and MEAs. The US said the CTE must continue, recognizing the contribution trade liberalization can make to sustainable development when it complements national environmental policy. She called for a more balanced approach that takes both policy perspectives into account. With the EU, she supported an integrated approach to sustainable development. The EU stated that the WTO's credibility is at stake and more remains to be done on the environment. DENMARK, FINLAND and ITALY expressed disappointment at the CTE's output. NEW ZEALAND called for more progress by the CTE. DENMARK called for an extension of discussion on the precautionary principle. MEXICO said economic growth is the best contribution the WTO can make to the environment. NORWAY cautioned that trade does not guarantee environmental protection.

THAILAND, AUSTRALIA and INDIA called for further integration of textiles into the rules of the WTO. AUSTRALIA said the

agreement should be followed in both letter and spirit. PORTUGAL noted that some Members have not met their commitments in the area of textiles. HONG KONG suggested that integration of LDCs could be facilitated through acceleration in this area and, with PAKISTAN, noted a trend towards further restriction in the textile sector. GERMANY said the balance of mutual obligations agreed to in the Uruguay Round must be maintained. INDONESIA expressed concern about the numerous anti-dumping investigations conducted against developing countries and the proliferation of safeguard actions by some developed countries accompanying the implementation of the Agreement on Textiles and Clothing.

ARGENTINA stated that agricultural issues have been blocked by some who want to subsidize production, and progress to date is not satisfactory. BRAZIL urged that all Members fully comply with commitments on agriculture. The US and AUSTRALIA recommended a continuation of the agricultural reform effort called for in the WTO agreement. URUGUAY called for a clear message regarding Ministers' commitment to a reform process. THAILAND said political commitment is overdue. INDIA defended internal subsidies by insignificant exporters of agricultural products and where they are aimed at achieving a degree of self-sufficiency.

CANADA, AUSTRALIA, the EU, FRANCE and the US supported work on trade and investment. The DOMINICAN REPUBLIC called for an open working group to define the relationship between trade and investment. THAILAND said the questions were how and where to deal with these issues. INDIA urged Ministers to reflect on whether investment falls within the natural boundaries of multilateral trade relations and added that a uniform multilateral regime on investment would not serve equitable global development. BRAZIL urged consideration of investment in a multilateral forum and suggested cooperation with UNCTAD. GERMANY recommended a multilateral framework for improved protection and market presence for investors. INDONESIA said a multilateral framework for investment is outside the competence of the WTO.

Several speakers, including the UK, HONG KONG and PAKISTAN, stated that the WTO has no role in the promotion of labor standards. Many, including MEXICO, THAILAND, AUSTRALIA, FRANCE, INDONESIA, COLOMBIA, the DOMINICAN REPUBLIC and INDIA, said the ILO was the appropriate and competent body. GERMANY stressed that bringing confrontations about social values into the WTO could destroy the Organization's credibility. PORTUGAL agreed that the ILO should be the central forum for social rights, but suggested that the WTO and ILO cooperate on the issue. The US called on the WTO to do more to acknowledge the relationship between trade and core labor standards, including examining the linkage with the ILO, which was supported by FINLAND. NORWAY advocated the establishment of an appropriate body. AUSTRIA supported WTO work on trade and labor. DENMARK supported consideration and linked the credibility of the WTO to its approach to labor. ITALY supported closer cooperation between the ILO and the WTO and, with FRANCE, expressed disappointment that the ILO was not invited to speak to the Ministerial Conference.

The US called for full implementation of TRIPs. INDIA expressed concern regarding adverse effects of the TRIPs agreement, including heavy implementation costs in developing countries. TURKEY supported initiating the negotiations called for in the TRIPs agreement as early as possible.

Support for the International Technology Agreement (ITA) came from GERMANY, FRANCE, CANADA, AUSTRALIA, THAILAND, the UK, FINLAND and NORWAY. The US and the EU identified completion of the ITA and progress in telecommunications negotiations as key objectives. The US invited Ministers to join the US and the EU in announcing improved offers in the basic telecom negotiations. ITALY called for the involvement of all countries in the ITA negotiation. INDONESIA supported flexible implementation of any future ITA.

Several speakers, including THAILAND, FRANCE, the EU and UNCTAD, supported further assistance for the integration of LDCs into the multilateral trading system. CANADA proposed a special

meeting in 1997 to enhance coordination of technical and financial assistance to LDCs. DENMARK, GERMANY and the UK favored zero tariffs on goods from LDCs. AUSTRIA, GERMANY and ITALY welcomed the proposed Action Plan on LDCs and called for improved market access for their products. CUBA said that developing countries have not yet managed to assimilate Uruguay Round provisions, and the minimum provisions for assistance have not been adopted. INDIA said that further tariff liberalization should serve the larger objective of development. NORWAY invited others to join it in supporting the WTO fund for technical assistance to LDCs. BANGLADESH supported technical assistance for LDCs and elimination of duties and quotas on their exports. ITALY said that the international community should make greater effort to help LDCs reap the benefits of trade liberalization.

IN THE CORRIDORS I

Reference was made today in some Plenary speeches to the absence of Michell Hansenne, Director-General of the International Labor Organization (ILO). Hansenne had been invited by the Chair of the WTO Council to address the Plenary, given the prominence of the issue of labor in the deliberations. The invitation had to be retracted after some Members pointed out that the ILO was not one of the seven IGOs accredited to the WTO Council. Observers noted that the question of whether or not to include reference to core labor standards in the Ministerial Declaration (MD) may be the single most contentious issue Members face in Singapore, and those Members opposed to such inclusion made the case that no protocol exists for IGOs, such as ILO, that are not accredited. Elizabeth Dowdsell, Executive Director of UNEP, was also denied permission to speak for the same reasons.

IN THE CORRIDORS II

The draft text in the MD on trade and environment was reportedly being "held hostage" to negotiations elsewhere in the Declaration. Several participants confirmed that the trade-environment text, distilled from the adopted Report of the CTE, is part of a dispute among countries battling over the MD language on textiles. Some noted that those textile exporters who stood to gain the most from the removal of the Multi-Fibre Arrangement (MFA) are dissatisfied with the current draft language. In force for decades, the MFA, a mechanism that allowed developed countries to impose quotas on the imports of textiles and clothing from developing countries, was one of the most heralded casualties of the Uruguay Round. At issue now is the ten-year schedule for integrating textiles and clothing into the multilateral trade rules, a process that some exporters say is being implemented according to the letter, but not the spirit, of the law. The prospects for reopening the Agreement on Textiles and Clothing in Singapore are slim, but the final result of discussions may be language that calls for "full and fair" implementation of the Agreement. Some observers have suggested that the *quid pro quo* would be agreement to text elsewhere in the MD on issues such as the environment, where most observers predict the draft language will emerge from the process substantially unchanged. Late in the day, there were reports that the text of both sections had been finalized.

THINGS TO LOOK FOR TODAY

PLENARY: The Plenary will meet in Suntec Centre from 9:30 to 13:00 to hear general statements.

CAPACITY BUILDING: IUCN/IISD will host this workshop from 10:00 to 13:00 in the NGO Centre.

COMPETITION POLICIES: Consumers International will host this workshop from 10:00 to 13:00 in the NGO Centre.

TRADE AND INVESTMENT: Third World Network will host this workshop from 15:00 to 17:00 in the NGO Centre.

"BEYOND CTE": ICTSD/IUCN/IISD will host this workshop from 17:00 to 21:00 in the NGO Centre.