



WTO MINISTERIAL CONFERENCE HIGHLIGHTS

10 DECEMBER 1996

Delegates to the WTO Ministerial Conference (MC) heard 26 statements in Plenary. Heads of Delegations also met and numerous informal consultations took place to consider the issues on the agenda and the outcome of the conference, including the Information Technology Agreement (ITA) and China's accession to the WTO. Head of delegations discussed competition and investment, and moved on to core labor standards during the night.

GENERAL STATEMENTS

The NETHERLANDS proposed that, for the celebration of the 50th anniversary of the multilateral trading system, participants formulate a clear message describing what the WTO is about and which issues are at stake in the next century.

JAMAICA said the dispute settlement system should be kept under review to ensure that procedures are fair and transparent. HUNGARY emphasized that the preparations for negotiations and reviews should stick to the schedule envisaged in the built-in agenda. SADC (Southern African Development Community), GHANA and TUNISIA suggested that Members focus on full implementation of existing agreements.

SADC, FIJI, MAURITIUS and the SOLOMON ISLANDS stated that preferential trading arrangements for developing countries should be extended beyond the year 2000. MAURITIUS stated that regional arrangements provide breathing space for developing countries to adapt to the competitive environment. Several speakers stated that protectionism, not regional arrangements, are the enemy.

JAPAN called for the prompt accession of China and other applicants. RUSSIA said it is willing to initiate bilateral negotiations on specific terms of its accession. KUWAIT and the UNITED ARAB EMIRATES expressed hope that Saudi Arabia and Oman would become Members soon.

JAPAN and SWEDEN expressed hope that an ITA would be agreed at this Conference.

ICELAND proposed further work to clarify the rules and define mechanisms for dispute settlement to avoid possible clashes between the provisions of MEAs and the WTO. SWEDEN said that free trade and environmental policies are mutually reinforcing and necessary to

achieve sustainable development, and called for a guarantee of legal security for MEAs. HUNGARY and SWEDEN said that the progress on trade and environment thus far has been disappointing. CHILE highlighted the value of the CTE's work thus far, and said international cooperation and multilateral instruments are the best mechanisms to address global environmental problems. LIECHTENSTEIN encouraged the CTE to continue its work.

EL SALVADOR noted the weakness of the textile monitoring body. The PHILIPPINES and NICARAGUA stated that the textile products important to their countries have not been integrated into the WTO. The UNITED ARAB EMIRATES called for a simplified notification process. JAMAICA said the balance of interest built into the Agreement on Textiles and Clothing must be preserved.

The PHILIPPINES suggested that the Committee on Agriculture devote more attention to compliance with domestic support and export subsidy commitments and, together with NICARAGUA, expressed concern about the application of sanitary measures that impair market access. SIERRA LEONE and TUNISIA urged implementation of the decision on measures concerning the possible negative effects of the agricultural reform programme on LDCs and net food-importing developing countries. JAMAICA said the WTO has a major role to play in the quest for world food security. CHILE stressed the need to promptly begin the information exchange and analysis required prior to resuming negotiations for further liberalization of trade in agricultural goods in 1999.

EL SALVADOR expressed concern that core labor standards could be used to close access to markets. The CZECH REPUBLIC stated that the WTO should not tolerate trade sanctions designed to impose particular labor standards. BOLIVIA said the WTO is not the appropriate forum for discussion of labor standards. JAMAICA, SADC, HUNGARY and ZIMBABWE said the ILO should examine the issue. SWEDEN said the WTO should support continued work in the ILO, but could review progress at the WTO's biannual meetings. SIERRA LEONE said consideration of new issues should be limited to studies or preparatory work. The NETHERLANDS stated that avoiding a dialogue on labor standards does not promote a better understanding of views or dispel fears about hidden agendas.

JAPAN, HUNGARY, ICELAND and the CZECH REPUBLIC supported WTO work to analyze the trade and investment issue. SWEDEN and LUXEMBOURG said the establishment of multilateral rules enables more countries to benefit from investment and, with BOLIVIA, supported a WTO working group. SADC said the issue requires

more study, which should be conducted by UNCTAD in consultation with the WTO. The UNITED ARAB EMIRATES supported waiting for the outcome of the UNCTAD study.

JAPAN supported the Plan of Action to provide assistance to LLDCs to facilitate their integration into the trading system. SADC commended the Plan of Action and the guidelines for technical assistance as positive first steps. MAURITIUS welcomed the WTO/UNCTAD initiative for Africa and the WTO Plan of Action. GHANA encouraged further cooperation in this regard with the IMF and the World Bank. SWEDEN called for technical assistance and, with GUYANA, supported tariff elimination in areas where LDCs are particularly competitive. The NETHERLANDS announced that it will contribute US\$2.5 million for a WTO trust fund to finance technical assistance for developing countries and economies in transition.

