



WTO MINISTERIAL CONFERENCE 9-13 DECEMBER 1996

The first Ministerial Conference of the World Trade Organization (WTO) met in Singapore from 9-13 December 1996. Delegates took stock of the operation of the rules-based multilateral trading system, addressed issues regarding implementation and determined the future course of activities of the WTO. Reports from 26 different WTO bodies, which were presented to the General Council and approved in November, were also formally adopted.

The notable achievements of the Ministerial Conference were the completion of the Information Technology Agreement (ITA) and the adoption of the Comprehensive and Integrated Plan of Action designed to lend further assistance to the least developed countries in accessing and sharing the benefits of the rules-based multilateral trading system. Exhaustive discussions took place on core labor standards, investment and competition policy, and, to a lesser extent, government procurement and implementation of agreements on agriculture and textiles. New working groups were established to examine the relationship between trade and the areas of investment, competition policy and government procurement. The Committee on Trade and Environment was established as a permanent body of the WTO. The WTO also signed a cooperative agreement with the IMF which, together with a similar agreement signed earlier with the World Bank, signals the beginning of a new relationship between the WTO and its estranged Bretton-Woods siblings.

A BRIEF INTRODUCTION TO THE WTO

The WTO was established on 1 January 1995 as the successor to the General Agreement on Tariffs and Trade (GATT). It is the institutional embodiment of the results of the Uruguay Round of negotiations conducted by the GATT Contracting Parties from 1986-1994. The objectives of the WTO are predictable and growing access to markets, promotion of fair competition, and encouragement of development and economic reform. As of December 1996, 128 countries are members of the WTO. Twenty-eight are in the process of acceding.

The highest WTO authority is the Ministerial Conference, which meets every two years. The day-to-day work of the WTO falls on a number of subsidiary bodies, principally the General Council. Three other bodies established by the Ministerial Conference report to the General Council: the Committee on Trade and Development; the Committee on Balance of Payments; and the Committee on Budget, Finance and Administration. The General Council formally established the Committee on Trade and Environment (CTE) in 1995. The General Council acts as the Dispute Settlement Body and the Trade Policy Re-

view Mechanism, and has established subsidiary bodies such as a Goods Council, a Services Council and a TRIPs (Trade-Related Aspects of Intellectual Property) Council. The WTO Secretariat is located in Geneva, Switzerland. The Director-General is Amb. Renato Ruggiero.

REPORT OF THE FIRST WTO MINISTERIAL CONFERENCE

Yeo Cheow Tong, Chair of the WTO Ministerial Conference (MC) and Singapore's Minister for Trade and Industry, opened the Conference on Monday, 9 December 1996. Goh Chok Tong, Prime Minister of Singapore, stated that developing countries must be given time to adjust to changes brought about by the Uruguay Round, both in terms of rules and the pressure of market opening measures. 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 reduce 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 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 the least developed countries (referred to as LLD-Cs), 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. He highlighted a proposal that the MC adopt the WTO Plan of Action for LLDCs 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

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Ministerial Declaration and reminded ministers of their shared responsibility. He noted a number of transitions, including: 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. Other priorities for 1997 are the conclusion of negotiations in financial services and accessions.

Delegates then presented their governments' positions on the issues before the MC in Plenary, and conducted negotiations to consolidate the text of the Ministerial Declaration. During the week-long Conference, 129 Ministers of Member States and official observers delivered general statements. Meanwhile, during the meetings of the Heads of Delegations (HOD) and numerous informal consultations, delegates completed negotiations of the Ministerial Declaration, which had been developed prior to the MC in an informal process under the direction of Director-General Ruggiero. Discussions on an Information Technology Agreement (ITA), which had also begun prior to the MC, were also completed. The following sections highlight government positions as presented in their Plenary statements, summarize the Ministerial Declaration and ITA, and offer a brief analysis of the first WTO Ministerial Conference.

PLENARY GENERAL STATEMENTS

The following is a summary of the issues raised and statements made by the 129 Ministers from WTO Member and observer States, as well as observer organizations, who addressed the Plenary.

CORE LABOR STANDARDS: Nearly all speakers addressed the question of whether the WTO should consider the link between core labor standards and trade. A few countries strongly recommended that the WTO take up the issue in earnest, many suggested that the task be left to the International Labor Organization (ILO), and some called for cooperation between the two bodies. Most speakers indicated their support for core labor standards, denouncing infringements on workers' rights and the use of child and slave labor.

GERMANY, VENEZUELA and others noted that trade liberalization leads to increased prosperity, which in turn facilitates compliance with labor standards. The US called on the WTO to do more to acknowledge the relationship between trade and respect for labor standards and stressed that increased trade and economic growth should engender greater respect for human rights. NORWAY, AUSTRIA, DENMARK and others supported the WTO's work on trade and labor. DENMARK emphasized that sanctions should not be used, and comparative advantage of low-wage countries not be eroded. BELGIUM said that WTO action to promote core labor standards should be a multilateral effort based on incentive action, linked to improved aid for developing countries, and should allow affected countries time to adapt.

Some countries, including SWITZERLAND, FINLAND, ITALY, GERMANY, FRANCE and PORTUGAL, affirmed the primacy of the ILO on core labor standards, but suggested that the WTO cooperate with the ILO on this issue. SWEDEN said the WTO should support continued work in the ILO but could review progress at the WTO's biennial Ministerial meetings. The NETHERLANDS stated that avoiding a dialogue on labor standards does not promote a better understanding of views or dispel fears about hidden agendas.

Most speakers from developing countries stated that the WTO is not the appropriate forum to address this issue. The UK and AUSTRALIA were also of this view. A number of developing countries expressed concern that labor standards would be used as a pretext for protectionist measures, while a number of developed countries affirmed that they should not be used in that manner. VENEZUELA, GUATEMALA, the CZECH REPUBLIC and others said the WTO should not allow instruments to enforce compliance with labor standards. MA-

LAYSIA rejected any attempt to discuss a social clause in the WTO. MACAU and UGANDA stated that the introduction of labor standards would have a negative impact on the economic development of developing countries. MYANMAR said that linking labor standards and trade would be detrimental to the effective functioning of the WTO.

Several countries, including SPAIN, FRANCE, LUXEMBOURG, SWEDEN and BELGIUM, expressed disappointment that the Director-General of the ILO was not invited to speak to the MC.

REGIONAL TRADE AGREEMENTS: Some ministers emphasized the primacy of the multilateral trading system over regional arrangements, while many stressed the benefits of regional trade arrangements. Several speakers stated that protectionism, not regional blocs, is the enemy.

CANADA, MEXICO and THAILAND, among others, urged the WTO to be ambitious, given the emergence of regional trade initiatives, and 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. The NETHERLANDS stated that regional economic integration is a positive phenomenon but should not result in trade-diverting discrimination. MAURITIUS stated that regional arrangements provide breathing space for developing countries to adapt to the competitive environment. The Southern African Development Community (SADC) described its Trade Protocol and said one of its primary objectives is to enhance the economic development, diversification and industrialization of the region. PAPUA NEW GUINEA stated that the free trade area arrangement in his region has led to improvement in the standard of living. A number of speakers noted MERCOSUR's (Common market of the South) effectiveness as a mechanism to promote trade and growth.

