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11 December 2012

**MINUTES OF MEETING**

HELD IN THE CENTRE WILLIAM RAPPARD  
ON 11 DECEMBER 2012

*Chairperson: Mrs Elin Johansen (Norway)*

**Subjects discussed:<sup>1</sup>**

<b>1</b>	<b>REPORT BY THE CHAIRMAN OF THE TRADE NEGOTIATIONS COMMITTEE</b> .....	<b>2</b>
<b>2</b>	<b>WORK PROGRAMME ON SMALL ECONOMIES – REPORT BY THE CHAIRMAN OF THE DEDICATED SESSION OF THE COMMITTEE ON TRADE AND DEVELOPMENT</b> .....	<b>11</b>
<b>3</b>	<b>THE DEVELOPMENT ASSISTANCE ASPECTS OF COTTON – PERIODIC REPORT BY THE DIRECTOR-GENERAL</b> .....	<b>12</b>
<b>4</b>	<b>AID FOR TRADE – PREPARATIONS FOR THE FOURTH GLOBAL REVIEW – STATEMENT BY THE DIRECTOR-GENERAL</b> .....	<b>14</b>
<b>5</b>	<b>WORK PROGRAMME ON E-COMMERCE – REVIEW OF PROGRESS</b> .....	<b>15</b>
<b>6</b>	<b>UKRAINE'S ARTICLE XXVIII NOTIFICATION – STATEMENTS BY ASEAN, AUSTRALIA, BRAZIL, CANADA, CHILE, COLOMBIA, CROATIA, EGYPT, EUROPEAN UNION, GUATEMALA, HONG KONG CHINA, ICELAND, JAPAN, KOREA, LIECHTENSTEIN, MEXICO, NEW ZEALAND, NORWAY, OMAN, PARAGUAY, SWITZERLAND, TURKEY AND THE UNITED STATES</b> .....	<b>17</b>
<b>7</b>	<b>NINTH SESSION OF THE MINISTERIAL CONFERENCE – STATEMENT BY THE CHAIR</b> .....	<b>24</b>
<b>8</b>	<b>WTO ACCESSIONS: 2012 ANNUAL REPORT BY THE DIRECTOR-GENERAL – STATEMENT BY DIRECTOR-GENERAL</b> .....	<b>25</b>
<b>9</b>	<b>IMPROVING THE GUIDELINES FOR GRANTING INTERGOVERNMENTAL ORGANIZATIONS PERMANENT OBSERVER STATUS IN THE WTO – STATEMENT BY THE CHAIR</b> .....	<b>32</b>
<b>10</b>	<b>REVIEW UNDER PARAGRAPH 8 OF THE DECISION ON THE IMPLEMENTATION OF PARAGRAPH 6 OF THE DOHA DECLARATION ON THE TRIPS AGREEMENT AND PUBLIC HEALTH – REPORT OF THE COUNCIL FOR TRIPS</b> .....	<b>33</b>
<b>11</b>	<b>WAIVERS UNDER ARTICLE IX OF THE WTO AGREEMENT</b> .....	<b>34</b>
11.1	Introduction of harmonized system 2002 changes into WTO schedules of tariff concessions – Draft decision .....	34
11.2	Introduction of harmonized system 2007 changes into WTO schedules of tariff concessions – Draft decision .....	34
11.3	Introduction of harmonized system 2012 changes into WTO schedules of tariff concessions – Draft decision .....	34

<sup>1</sup> The Proposed Agenda was circulated in document WT/GC/W/664.