IN THE CORRIDORS I

Supporters of the Committee on Trade and Development's Plan of Action (POA), designed to help LLDCs begin to take advantage of the rules-based multilateral trading system, remain confident that it will be adopted at the MC. Some reported that the origins of the POA go back to a more ambitious and "structured" proposal, including the elimination of all tariffs on LLDC exports, made by Director-General Ruggiero at a meeting of the G-7 in 1996. Observers say the original proposal has since been "watered down" by developed countries concerned about the implications for trade in textile and agricultural products and the need to legislate for tariff reductions.

The revised draft Plan is now regarded by some as "no longer definitive" and lacking precision. It enjoins governments to take "autonomous" action based on a flexible menu of options geared to improve LLDCs' market access, human and institutional capacity, and investment environments. A number of Plenary speeches, including that of European Commissioner Sir Leon Brittan, have included strong support for the POA. Some supporters within the WTO now believe that NGOs could play an important role in bringing the POA to public attention and getting individual governments to pledge their support in the run-up to a WTO/UNCTAD/ITC meeting in early 1997, where an integrated approach to the capacity-building dimension is expected to be further developed in cooperation with donor agencies.

IN THE CORRIDORS II

Delegates reported that ITA negotiations were carried out on Thursday by about 40 countries, approximately the same number as those negotiating the Telecommunications Agreement. Negotiations on the latter Agreement were extended from the original deadline set for 30 April 1996. Some are optimistic that there will be a "meaningful" Telecommunications Agreement by the 15 February 1997 deadline. The ITA affects only signatory countries, while the Telecommunication Agreement binds all WTO Members.

Some have indicated that ITA negotiations at this point are being conducted bilaterally between the US and the EU. Canada and Japan reportedly have been asked to lend their support to the outcome of the US and EU negotiations. Members of the Quad (US, Japan, EU and Canada) are said to disagree amongst themselves on certain areas within the ITA, such as product coverage and timing. Some Quad countries are reportedly holding back on certain areas of liberalization in information technology and are only willing to further liberalize and implement their commitments if given further concessions.

Many have stressed the importance of reaching an agreement on the ITA in Singapore, as it would provide momentum for other negotiations and would underscore Asia's strong position in the information technology industry. In addition, as the information technology trade

is said to be worth US\$500 billion annually, an agreement would have a substantial impact on international trade.

IN THE CORRIDORS III

Observers reported some movement Tuesday toward agreement in the contentious discussions on investment. Some stated that countries opposed to addressing investment in the WTO fear that any discussion of the issue will ultimately lead to a negotiated agreement. Malaysia, who was reported to be one of the delegations opposed to WTO action, was reportedly sympathetic to a proposal made Tuesday for Ministerial Declaration (MD) language clearly stating that discussions need not lead to negotiations. Observers noted that India remains opposed to agreement. India and others have suggested in Plenary statements that investment should be analyzed in UNCTAD before any work is done in the WTO. Some others have recommended that UNCTAD and the WTO should cooperate in such work.

Some have suggested that the evolution of investment discussions highlights a trend toward dissolution of any clear North-South division on issues. Observers report that Canada, Japan, the EU and others are pushing hard to have investment brought into the WTO. Some ASEAN and other countries reportedly oppose the initiative, but other Southern countries are not similarly opposed. Argentina, Chile and others reportedly may be interested in acceding to the OECD's version of such an agreement, the Multilateral Agreement on Investment (MAI), which is now under negotiation in that forum. Some believe that a number of OECD countries will seek to broaden the MAI via bilateral accessions, which will pressure other non-OECD countries to follow suit. Some developing countries are reported to be interested in accession to the MAI, but are hesitant to bring the issue into the WTO. Some OECD countries reportedly do not desire to have the WTO address investment, and prefer a broadened OECD agreement to a potentially weakened MAI.

IN THE CORRIDORS IV

Heads of delegations met Tuesday to discuss competition policy, but were reported to have made little headway. Observers report that the issue is whether to begin discussions in UNCTAD or the WTO on the relationship between trade and competition policies and, if in the WTO, on whether the study group would be made up of Members or "experts." Some have suggested that part of the difficulty in discussing the issue is that Members have widely differing definitions of what competition policy means. To some it is national anti-trust legislation, to others it is such legislation applied at the international level. Others want to include anti-dumping legislation in the discussions, a suggestion reportedly unacceptable to the US.

THINGS TO LOOK FOR TODAY

PLENARY: The Plenary will continue to hear general statements during the morning and afternoon on the sixth floor of the Suntec Centre.

NGO WORKSHOPS: The following workshops will be held in the NGO Centre: A DAILY NGO BRIEFING, hosted by ICTSD and TWN, from 9:00 to 10:00; TRADE AND ENVIRONMENT, hosted by GETS/IATP/FIELD, from 10:00 to 12:00; THIRD WORLD PERSPECTIVES ON TRADE AND ENVIRONMENT, hosted by the Third World Network, from 15:00 to 17:00; and BIODIVERSITY CONVENTION AND TRADE, hosted by IUCN, from 15:00 to 19:00.