ACCESSIONS: Many speakers recommended that the accession process for applicants to the WTO be expedited. Sixteen observer countries delivered statements. Many described national market conditions and economic reforms being undertaken and expressed their eagerness to accede to the WTO. HONG KONG said it will continue to be a distinct member of the WTO after July 1997 under the name Hong Kong-China. RUSSIA announced its willingness to initiate bilateral negotiations on specific terms of its accession.

SUDAN called for acceleration and ALGERIA for simplification of the application process for developing countries. MONGOLIA called for training and technical assistance for acceding countries. HONG KONG and CROATIA recommended evaluation of acceding countries based on their differing levels of development.

CHINA stated that political considerations and excessive demands for immediate commercial benefits have slowed down the accession process. POLAND supported accession as soon as applicants are willing to accept the terms of WTO membership. JORDAN stated that acceding countries are being asked to provide more concessions than what is provided for in the Uruguay Round agreements and this could delay accession.

DISPUTE SETTLEMENT: Several countries noted the success of the dispute settlement mechanism. COSTA RICA said it provides greater certainty in trade relations. VENEZUELA and NAMIBIA highlighted the improvement of the dispute settlement mechanism as a substantive success. Some speakers indicated concerns about the mechanism. For example, JAMAICA stated that it should be kept under review to ensure that procedures are fair and transparent. DOMINICA stated that the present dispute settlement system has proven unfavorable to the participation of small and institutionally weak Members. TOGO, among others, called for special treatment for developing countries using the mechanism.

IMPLEMENTATION: Several countries emphasized that implementation of the Marrakesh agreements should be the primary goal of the WTO. Some countries stressed that the introduction of new issues is premature when implementation of existing agreements is currently

insufficient. Many ministers outlined national efforts to implement the Marrakesh agreements. Specific comments included the request by SADC, GHANA and TUNISIA that Members focus now on full implementation of existing agreements. BOTSWANA urged acceleration of Uruguay Round commitments to cut tariffs, particularly those applied to products of importance to developing countries. The EU stressed ensuring that commitments have been implemented in accordance with Uruguay Round timetables.

MALAYSIA noted a need for streamlining notification requirements, which BRUNEI said impose a serious burden on small countries. SAINT LUCIA commended efforts by the Secretariat to simplify notification procedures.

A number of speakers indicated concerns regarding the implementation of agricultural agreements. ARGENTINA stated that treatment of agricultural issues in the WTO has been blocked by some who continue to subsidize production, and progress on negotiations for agricultural export credit is not satisfactory. BRAZIL urged all Members to fully comply with commitments on agriculture. Ministers from the PHILIPPINES, NICARAGUA and HONDURAS, among others, expressed concern about the application of sanitary, phyto-sanitary and/or technical 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 LLDCs and net food-importing developing countries, and SRI LANKA called for careful monitoring of these effects. INDIA defended internal subsidies by insignificant exporters of agricultural products, where they are aimed at achieving a degree of self-sufficiency.

Several speakers, including CHILE, supported the immediate initiation of an information exchange process in preparation for the round of negotiations on agriculture to commence in 1999. URUGUAY called for a clear message regarding the ministers' commitment to a reform process. THAILAND said political commitment is overdue. The US and AUSTRALIA recommended a continuation of the agricultural reform effort called for in the WTO agreement.

DEVELOPING COUNTRIES AND LEAST-DEVELOPED COUNTRIES: Several countries, developing and developed alike, emphasized the importance of integrating developing countries into the multilateral trading system, and many called for technical assistance to facilitate the process. GHANA encouraged further cooperation in this regard with the IMF and the World Bank. SWITZERLAND called on development agencies to collaborate in supplementing technical assistance. The NETHERLANDS announced it will contribute US\$2.5 million for a WTO trust fund to finance technical assistance for developing countries and economies in transition. The REPUBLIC OF KOREA said it plans to increase bilateral technical cooperation for developing countries. BAHRAIN called for technology transfer and direct investment to enable developing countries to become internationally competitive.

Several speakers noted that technical assistance to developing countries, including LLDCs, provided for in the Marrakesh agreement has not been forthcoming. TRINIDAD AND TOBAGO noted that technical assistance to developing countries is inadequate and seeks more to assist them in meeting their WTO commitments than to provide them with the means to exploit trade opportunities. MOZAMBIQUE stated that developing countries are overwhelmed with implementation of the Marrakesh agreements. Several African countries called for an extension of preferential trading arrangements beyond the year 2000. A number of developing countries noted that developing countries have been marginalized by trade liberalization.

Several developing countries and a number of European countries supported zero tariffs on goods from LLDCs. Many speakers supported increased market access for LLDCs and endorsed the Plan of Action.

TEXTILES AND CLOTHING: Several speakers indicated their concern that implementation of the Agreement on Textiles and Clothing (ATC) has been to the letter of the Marrakesh agreement but not to its

spirit. PORTUGAL noted that some Members have not met their commitments. 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 ATC. INDIA said it is anxious that the sector no longer be an area for bilateral initiatives. JAMAICA said the balance of interest carefully built into the ATC must be preserved. The PHILIPPINES and NICARAGUA stated that the products important to their countries have not been integrated. KENYA said he saw no immediate benefit accruing to developing countries if the textile products they export are integrated only in the final phases of the transition period. HONG KONG suggested that the integration of developing countries into the world trading system could be facilitated through acceleration in this area and, with PAKISTAN, noted a trend towards further restriction in the textile sector. The UNITED ARAB EMIRATES called for a simplified notification process.

The performance of the Textile Monitoring Body (TMB) was also of concern for several speakers. EL SALVADOR, for example, noted the Body's weakness. COSTA RICA said the TMB has not fulfilled its mandate on some occasions. HONDURAS said it should be impartial and transparent.

TRADE AND ENVIRONMENT: Some countries endorsed the work of the Committee on Trade and Environment (CTE), while others said that the progress on trade and environment thus far has been disappointing. Several countries supported continued work by the CTE.

SWEDEN, the EU and the US said that free trade and environmental policies are mutually reinforcing and necessary to achieve sustainable development. SWITZERLAND, the US and NIGERIA called for trade and environmental policy coordination. NORWAY cautioned that trade does not guarantee environmental protection.

A number of developing countries expressed concern that environmental measures could lead to protectionism and decreased market access. MALAYSIA said the indiscriminate use of labeling schemes undermines developing countries' exports. NIGERIA noted that poverty is the most significant cause of environmental degradation and trade liberalization will yield environmental dividends. MEXICO said the WTO can best contribute to environmental protection through economic growth. BOTSWANA noted that the discussions within the CTE thus far have focused on examining environmental effects of industrialization, whereas the linkages between trade, conservation and natural resource management should also be examined.

SWEDEN called for a guarantee of legal security for multilateral environmental agreements (MEAs). SWITZERLAND and JAPAN said the consistency of MEAs with the WTO must be ensured. ICELAND called for clarification of rules and definition of dispute settlement mechanisms to avoid clashes between MEAs and the WTO. GREECE said the work of the CTE should aim toward setting binding and transparent rules regarding trade measures in MEAs.

ITA AND TELECOMMUNICATIONS: Several countries expressed support for and stressed the importance of concluding negotiations on the Information Technology Agreement (ITA). ITALY said the ITA should be joined by all countries and should cover all non-consumer information technology products. GREECE said the ITA should be balanced, include tariff and non-tariff barriers, and include a maximum number of countries. CHINESE TAIPEI supported broad-based participation in the process of liberalizing trade in information technology and, with INDONESIA, called for flexibility in implementation for developing countries.