11.4	Kimberley process certification scheme for rough diamonds – Extension of waiver – Draft decision.....	34
11.5	Review of waivers pursuant to Article IX:4 of the WTO Agreement.....	36
11.5.1	Preferential treatment to services and service suppliers of least-developed countries, granted on 17 December 2011 until 17 December 2026.....	36
11.5.2	Kimberley process certification scheme for rough diamonds, granted on 15 December 2006 until 31 December 2012.....	36
11.5.3	Canada – CARIBCAN, granted on 30 November 2011 until 31 December 2013.....	36
11.5.4	European Union – Application of autonomous preferential treatment to the West Balkans, granted on 30 November 2011 until 31 December 2016.....	36
11.5.5	Cuba – Article XV:6 of GATT 1994, extension of waiver, granted on 14 February 2012 until 31 December 2016.....	36
<b>12</b>	<b>COMMITTEE ON BUDGET, FINANCE AND ADMINISTRATION – REPORTS ON MEETINGS OF OCTOBER AND NOVEMBER 2012.....</b>	<b>37</b>
<b>13</b>	<b>INTERNATIONAL TRADE CENTRE UNCTAD/WTO – REPORT OF THE JOINT ADVISORY GROUP ON ITS FORTY-SIXTH SESSION.....</b>	<b>39</b>
<b>14</b>	<b>REVIEW OF WTO ACTIVITIES.....</b>	<b>40</b>
	Reports of:.....	40
14.1	General Council, Dispute Settlement Body, and Trade Policy Review Body.....	40
14.2	Sectoral Councils and Committee on Technical Barriers to Trade.....	40
14.3	Committees on Trade and Development, Trade and Environment, Balance-of-Payments Restrictions, Budget, Finance and Administration, and Regional Trade Agreements.....	40
14.4	Working Groups on Trade, Debt and Finance and Trade and Transfer of Technology.....	40
14.5	Committees under the Plurilateral Trade Agreements.....	40
<b>15</b>	<b>APPOINTMENT OF OFFICERS TO WTO BODIES – ANNOUNCEMENT BY THE CHAIR PURSUANT TO PARAGRAPH 7.1(A) OF THE GUIDELINES.....</b>	<b>41</b>
<b>16</b>	<b>ADMINISTRATIVE MEASURES FOR MEMBERS IN ARREARS – STATEMENT BY THE CHAIR.....</b>	<b>42</b>

## 1 REPORT BY THE CHAIRMAN OF THE TRADE NEGOTIATIONS COMMITTEE

1.1. The Chairperson invited the Director-General, Chairman of the TNC, to report on the TNC's activities since his last report to the Council.

1.2. The Director-General, Chairman of the TNC, said<sup>2</sup> that a formal TNC meeting had taken place on Friday of the previous week. In his view, this had been a valuable exercise of transparency and inclusiveness, as well as a much-needed opportunity to exchange views, take stock of the latest developments and set the pace for work in the coming months.

1.3. The economic context in which Members were operating continued to be difficult for global trade growth. As all delegations were aware, the WTO had recently revised downward the forecast for world trade growth. The slowdown had been accompanied by a marked deceleration in imports of developed countries and a corresponding weakness in the exports of developing economies in the first half of the year. The Expert Group meeting on Trade Finance in October had noted that, consistent with the deceleration in the growth of world trade, volumes in trade finance markets were growing only slowly and stress remained at the low end of the market. He could not overemphasize what he had already said on various occasions: trade finance was one of the safest

<sup>2</sup> The Director-General statement was subsequently circulated in JOB/GC/27.

forms of finance and it had the advantage of promoting increased trade flows and development. So, it was important that Members keep taking steps to ensure its availability and accessibility, especially for small businesses in poor countries. In this respect, he believed it useful that the Board of the African Development Bank finalise their planned Trade Finance Facilitation Programme, which had been under work for some time.

1.4. This economic juncture continued to test the multilateral trading system. Despite a registered slowdown in the imposition of new trade restrictive measures, the new measures were in fact adding to the stock of restrictions put in place since the outbreak of the crisis. So far, the multilateral trading system had proven a reasonable degree of resilience, but at a time of continuous economic difficulties and with the recovery still far from sight, Members needed to remain vigilant and redouble efforts to maintain markets open and resist inevitable protectionist pressures.

1.5. Experience with past crises showed that more trade and increasing numbers of trade-facilitating measures were needed to counter this slowdown and restore stable levels of growth. In this context, Members should make every effort to restore economic certainty and reinstate confidence in the multilateral trading system. Therefore, if he had to give them a simple piece of advice, it would be: make sure that 2013 did not look like 2012 with regard to doing business in the WTO.

1.6. The TNC meeting had shown that Members were fully aware of their responsibility and the importance of what was at stake here. There had been a pragmatic and constructive discussion about what was feasible for next year and he was pleased to note that the tone had been one of caution, but also of realism and determination. He had seen that Members remained committed to achieving a credible outcome at Ninth Ministerial Conference (MC9). In one word, the discussion had been encouraging, as he had said in closing the meeting.

1.7. From what had been heard from the Negotiating Group Chairs and from Members' own assessment, Trade Facilitation, some items in Agriculture and Development were the areas where some progress had been made, with new proposals, intense discussions as of late and some positive developments towards closing the gaps. Some Members had indicated these areas as possible candidates for an outcome in 2013, but one could not exclude that other areas of interest would emerge in the coming months. What had been heard on Friday was loud and clear: MC9 was not the end of the line, but rather a stepping stone on a longer-term roadmap leading to the conclusion of the Round, which now needed to be framed.