Numerous speakers also endorsed the completion of an agreement on telecommunications. The US invited ministers to join the US and the EU in announcing improved offers in the basic telecommunications negotiations. SINGAPORE emphasized the importance of concluding negotiations on basic telecommunications services and the ITA in safeguarding the credibility of the WTO.

WORK PROGRAMME AND BUILT-IN AGENDA: Many ministers commented on the built-in agenda which prescribes time frames for further negotiations and review. The UK and AUSTRALIA supported a new multilateral trade negotiation before the end of the century. HUNGARY emphasized that the preparations for negotiations and reviews should stick to the schedule envisaged in the built-in agenda. SPAIN stated that the negotiations starting in 2000 must ensure strict compliance with the Marrakesh commitments. NEW ZEALAND stressed that no negotiations should be moved to start ahead of the prescribed schedule, but suggested that the related analysis and information exchange programme to assist the negotiations on services commitments scheduled to begin by 2000. GHANA said many developing countries require more time to adjust to the WTO system before rushing into new negotiations.

TURKEY supported initiating the negotiations called for in the TRIPs agreement as soon as possible. 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. EGYPT is looking forward to receiving the financial and technical assistance provided for in the TRIPs agreement.

INVESTMENT AND COMPETITION: Some speakers called for the establishment of a multilateral framework on trade and investment within the WTO, including SWITZERLAND, FRANCE and GERMANY. SPAIN, SWEDEN and LUXEMBOURG said the establishment of multilateral rules enables more countries to benefit from investment. CÔTE D'IVOIRE said the WTO could be an educational forum and could eventually consider an international treaty on trade and investment if all agree. MYANMAR suggested that due regard be given to Members' national policies and investment laws when drafting a multilateral agreement.

Numerous countries called for further study on trade and investment, and several emphasized that this study should be undertaken by UNCTAD in consultation with the WTO. CAMEROON stressed that the development aspect must be emphasized and, together with CHINA and BRUNEL, said developing countries must be fully involved. MALAYSIA supported an educational process in the WTO regarding investment, provided it does not lead to negotiation.

INDIA and SAINT KITTS AND NEVIS said that a uniform multilateral regime would not serve equitable global development. MALAWI stated that attempts to harmonize investment policies would impede Members' ability to achieve national priorities in their development strategies. PAPUA NEW GUINEA indicated a strong reservation to a WTO investment agreement because it would push them into a vicious spiral of aid dependency. INDONESIA said a multilateral framework for investment is outside the competence of the WTO.

GERMANY said multilateral trade and competition rules should be developed to eliminate impediments to market access. INDONESIA cautioned that WTO discussions on competition policy should focus on the international aspects of competition, such as restrictive business practices and anti-dumping. LESOTHO highlighted the need for international obligations to share and exchange information on anti-competition practices and clear multilateral rules to address them. GREECE recommended that Members discuss what the rules of competition should achieve in order to consolidate progress already achieved by UNCTAD and the OECD. MALAYSIA said a working group to study competition policies, particularly anti-competitive practices and abuse of trade measures, has merit, provided it does not lead to negotiations within the WTO. JAPAN said it was appropriate to initiate an educational process that does not prejudge the future course to be taken. SADC said it is premature to address competition policy at this time.

TRANSPARENCY IN GOVERNMENT PROCUREMENT: Several ministers commented on the proposal that the WTO consider transparency in government procurement. The US said public confidence in the integrity of government procurement decisions would be

enhanced if all WTO countries agreed to basic standards of transparency and due process. The UK called for a new dialogue involving all WTO Members to explore the benefits available from extending transparent and non-discriminatory purchasing practices. JAPAN welcomed work towards the development of a new arrangement centering on transparency of government procurement. SURINAME welcomed a working group to study and develop multilateral tendering rules and guidelines. INDIA indicated an interest in addressing the subject with the sole aim of achieving a procedural agreement providing for transparency. The PHILIPPINES said a new agreement should be considered along with the Plurilateral Agreement on Government Procurement (GPA), and there should be an examination of whether there are net benefits to those many Members who do not adhere to the GPA.

SADC said it is premature to address the issue of government procurement. PAPUA NEW GUINEA stated it has its own business culture that it wants to preserve. SAINT KITTS AND NEVIS said the GPA should continue to be optional for small island States. INDONESIA said that government procurement represents an important instrument of national development.

OTHER COMMENTS: Numerous countries recommended that the WTO avoid overloading its agenda with matters that legitimately belong to other multilateral institutions. SOUTH AFRICA called for cooperation and consultation between WTO, UNCTAD and related organizations and said their failure to cooperate is a primary reason for the failure of multilateral organizations to promote development.

A number of countries expressed concern regarding the use of unilateral measures and trade embargoes. CUBA stated that the blockade to which it is subjected is in violation of the principles and regulations of the WTO. MALAYSIA said one Member's domestic legislation with extraterritorial implications will undermine four decades of efforts to build the multilateral trading system. NIGERIA called on the Ministerial Conference to consider a declaration against the use of unilateral actions with extraterritorial effects. BURUNDI stated that embargoes are a negation of the multilateral trading system.

The transparency of the WTO decision-making process was also a concern raised by several speakers. ZIMBABWE, for example, noted the importance of the principle of taking decisions by consensus, a prerequisite of which is the principle of full transparency in the discussions leading to such decisions. CHINA said all issues should be discussed among all Members and opposed the practice of conducting negotiations behind closed doors by small groups and the imposition of their decisions on others as a "fait accompli".

Several speakers noted the need to educate the public about the WTO. SLOVENIA, for example, stated that the WTO needs to develop a deeper public understanding of its role. The NETHERLANDS said the WTO must make a major effort to be an open and transparent organization, and 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.

SINGAPORE MINISTERIAL DECLARATION

The Singapore Ministerial Declaration states that the purpose of the biennial meeting of the WTO MC is the strengthening the WTO as a forum for negotiation, the continuing liberalization of trade within a rule-based system, and the multilateral review and assessment of trade policies. The meeting assesses implementation of commitments, reviews ongoing negotiations and the Work Programme, examines developments in world trade, and addresses the challenges of the evolving world economy. The Declaration addresses 19 main themes.

TRADE AND ECONOMIC GROWTH: Members state that the achievements of the first two years bear witness to their desire to use the multilateral system to promote sustainable growth, job creation and de-

velopment while contributing to stability and security in international relations.

INTEGRATION OF ECONOMIES -- OPPORTUNITIES AND CHALLENGES: The scope and pace of change in the international economy and the resulting opportunities are said to require adjustment by economies and societies and to pose challenges to the trading system.

CORE LABOR STANDARDS: Members renew their commitment to the observance of internationally recognized core labor standards, recognize the ILO as the competent body to set and deal with standards and affirm support for its work in promoting them. Economic growth and development fostered by increased trade and further trade liberalization are said to contribute to the promotion of these standards. The use of labor standards for protectionist purposes is rejected, and it is agreed that the comparative advantage of countries, particularly low-wage developing countries, must in no way be put into question. It is noted that the WTO and ILO Secretariats will continue collaboration.

MARGINALIZATION: Members commit to addressing the problem of marginalization for LLDCs and developing countries and to work for greater coherence in international economic policy-making and improved coordination between the WTO and other agencies in providing technical assistance.

ROLE OF WTO: In pursuit of sustainable growth and development, Members commit to: a fair, equitable and more open rules-based system; progressive liberalization and elimination of tariff and non-tariff barriers to trade in goods; progressive liberalization of trade in services; rejection of protectionism; elimination of discriminatory trade measures; integration of developing countries, LLDCs and economies in transition into the multilateral system; and maximum possible transparency.

REGIONAL AGREEMENTS: The increasing influence of regional trade agreements is recognized, notably their role in assisting LLDCs, developing and transition economies in integrating into the international trading system. Members call for an analysis of whether the system of WTO rights and obligations, as it relates to regional trade agreements, needs to be further clarified. The primacy of the multilateral trading system, with its framework for the development of regional agreements, is affirmed. The work of the new WTO Committee on Regional Trade Agreements is endorsed.

ACCESSIONS: The importance of accepting WTO rules and offers of meaningful market access by the 28 applicants negotiating accession is noted along with a commitment to expedite their accession.

DISPUTE SETTLEMENT: Members recommit to the Dispute Settlement Understanding (DSU), including the appeal procedure, and describe it as unique, impartial and transparent.

IMPLEMENTATION: Priority is accorded to effective implementation of the WTO Agreement. As some Members have expressed dissatisfaction with certain aspects, it is recognized that further effort is required. It is noted that the timely availability of trade and tariff data could enhance monitoring of the implementation of industrial market access. Progress is noted in advancing the WTO reform programme in agriculture, including implementation of agreed market access concessions and domestic subsidy and export subsidy commitments.

NOTIFICATIONS AND LEGISLATION: It is noted that compliance with notification requirements has not been fully satisfactory. Members who have not submitted timely or complete notifications are invited to renew efforts, in order to facilitate the mutual monitoring of implementation. Relevant bodies are invited to promote compliance and help simplify procedures. Members note obligations to complete domestic legislation, while those entitled to transition periods are urged to ensure timely implementation. All are invited to carefully review existing or proposed legislation to check for compatibility with WTO obligations.

DEVELOPING COUNTRIES: Members acknowledge the significant new commitments undertaken by developing country Mem-

bers, both substantive and procedural, and recognize the range and complexity of these efforts. To assist them with notification and legislative requirements, improved technical assistance is to be made available. Also agreed are recommendations consistent with the decision taken at Marrakesh concerning possible negative effects of the agricultural reform program on LLDCs and net food-importing developing countries.

LEAST-DEVELOPED COUNTRIES: Members note the problems of concern about LLDCs and agree to: (1) adopt a Plan of Action, including provision for taking positive measures (such as duty-free access) on an autonomous basis, aimed at improving their overall capacity to respond to the opportunities offered by the trading system; (2) seek to give operational content to the Plan of Action, for example by enhancing conditions for investment and providing predictable and favorable market access conditions for LLDCs' products, to foster expansion and diversification of their exports to developed countries markets, and, in the case of relevant developing countries, operationalize the Global System of Trade Preferences; and (3) organize a meeting with UNCTAD, the International Trade Center, aid agencies, multilateral financial institutions and LLDCs as soon as possible in 1997, to foster an integrated approach to assist LLDC trading opportunities.

TEXTILES AND CLOTHING: Members stress the importance of the full and faithful integration of textile products, as per the Agreement on Textiles and Clothing (ATC), into the WTO rules. The use of safeguard measures in accordance with ATC provisions should be as sparing as possible, and concerns regarding the use of other trade distorting measures and circumvention are noted. The importance to small suppliers, new entrants, LLDCs and cotton-producing exporting Members of fully implementing the provisions of the ATC is reiterated, and there is recognition of the importance of wool products for some developing countries. Members agree that the Textiles Monitoring Body (TMB) should achieve transparency. The responsibility of the Goods Council in overseeing the functioning of the ATC is emphasized.

TRADE AND ENVIRONMENT: The important contribution of the Committee on Trade and Environment is acknowledged, and Members affirm that full implementation of the WTO Agreements will make an important contribution to achieving sustainable development. The CTE's emphasis on work at the national level is noted. The continuation of the CTE's work under existing terms of reference, with further participation of environmental and trade experts, is agreed.

SERVICES NEGOTIATIONS: Members note that, with regard to the Marrakesh objectives for negotiations on the improvement of market access in services, results have fallen short of expectations, forcing negotiations beyond original deadlines. They look forward to: full most favored nation (MFN) agreements based on improved market access commitments and national treatment and conclusion of negotiations on basic telecommunications in February 1997; resumption of financial services negotiations in April 1997; and conclusion of Maritime Transport Services negotiations in the next round of negotiations on services. On professional services, the target date for completing work on the accountancy sector is the end of 1997. Work to complete the negotiations on safeguards by the end of 1997 will also be undertaken, and it is noted that more analytical work will be needed on emergency safeguards measures, subsidies and government procurement in services.

ITA AND PHARMACEUTICALS: The ITA is noted, and Members welcome an agreement, involving Members and non-Members, on tariff elimination for trade in information technology products on an MFN basis. Ministers also welcome the addition by a number of Members of over 400 products to their lists of tariff-free pharmaceutical products.

WORK PROGRAMME AND BUILT-IN AGENDA: Ministers note agreement on a number of provisions calling for negotiations on Agriculture, Services and aspects of TRIPs and reviews and other work on Anti-Dumping, Customs Valuation, Dispute Settlement Un-

derstanding, Import Licensing, Preshipment Inspection, Rules of Origin, Sanitary and Phyto-Sanitary Measures, Safeguards, Subsidies and Countervailing Measures, Technical Barriers to Trade, Textiles and Clothing, the Trade Policy Review Mechanism, TRIPs and TRIMs (Trade-Related Investment Measures). They agree to a process of analysis and exchange of information on built-in agenda issues, to facilitate better understanding in preparation for negotiations and reviews. They agree that: time-frames in Agreements will be respected; work undertaken will not prejudice the scope of future negotiations where negotiations are called for; and work undertaken shall not prejudice the nature of the activity agreed upon, be it negotiation or review.

INVESTMENT AND COMPETITION: On provisions related to investment and competition policy and the built-in agenda in these areas, including under TRIMs, Members agree to establish a working group to examine the relationship between trade and investment, with the provision that work undertaken will not prejudice whether negotiations will be initiated in the future. They also decide to establish a working group to study issues raised by Members relating to the interaction between trade and competition policy, including anti-competitive practices, in order to identify any areas that may merit further consideration in the WTO framework. These groups are to draw upon each other's work, if necessary, and also draw upon and be without prejudice to the work in UNCTAD and other appropriate intergovernmental fora. On UNCTAD, Members welcomed work underway as provided for in the Midrand Declaration and its contribution to understanding of the issues. The groups are encouraged to cooperate with the above organizations, and the General Council undertakes to keep the work under review and to determine after two years how they should proceed. Members state their clear understanding that future negotiations regarding multilateral disciplines in these areas, if any, will take place only after an explicit consensus decision is taken among WTO Members regarding such negotiations.

TRANSPARENCY IN GOVERNMENT PROCUREMENT, TRADE FACILITATION: Members agree to establish a working group to conduct a study on transparency in government procurement practices, taking into account national policies and, based on this study, to develop elements for inclusion in an appropriate agreement. They also agree to direct the Council for Trade in Goods to undertake exploratory and analytical work on the simplification of trade procedures, drawing on the work of other relevant international organizations, in order to assess the scope for WTO rules in this area.

In the organization of the working groups on investment, competition and government procurement, careful attention is to be given to minimizing the burdens on delegations, especially those with limited resources, and to coordinating meetings with relevant UNCTAD bodies. The Secretariat's technical cooperation programme is to be made available to developing countries and LLDCs to facilitate participation.