1.8. He wished to take this opportunity to point to some other areas that had shown encouraging signs of progress. Government Procurement was one of them. In March 2012, the Parties to this Agreement had adopted the results of the renegotiation of the GPA. The agreed results entailed a significant expansion of market access commitments with resulting substantial gains in market access opportunities for businesses. Interest in government procurement issues had been growing and one could not ignore the important benefits that this agreement could bring. After all, one should not forget that, since a key element of the GPA was to ensure fair and transparent competition in public-procurement markets, these rules would help to achieve maximum value for money in public expenditure. This was certainly a significant outcome in a time of severe budgetary constraints for many governments.

1.9. Members were also working on an expansion of the ITA. The elimination of tariffs in the IT sector had played a crucial role in spurring innovation and providing affordable access to technologies. In addition, as IT products were often inputs into production, their trade opening contributed to the functioning of other sectors of the economy with significant spill-over effects on countries' overall economic performance. The Parties were now moving to a new phase of discussions to resolve differences and expand the list of products to be covered by the Agreement. The ITA 2 would ensure further benefits on all fronts and Members – whether they were party to the agreement or not – should look favourably to this outcome.

1.10. Members were also aware that a group of them was working in different configurations to achieve further services opening. The shape of an agreement remained open, but he believed that Members should all keep an eye on the outcome of this process because such engagement might be a positive starting point for further progress next year.

1.11. Members should also not forget some of the other instruments of the WTO toolbox that were not directly linked to the negotiations, but that nonetheless had an impact on their core business of ensuring more open and more predictable trade flows. Trade capacity building remained an important complement to the negotiation agenda and the WTO remained committed to supporting efforts in this sense.

1.12. Accession was another area where Members had already achieved a significant outcome. Surely, 2012 would be remembered as another prolific year for accessions. His hope was that the same spirit of engagement and cooperation would be replicated in 2013, hoping that some more accessions could be harvested next year.

1.13. All of these tools complemented the WTO negotiating agenda and could prove valuable in the objective of delivering a significant outcome in Bali and in the broader task of updating the WTO rulebook to make it more inclusive, more balanced and with development at its heart. Members should leave no stone unturned in their pursuit of a strong and credible multilateral trading system – one that was responsive to the needs and challenges that their traders faced in today's international trade environment. Members owed it to their constituencies, who were struggling with low levels of growth and too high unemployment rates, and they owed it also to themselves to move fast and with determination early next year to ensure concrete deliverables for 2013.

1.14. The first international economic event next year would be the annual meeting of the World Economic Forum in Davos. On the side-lines of the event, he would have the opportunity to meet with some Ministers and report to them on the climate here in Geneva. He hoped to sense from them the same level of engagement and pragmatism that had been heard at Friday's TNC. Of course, he would report back to delegations at the February General Council.

1.15. All delegations which spoke thanked the Director-General, Chairman of the Trade Negotiations Committee, for his report.

1.16. The representative of the Kingdom of Saudi Arabia, on behalf of the Arab Group, said the Group welcomed the new momentum manifested in the work of some negotiating groups in the recent months and considered it an encouraging sign to move forward. The Group continued to believe in the value of a rules-based multilateral trading system and was committed to the conclusion of the DDA. It also welcomed the encouraging signs that it detected in key Members' and Groups' statements in the TNC meeting the previous Friday, and hoped that this would contribute to trust building among Members.

1.17. The Arab Group was composed of developing and least-developed Members, therefore the development dimension of this negotiating round was of great importance to it. Any early deliverables had to be balanced and development-oriented. Furthermore, any early harvest at MC9 had to be accompanied by some sort of assurance that the remaining issues of the DDA would be concluded as soon as possible after MC9. Time was short, and it was important for all Members to use it wisely in order to make sure that they achieved a tangible outcome at MC9. The Arab Group would continue to engage in all processes that contribute to the progress of the DDA negotiations and the regular work of the WTO.

1.18. On behalf of the Kingdom of Saudi Arabia, he said that as a recently-acceded Member, Saudi Arabia had made extensive commitments on its accession to the WTO. Therefore, he wished to reiterate the call of the RAMs Group, of which Saudi Arabia was a member, for Members to recognize and give full and proper consideration to the RAMs' special situation as the DDA negotiation work proceeds in the future.