Finally, Members instruct the General Council to consider how the 50th anniversary of the multilateral trading system can best be commemorated in early 1998.

INFORMATION TECHNOLOGY AGREEMENT

The Information Technology Agreement (ITA) was formally endorsed by 28 Members by the end of the MC, representing approximately 85 percent of global trade in information technology. The 28 signatories are: Australia, Canada, Taiwan, the EU, Hong Kong, Iceland, Indonesia, Japan, Korea, Norway, Singapore, Switzerland, Turkey and the US. Another six countries, including Malaysia, Thailand, the Philippines and New Zealand, have committed to formally endorse the agreement within two weeks of the close of the MC.

The stated goals of the agreement are to improve the standards of living and to expand trade in goods through liberalizing trade in IT products. Furthermore, it will enhance research and development in in-

formation technology. In this light, the Parties agree to encourage autonomous and accelerated elimination of customs duties.

The agreement will take effect when the signatory participants represent "approximately 90 percent" of the volume of world trade in IT products. The signatories agree to eliminate all custom duties and other duties of any kind for all products defined in the agreement at an equal rate beginning in 1997 and concluding in the year 2000. The agreement provides for the removal of existing non-tariff barriers and the prevention of new ones. The agreement sets forth a specific timetable for signatories to submit, review and obtain consensus on products covered, as well as specific dates to begin the four stages of actual reduction. Each signatory will seek to eliminate 25 percent of their quotas at each stage.

The IT products covered include capacitors, digital photocopiers, LCD/LED panels, fiber optic cables, computer monitors, graphic display tubes, computer software and semi-conductors. Items directly related to consumers include computers, calculators, cash registers, automatic teller machines, pagers, telephone sets, videophones, facsimile machines, microphones, loudspeakers, answering machines, magnetic tapes, and LAN (local area network) and WAN (wide area network) products.

COMPREHENSIVE AND INTEGRATED WTO PLAN OF ACTION FOR THE LEAST DEVELOPED COUNTRIES

In November 1996 the WTO General Council approved the draft Plan of Action (POA) for LLDCs and agreed to submit it to the MC for adoption. Together with other WTO legal instruments, the POA brings together national and international efforts to achieve growth in LLDCs through macroeconomic policies, supply-side measures and improved market access. The POA includes measures relating to the WTO Decision in Favor of LLDCs, as well as in the areas of capacity-building and market access, and envisages cooperation between the WTO and other multilateral agencies.

Four recommendations are set out with a view to more effective implementation of the WTO Decision on Measures in Favor of LLDCs. These are: increased efforts to improve LLDC's capacity to meet notification obligations; a two-year review of the implementation of measures in LLDCs; the identification of means, by WTO bodies, to assist LLDCs' implementation of WTO commitments; and the improved disclosure, by the CTD, of Uruguay Round provisions in favor of LLDCs.

In a section on Human and Institutional Capacity-Building, Members ensure the priority assigned to LLDCs in the Guidelines for WTO Technical Cooperation. It also states that the WTO shall work with other relevant agencies, in particular UNCTAD and the ITC, to assist in institutional capacity-building. With regard to supply-side constraints, priorities should be attached to export diversification and facilitating the implementation of commitments to allow LLDCs to benefit from new market opportunities deriving from the Uruguay Round.

A section on Market Access discusses a number of options for increasing market access for least developed countries. None are legal commitments to action but are, rather, initiatives that Members may take "on an autonomous basis" if they so choose. They include: granting preferential duty-free access to LLDC exports; using relevant provisions of the Agreement on Textiles and Clothing to increase market access; extending preferential benefits to LLDCs' suppliers; and accelerating relevant Uruguay Round commitments.

A section on other initiatives notes that: the Secretariat shall provide factual and legal information to assist acceding LLDCs in drawing up their Memorandum on the Foreign Trade Regime; the WTO shall endeavor to work jointly with other relevant multilateral and regional institutions to induce investment in LLDCs; and individual Members may study the feasibility of binding preferential tariff rates in a WTO preferential scheme that would be applicable to LLDCs only.

CLOSING CEREMONY

Chair Yeo Cheow Tong convened the closing ceremony at 12:20 on Friday afternoon, 13 December. The Ministerial Declaration, the WTO Comprehensive Plan of Action for Least Developed Countries and the Report of the General Council were adopted by acclamation. The Chair called on delegations to endorse the recommendations contained in the General Council's Report. Delegates agreed to hold the next Ministerial Conference in Geneva at WTO headquarters in 1998 on a date to be fixed by the General Council. The President of Switzerland, Jean-Pascal Delamuraz, was elected as Chair of the 1998 Ministerial Conference, and Ministers from Guatemala, the Republic of Korea and Zimbabwe were elected as Vice-Chairs.

In his concluding remarks, the Chair said that the MC provides political guidance and overall coherence for the global trading system. He noted that 129 speakers delivered statements that have taken stock of the WTO's activities in its first two years and have articulated the challenges ahead and how to meet them. The biggest gain of the post-Marrakesh era is the existence and expansion of a trading system based on internationally agreed and enforceable rules to oversee and guarantee progress in international trade. The establishment of the WTO is deservedly seen as the outstanding international achievement of the decade. Its credibility and effectiveness rests on governments' full compliance with the rules and commitments of the Marrakesh agreements.

The focus of the first two years has been on implementation and follow-up of commitments. Continual efforts are required by all Members to consolidate the results of the Uruguay Round. The reinforced dispute settlement mechanisms can be regarded as an outstanding success of the WTO's first two years.

The Chair then commented on components of the Ministerial Declaration (MD). On core labor standards, the MD: recognizes that the ILO is the competent body to set and deal with these issues; rejects the use of labor standards for protectionist purposes; agrees that the comparative advantage of low-wage developing countries must not be questioned; does not inscribe the relationship between trade and core labor standards on the WTO agenda; does not authorize any new work on this issue; and notes that the WTO and the ILO will continue to collaborate while respecting their separate mandates. He assured delegations who expressed concern that this text may lead the WTO to acquire a competence to undertake further work on the relationship between trade and core labor standards that the text of the Ministerial Declaration will not permit such development.

The Chair stated that ministers have recognized the need to respect the needs of developing countries in all issues, and to provide market access for their products. Members will organize a meeting with UNCTAD and the ITC as soon as possible in 1997 to foster an integrated approach to enhancing LLDCs' trading opportunities. The Chair emphasized the importance of the agreement to eliminate tariffs on an Most Favored Nation (MFN) basis for information technology products.

The Chair stated that the Conference had broken new ground and provided a strong political message underlining the opportunities in the new global economy while not ignoring the challenges that economies face. The message expresses confidence in the multilateral trading system and its ability to promote growth and guarantee stability.

In his closing speech, Director-General Renato Ruggiero said the MC had celebrated the success of the WTO and the multilateral trading system. He also said the time had come to establish the WTO Secretariat as an independent entity. The staff deserved recognition for their dedication. In closing, he presented the MC Chair with the gavel he had used to preside over the meetings. After announcing that the ITA would form part of the MC record, Chair Yeo Cheow Tong declared the first WTO Ministerial Conference closed.

WTO AND THE MINISTERIAL CONFERENCE ON-LINE

The WTO Ministerial was the most Internet-friendly international meeting in history, due in large degree to the fact that Singapore is a very "wired" place. A variety of Internet resources are available for both the World Trade Organization and the Ministerial Conference.

SINGAPORE MINISTERIAL CONFERENCE

- During the Ministerial Conference, IISD and the ICTSD provided daily reports, RealAudio interviews with participants, photos and links to other sites. Our on-line coverage can be found at <http://www.iisd.ca/linkages/wto/>.
- The official site of the WTO Ministerial Conference was provided by the Singapore Government and can be found at <http://www.wto96.org/>. This site provides photos, streaming audio files recorded during the Plenary sessions, full text versions of ministerial statements and some documentation. The final version of the Singapore Ministerial Declaration can be found on their site at <http://www.wto96.org/wto-dec.html> and the Ministerial Declaration on Trade in Information Technology Products can be found at <http://www.wto96.org/media/13iprita.html>.
- The Straits Times maintained pages on its WWW site during the Ministerial Conference with "Webcasts" from several press conferences and the final session, as well as photos and news stories. The Straits Times site is located at <http://www.asia1.com.sg/straitstimes/pages/wtohome.html>.
- The Television Corporation of Singapore and MediaCity transmitted streaming video from the WTO Ministerial Conference at <http://www.mediacity.com.sg/wto/>. With enough bandwidth and a VDO plug-in for your web browser, you should be able to relive Plenary sessions and press conferences held during the MC.

WTO

- The World Trade Organization WWW site is located at <http://www.wto.org/>
- IISD has materials on the WTO at <http://iisd1.iisd.ca/trade/wto/default.htm> including the publication, *The World Trade Organization and Sustainable Development: An Independent Assessment*, which is located at <http://iisd1.iisd.ca/trade/wto/wtoreport.htm>.

A BRIEF ANALYSIS OF THE MINISTERIAL CONFERENCE

The Singapore Ministerial Conference of the World Trade Organization was the first meeting of a body created only two years ago, a body still struggling to define itself as a political entity. Many Members had argued prior to their arrival in Singapore that there was no need for a Ministerial Declaration and that the MC was really no more than a Board of Directors' meeting. In the end it became a much larger affair, with hundreds of journalists and NGO spectators adding to the heightened sense of expectation and the development of a process where issues took on a life of their own. Some noted that negotiations began even before the meetings at pre-Conference press briefings.

Some, particularly those developing countries unhappy with others' efforts at implementation and those lacking capacity to fully implement their commitments, felt the MC should concentrate on a review of the past two years' progress in "digesting" the results of the Uruguay Round. Others wanted the meeting to pave the way for the future of the WTO and pressed to have various new issues added to its agenda to extend the scope of the Organization's competence.

In negotiations on the Ministerial Declaration that spanned these two approaches, the momentum of over forty years' practice in the GATT was evident; one delegate described the process as an "expanded bilateral" between the major players. The review of implementation was not what some had hoped for, and while a number of new issues were added to the WTO agenda, these results fell short of the expectations of some. In a phrase that expressed the reality of successful trade negotiations, one senior diplomat described the MC results as "a shared disappointment." While the first MC was hailed as an "outstanding success" by politicians at the end of the week most delegates, including veterans of the GATT process, confided that the meeting had resolved very little and issues of real contention would be taken up in further negotiations back in Geneva. The issues and other elements of the outcome of the MC are elaborated upon in the following brief analysis.

BUILT-IN AGENDA/IMPLEMENTATION

The Uruguay Round established an agenda for work within the WTO that specified time-frames to renew negotiations, to revisit agreements and to assess the effectiveness of these agreements. In Singapore, work in this area centered on agriculture and textiles.

AGRICULTURE: The text on agriculture in the Ministerial Declaration had reportedly been basically agreed to in Geneva, prior to the

Singapore Conference. However, sources said that shortly before the MC, Argentina called for stronger text asking for work to begin immediately in preparation for the agriculture negotiations set to commence in 1999. Those countries with established support programmes for agriculture who feared accelerated liberalization reportedly resisted this suggestion. After protracted negotiations in Singapore, in which Argentina's Cairns Group partners (the Cairns Group is a small bloc of middle-power agricultural exporters) were said to have worked to soften its stance, Argentina reportedly agreed to language almost identical to the draft text from Geneva. This text is situated in the Declaration's paragraph on implementation, where agriculture is said to be mentioned because the Cairns Group and others insisted on drawing attention to what they see as ineffective implementation of the Agreement on Agriculture by Members such as the US and the EU. Critics have pointed out that the efforts by the US, EU and others on reducing domestic support and export subsidies have not produced the expected gains for other trading partners. They have effectively avoided liberalization by using high base-year values for export subsidies and by continuing domestic support by various other means.

TEXTILES: Several developing countries noted their disappointment with the language on textiles in the Declaration. The text calls for "full and faithful" implementation of the provisions of the Agreement on Textiles and Clothing (ATC) and reaffirms that, as part of the integration process, action should be taken to achieve improved market access for textiles and clothing products. Some developing countries had hoped that concrete targets in the ATC would be reaffirmed. Some pointed to the hollow implementation of quota reductions by the US and EU during the first two-year phase as an important impediment to their export efforts. The EU and US are seen by some as having implemented the letter but not the spirit of the agreement. The International Textiles and Clothing Bureau suggested that, given the poor progress made to date, full integration of textiles into the GATT by the agreed target of 2005 may not be reached.

Developing countries also voiced concern regarding the abuse of transitional safeguards and anti-dumping actions and the operation of the Textile Monitoring Body (TMB). The Declaration states that safeguard measures in accordance with ATC provisions "should be used as sparingly as possible" and "notes concerns" regarding the use of other trade distorting measures and circumvention. The Declaration also states that the TMB should achieve transparency in providing rationale for its findings and should deliver findings whenever called upon to do so under the ATC. The Ministers also emphasized the responsibility of the Goods Council in overseeing the functioning of the ATC.

ONGOING WORK

The MC also considered how to proceed in two areas where work has been ongoing for some time: trade and environment and government procurement.

TRADE AND ENVIRONMENT: Although a number of countries addressed the issue in their statements to the Plenary, many commented that environment was essentially a non-issue at this first Ministerial Conference. The Committee on Trade and Environment's (CTE) Report was adopted by consensus on 9 November 1996 and was therefore not a matter for negotiation among delegations in Singapore. While a number of environmental NGOs came to Singapore, many expressed frustration at having essentially no openings for lobbying on the issue and therefore being forced to assume the role of "paper tigers."

In Plenary statements, a number of developed countries expressed their disappointment with the CTE's lack of progress in its first two years, whereas developing country statements on the issue tended to focus on concerns that environmental measures may be used as a guise for protectionism, revealing the ongoing North-South divide that often characterizes intergovernmental discussion of environmental issues. Environmental organizations heavily criticized the CTE's results as a

failure. The two issues that both Plenary statements and NGO complaints focused on were also the issues that the Committee spent most of its time discussing: eco-labelling and trade measures in multilateral environmental agreements (MEAs).

In its conclusions regarding eco-labelling, the CTE focused exclusively on the concerns about its possible negative trade effects, without noting its positive potential as a non-coercive market-based instrument for environmental protection. The CTE was unable to agree as to whether eco-labels covering non-product-related process and production measures (PPMs) are included under the Agreement on Technical Barriers to Trade (TBT). Many environmentalists argue that the way a product is produced is a fundamental environmental distinction and that eco-labels that distinguish products based on PPMs should not be deemed to violate the TBT.