1.19. The representative of Burkina Faso, on behalf of the C-4, said that as 2012 drew to a close, no consensus seemed to be emerging on any given subject, and the C-4 wondered where were the LDC issues which had always had priority status as a starting point for an early harvest. When it came to Cotton, Members had repeatedly reaffirmed their commitment to do their utmost to fulfil the mandate agreed in Hong Kong in December 2005 to address cotton "ambitiously, expeditiously and specifically". And yet, looking at how little progress had been made thus far, the C-4 wondered where this ambition, this expeditiousness and this specificity were.

1.20. There was more and more talk of "Trade Facilitation plus" as a result that might be achieved. The C-4 asked what this "plus" was. They had repeatedly said that Trade Facilitation alone was not self-balancing, and that they would not accept any result that did not include Cotton. In other words, if Trade Facilitation was to be an important issue between the present and Bali, the "plus" had to include Cotton.

1.21. In spite of the numerous actions undertaken since December 2005 by the C-4, by the different chairs of the Negotiating Committee on Agriculture, and even by the Director-General as Chairman of the Trade Negotiations Committee – whether at the bilateral, plurilateral or multilateral level – to implement the Hong Kong mandate, no progress had been recorded in the trade component of the cotton issue. This was why Members needed to find a new approach to the negotiations if they hoped to achieve anything by MC9, scheduled to be held in Bali at the end of 2013. For the C-4, this new approach had to be based on increased dialogue, active solidarity, and the search for a lasting trade solution to the problem of cotton subsidies, in a constructive and open spirit, taking account of the constraints of the partners in these negotiations.

1.22. The Trade Ministers of the Member countries of the Sectoral Initiative in Favour of Cotton would meet at the beginning of 2013 in Ouagadougou to discuss these matters. More than ever, the C-4 was ready to study, at any time, all of the options available to achieve tangible results on cotton before MC9.

1.23. On 6 December, the 18th round of the Director-General's Consultative Framework Mechanism on Cotton had been held. The Members concerned had been able to make an essentially positive assessment of the technical and financial assistance provided to the African cotton industry by technical and financial partners from the North and from the South. The C-4 wished to stress the positive role of the Secretariat as an interface and booster. He wished to congratulate the Director-General and DDG Singh for their personal commitment. Finally, he said that his statement was valid for Item 3 of the Agenda of the present meeting.

1.24. The representative of Lesotho, on behalf of the African Group, said the Group fully subscribed to the Director-General's summary and the description of the progress achieved so far, following the reports of the Chairs of the negotiating committees during the TNC the previous Friday. Indeed Members' collective achievement thus far painted a mixed picture of progress in the DDA negotiations. In view of the instructions of MC8, he wished to summarize and reiterate at this occasion four major points that once again the African Group deemed worthy of Members' attention.

1.25. Firstly, in addition to some of the core instructions from MC8, namely that "the WTO Members should more fully explore different negotiating approaches" and "advance negotiations where progress can be made", the African Group had and continued to stress the Ministerial affirmation at MC8 that "...any agreements reached, at any time, have to respect fully the development component of the mandate". This should be a litmus test that any provisional agreement reached had to undergo.

1.26. Secondly, any outcome from plurilateral agreements negotiations which responded to the MC8 instruction that "Members should more fully explore different negotiating approaches..." should take place within the multilateral context of the WTO. This would ensure the observance of the principle of "inclusiveness" which was important in ensuring that African countries were integrated into the multilateral trading system.

1.27. Thirdly, it should be ensured that the interpretation of the outcome of MC8 was not subjected to the process of "cherry picking" which had been partly responsible for a spoiled attempt to secure an early harvest package on the eve of MC8.

1.28. Lastly, the interpretation of the concept of provisional implementation of early harvest agreements should amongst others, provide for safeguards and guarantees that would ensure that DDA would not be eroded and would be finally concluded.