Regarding MEAs, the primary issue is the compatibility of trade measures in MEAs with WTO rules. Critics stated that by reiterating the right of Members to bring disputes between MEA Parties to the WTO dispute settlement mechanism, and by using vague language to suggest that if such a dispute arises Members should "consider trying to resolve it" through the MEA mechanism, the report's recommendation fails to guarantee that WTO rules will not impede the ability of MEAs to utilize trade measures for environmental purposes.

Although the Committee considered nine out of its ten agenda items in its two years of work, it has not made much progress on resolving difficult issues and its report offers few substantive recommendations, save for three. Firstly, it recommends that the WTO favorably consider applications from MEA Secretariats for observer status in the CTE, a step that many have long maintained is a prerequisite to the CTE forming legitimate recommendations on such issues as trade measures in MEAs. Secondly, it calls for the compilation of a database of trade-related environmental measures, which some note would make cases of "green protectionism" easier to detect. Thirdly, the Committee recommends that it continue its work as a permanent WTO body, which most observers see as necessary. However, many expressed doubts about the prospects for progress in the CTE's future work given its less than stellar performance to date.

Many expressed dissatisfaction that the CTE has made no significant recommendations for environmental reform in the WTO and the conclusions it has reached seem to suggest that the environment will remain a peripheral issue in the WTO. On a more positive note, however, observers noted that there is some evidence in the report and Plenary statements that Members are beginning to understand that trade liberalization does not necessarily foster sustainable development and that complementary environmental policies are needed.

GOVERNMENT PROCUREMENT: Government procurement was an issue of contention between the US, which has pushed for years for greater transparency in the process of awarding of government contracts, and, inter alia, the EU and Japan, who have resisted such a push in the past. The language that was eventually adopted reflects a compromise. A working group has been established on the "government procurement practices, taking into account national policies". Some Members, including Japan, sought the reference to national policies to promote their position that the work of the group must be sensitive to the legitimate differences in national government procurement policies, which are derived from cultural and historical traditions.

NEW ISSUES

Three new issues were considered by the Members: labor, competition and investment. The text in the Ministerial Declaration on these issues proved to be some of the most difficult to negotiate. In all three areas, as with trade and environment, any WTO work would reflect an evolution from the early GATT, which dealt only with tariffs, toward a more comprehensive approach that addresses wide-ranging elements of domestic policy thought to be related to trade.

LABOR: Labor was one of the MC's most contentious issues and was finally settled on the last night of negotiations. The US and Norway had been the strongest proponents of introducing the issue into the WTO agenda, with almost all developing countries lining up in opposition. The ASEAN (Association of South East Asian Nations) countries had earlier threatened not to attend the MC if labor was discussed, and the US threatened mid-week not to sign a Declaration that did not address the issue. The final text does not establish a working group and hands the issue over to the ILO as "the competent body" to set and deal with labor standards. While this might seem like a victory for developing countries at the expense of the US, some speculated that the US had never actually supported labor as an issue but had assumed a strong position in order to be able to use it as a bargaining tool with other issues such as investment.

Some observers noted with interest the fact that the Chair, in his concluding remarks, seemed to close the door on future WTO work in this area more firmly than did the language of the Ministerial Declaration. While his statement was seized on with enthusiasm by some countries, the Chair's statement was said by many to have no legal force. The US Trade Representative, in particular, noted in a subsequent press briefing that the statements had no legal force, and that the Ministerial Declaration reflected the true consensus of the Members.

INVESTMENT: Investment and competition were addressed together in the Declaration. WTO talks on investment were the result of an OECD effort, due to be completed in 1997, to draft a Multilateral Agreement on Investment (MAI). Observers said that many developing countries feared that WTO work on investment would eventually result in the introduction of an MAI-like treaty whose terms and structure had been essentially decided elsewhere. These countries stressed the need to let UNCTAD finish its existing analysis on the subject before addressing it in the WTO. Some countries, such as India and Malaysia, argued strongly that any such agreement would limit their ability to regulate foreign direct investment to foster economic development. They suggested that national treatment of foreign companies could squeeze out local small and medium-sized enterprises.

The final text establishes a working group on investment, but contains two strong statements limiting the possible evolution of its work into negotiation of an agreement and recognizing the value of the work being done by UNCTAD. According to some observers, this reference was enough to soften most opposition, but India also requested a reference to "the built-in agenda in these areas, including under the TRIMs Agreement". The TRIMs Agreement sets a timetable for reviewing its operation and for considering whether it needs to be complemented by provisions on investment policy and competition policy. India reportedly argues that the inclusion of the TRIMs reference means that the working party's analysis will consist only of that work already mandated in the TRIMs Agreement. Others disagree with this interpretation, and envision a much more extensive mandate for the working party.

COMPETITION: Discussions on competition were reportedly complicated by the fact that there was no single interpretation of competition policy. Observers note that the US is interested in promoting anti-trust legislation abroad similar to its own, while others are interested in regulating anti-dumping legislation, which they claim is being used by the US and others to stifle competition, and in combating restrictive business practices. In the final text, as with investment, a working group is established and there are two strong passages limiting the possibilities that discussions in those groups will lead to WTO negotiations without explicit Member consensus. These caveats are designed to mollify countries who fear that, as in the past, discussions will inevitably lead to negotiations, in spite of all statements to the contrary. Interestingly, in the context of the Plan of Action for LLDCs Sir Leon Brittan, European Commissioner, suggested that the pattern of moving from generalized or soft commitments to "shoving it down their throats" has been a feature of international trade negotiations. The working group will examine the interaction between trade and competition poli-

cy, "including anti-competitive practices," which reportedly means anti-trust measures and restrictive business practices.

OTHER AGREEMENTS

Members also considered special measures for developing countries and concluded an agreement on information technology.

SPECIAL MEASURES FOR DEVELOPING COUNTRIES:

Observers stated that the Draft Comprehensive and Integrated WTO Plan of Action (POA) for LLDCs is a pale shadow of proposals originally put forward by Director-General Ruggiero at the G-7 meeting in Lyons last year. He called for full and rapid implementation of the Marakesh Declaration, elimination of all tariffs and non-tariff barriers on LLDC exports, and measures to improve the investment climate they face. When the Committee on Trade and Development's Sub-Committee on LLDCs took up consideration of the specific problems and risk of marginalization facing these countries, LLDCs sought an integrated approach to both their internal (e.g., infrastructure) and external (e.g., debt) problems. Instead, the Ruggiero proposal for a POA was watered down as it made its way to and through a meeting of the General Council in November 1996. Opponents of the strong Ruggiero proposal among developed countries were concerned about the implications for trade in textile and agricultural products and the need to introduce new domestic legislation. The weakened final proposal, as a result, commits Members to make market access concessions to LLDCs on their own initiative, that is, on a strictly "autonomous basis". Asked whether he was disappointed by the outcome, Mr. Ruggiero said that "you do not build the world in one day." There was never much doubt that the draft POA would be adopted. The question that lingered until the end of the MC was whether supporters of the POA would manage to open up discussion of the relevant paragraph in the Ministerial Declaration in order to strengthen the Conference's commitment. Having succeeded in doing just that, European Commissioner Sir Leon Brittan, a key proponent of a strong POA, insisted on the final day of the MC that next year's objective "must be to grant to the LLDCs duty-free access" to developed and developing country markets. Strong support for strong POA also came from some Nordic Members, the UK, and most developing countries.

INFORMATION TECHNOLOGY AGREEMENT: The ITA was hailed by some as the biggest "tariff-busting" success since the conclusion of the Uruguay Round. Discussion of the issue continued from negotiations conducted at the November 1996 APEC (Asia Pacific Economic Cooperation forum) in Manila, the Philippines. The strong push by the US for a conclusion of the agreement overshadowed many other issues addressed at the MC.

Some noted the considerable victory that the agreement represented for the Clinton administration. They projected that the US, which accounts for 50 percent of the global IT market, stands to reap many of the resulting employment gains. Others added that the protection of intellectual property rights as provided for under the TRIPs Agreement, as well as the lead by the US, EU and Japan in IT research and development, will mean that these countries are likely to enjoy their dominance of the IT market for some time to come. Newly industrialized countries that already have established IT industries may also benefit from the agreement, however, the benefit for low-income countries is unclear. No South Asian, Latin American or African countries are among the original 28 signatories, although they will enjoy lower-cost IT products, given the WTO provision for most-favored nation (MFN) status. The MFN, a core principle of GATT law, means that reduced tariffs offered to any Member (for example, under an agreement such as ITA) must in turn be offered to all others, in this case extending the benefits of the Agreement to all. While the non-signatories to ITA will enjoy such benefits, however, it is unclear whether they will, in the highly competitive market that will result, be able to develop and maintain their own IT industries.

Some speculated that the IT issue could be used as a bargaining tool in the negotiations on China's accession to the WTO. It is possible that the US could try to pressure China into signing the ITA in exchange for US support for China's accession. Opening up the Chinese market to IT is projected to be a significant gain for the leading IT exporters.

FUNCTIONING OF THE WTO SYSTEM

Some delegates and NGOs expressed concern that the WTO decision-making process does not create a level playing field and that low-income countries are disadvantaged and less able to make their views heard due to a lack of resources. Of the 29 LLDCs in the WTO, for example, only 10 have permanent offices in Geneva and none have more than one or two employees. In addition, the WTO averaged 46 meetings per week in 1996. Developing countries and LLDCs are therefore often left out of the decision-making process. It was recognized at the MC that assistance is needed to redress this resource imbalance.

At the MC itself, questions of transparency, access, and the need to develop structures for more satisfactory participation were matters of concern for a number of delegations and NGOs alike. With regard to the lack of transparency, most discussions took place in informally convened meetings and the meetings of Heads of Delegation (HOD) became a sounding chamber to measure the degree of resistance to positions agreed behind closed doors. One NGO even reported that some delegates relied on NGO contacts to keep them up to speed on what was happening and where. One delegate said the seats of power at the negotiations were almost exclusively to be found in informal negotiations.

The HOD meetings, though more transparent than the informals, failed to provide delegates with the means for addressing trade-offs and cross-issue negotiations. Observers argued that smaller informal groupings can be more conducive to working out cross-issue deals. An NGO delegate said that negotiations in the HOD meetings were characterized by multiple interventions because countries had not worked out bloc positions in advance, as is traditional in the UN. This absence of discipline in the HOD meetings slowed the pace and resulted in an eventual exit of senior negotiators, whose seats were filled by lower-ranking delegates. The Conference Chair noted subsequent complaints about transparency and explained that invitations to informal consultations had been issued on the basis of delegations' region, size and development status. He also defended the informal negotiations on pragmatic grounds of time limitations. Director-General Ruggiero suggested that the meeting should be judged by the achievement of a consensus. Nevertheless, he conceded that more work would have to be done on transparency while not compromising on the efficiency of meetings.

Access was a major problem faced by NGOs and other observers. A number of public interest NGOs remarked that business NGOs enjoyed markedly better access to delegates than they did. Business NGOs far outnumbered their public interest counterparts at the MC (even without counting the numerous business organizations present on various delegations), and were party to special briefings and bilateral meetings arranged by their governments. Some noted that, despite protestations

to the contrary, there is in fact openness to civil society input to WTO processes but that it simply needs to be expanded and more evenly applied.

In the final analysis, the first WTO MC will be judged by its results. It is thus instructive to contrast the agreements most aggressively pursued by the most and least powerful Members, the ITA and the POA respectively. The first, a sectoral agreement pursued and completed in less than a year, covers a substantial flow of trade in products of interest to the most powerful developed countries. The second was a watered-down and overdue solution to a problem of keen interest to the least developed WTO Members. This contrast highlights what some say may be the most pressing issue facing the WTO in the years ahead: although it is a consensus-based open-membership organization and has finally been given an institutional mandate as the WTO, it remains an elite-driven club governed by the rich and powerful. If the WTO is to fulfill the commitments set out in its establishing Agreement -- to ensure that developing countries, especially the LLDCs, share in the benefits of liberalized trade, to "protect and preserve the environment", and to be guided by "the objective of sustainable development" -- it will have to come to grips with the need for fundamental change in a world of widening inequities.

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WTO MEMBERS

Angola	Cuba	Hong Kong	Morocco	Slovenia
Antigua and Barbuda	Cyprus	Hungary	Mozambique	Solomon Islands
Argentina	Czech Republic	Iceland	Myanmar	South Africa
Australia	Denmark	India	Namibia	Spain
Austria	Djibouti	Indonesia	Netherlands	Sri Lanka
Bahrain	Dominica	Ireland	New Zealand	Suriname
Bangladesh	Dominican Republic	Israel	Nicaragua	Swaziland
Barbados	European Communities	Italy	Nigeria	Sweden
Belgium	Ecuador	Jamaica	Norway	Switzerland
Belize	Egypt	Japan	Pakistan	Tanzania
Benin	El Salvador	Kenya	Papua New Guinea	Thailand
Bolivia	Fiji	Korea	Paraguay	Togo
Botswana	Finland	Kuwait	Peru	Trinidad and Tobago
Brazil	France	Lesotho	Philippines	Tunisia
Brunei Darussalam	Gabon	Liechtenstein	Poland	Turkey
Bulgaria	Gambia	Luxembourg	Portugal	Uganda
Burkina Faso	Germany	Macau	Qatar	United Arab Emirates
Burundi	Ghana	Madagascar	Romania	United Kingdom
Cameroon	Greece	Malawi	Rwanda	United States
Canada	Grenada	Malaysia	Saint Kitts and Nevis	Uruguay
Central African Republic	Guatemala	Maldives	Saint Lucia	Venezuela
Chad	Guinea Bissau	Mali	Saint Vincent & Gren.	Zambia
Chile	Guinea	Malta	Senegal	Zimbabwe
Colombia	Guyana	Mauritania	Sierra Leone	
Costa Rica	Haiti	Mauritius	Singapore	
Côte d'Ivoire	Honduras	Mexico	Slovak Republic	

The following 30 governments are in the process of joining the WTO. Two countries -- Mongolia and Panama -- have had their protocols of accession adopted by the General Council. They must now ratify the Protocol in their respective national legislatures. Thirty days after the WTO receives confirmation of ratification, these governments will become WTO members. Applications from the remaining 28 governments are currently being considered by accession working parties. They are:

Albania	Kazakstan	Russian Federation
Algeria	Kyrgyz Republic	Saudi Arabia
Armenia	Latvia	Seychelles
Belarus	Lithuania	Sudan
Cambodia	Former Yugoslav Republic of Macedonia	Taipei, Chinese
China	Moldova	Tonga
Croatia	Mongolia	Ukraine
Estonia	Nepal	Uzbekistan
Georgia	Oman	Vanuatu
Jordan	Panama	Vietnam