1.29. Without being neither doubtful nor pessimistic of the goal and efforts to meet the MC8's instructions to the Members, in the humble assessment of the African Group, the current negotiation process was yet able satisfy these four points. In this connection, the African Group

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was pondering on a few questions that remained pending as they related to the future of the current process leading up to MC9. These included:

1. Whether to establish an implementation framework that would ensure that there were credible safeguards and guarantees to ensure that the DDA was not eroded and would be finally concluded.
2. Whether there would not be a need for a discussion in the direction of principles that should underpin a provisional agreement. This currently remained pending, especially the enforceability of the potential provisional agreements. Notwithstanding this question, to-date what one knew was that for over 50 years, GATT 1947 had been a gentleman's agreement as far as its enforceability amongst its contracting parties' obligations and commitments had been concerned. Moreover, today one had provisional implementation of the transparency mechanism under the TPRB and in 2013 one was expecting provisional implementation of export subsidies decision albeit under the aegis of the DDA. These all enshrined the principle of non-enforceability. The provisional nature of the agreements Members were trying to mould and their enforceability should be part of their discussions.
3. Finally, whether exchanges on the sanctity of the 2008 draft modalities should be carried out in precedence of any provisional agreement remained a gapingly wide question.

1.30. These were some of the questions Members might wish to indulge in with a view to finding solutions that could diffuse some reluctance to commit to a process leading up to substance-based provisional agreements. It was therefore a considered view of the African Group that the answers to these questions would importantly further restore and deepen some measure of trust and confidence into the negotiations process and render MC9's outcome, a "substance based outcome".

1.31. He wished to conclude by informing Members that a Joint Ministers of Trade and Agriculture of the African Union had been held from 26 to 30 November 2012 in Addis Ababa, Ethiopia. As was now customary, the African Union Ministers had pronounced themselves on the DDA negotiations. Firstly, the AU Ministers had reaffirmed and reiterated the need to preserve the development component of the DDA. Secondly, Ministers had emphasised that LDCs issues should be at the core of any early package, and thirdly, Ministers had cautioned against plurilateral approaches whose effect was to marginalise and exclude the majority of Members from decision making. He wished to refer Members to the Secretariat's portal for the access of the copy of the African Union's Ministers of Trade Declaration on WTO issues.

1.32. The African Group remained committed to engaging with the rest of the membership in 2013 as Members prepared for Bali. Finally, he wished to inform Members that the African Group had appointed the Kingdom of Morocco as Coordinator of the Group for 2013.

1.33. The representative of Barbados, on behalf of the SVEs, thanked the various Chairs of the Negotiating Bodies for their reports at the meeting of the TNC the previous week, which had been very sobering and, in some cases, had pointed to little progress in the discussions, many of which being in DDA areas. This was disappointing since many of the specific modalities depended on the general framework being set. Without the completion of general modalities, the clarity and assurances Members required remain somewhat uncertain. Encouragingly, the increased work over recent weeks, most notably in Agriculture and the Committee on Trade and Development Special Session and Trade Facilitation, had been noted by the Group. Nonetheless, it noted that key elements of S&D for developing countries needed to be clarified and agreed. The Group hoped that due consideration was given to the S&D needs of developing countries in the various areas. While the Group welcomed these intensified discussions, it stressed that the fulfilment of the development promise of Doha could only be realized through the implementation of commitments and disciplines that aided the small and most vulnerable, and assist them to better integrate into the multilateral trading system.

1.34. As Members moved on the road to Bali 2013, due consideration had to be given to these aspects and to ensuring that elements that met this fundamental principle were included as part of any overall package. At this stage, Members were less than a year away from MC9. The SVEs concurred with the view that Bali was not an end but merely a signpost – they hoped an important signpost – as Members sought to conclude the development agenda launched more than a decade

before. Artificial deadlines had not worked in the past and the Group would not urge that they be considered at the present. Substance had to drive the process with focus on the real development needs of developing countries and the areas that would bring the greatest benefits to those in the greatest need. As Members proceeded on the December break and reflected on 2013, the SVEs urged that they seriously reflect on the road ahead. They needed to determine how to get themselves back on track in all areas, giving priority to development. The process reinvigorating the regular work of the WTO had begun in MC8. Members needed to determine how to give full effect to those initiatives and make progress that took into account not where they had been as an organization in 1995, but where they were as an organization in 2012 and where they wished to be in a decade from the present. As usual, the SVEs remained willing to contribute in any way they could to strengthen the multilateral trading system.

1.35. The representative of Egypt said that aspirations for an early harvest, be it for Trade Facilitation or other tracks, were being shattered. The use of the term Single Undertaking was becoming stranger. Anticipation for a full-fledged DDA package seemed to be dissolving. Serious talks regarding development deliverables within WTO circles were proving to be an illusion. Fighting protectionism was not satisfying, with more than 71 new restrictions now locked into international trade, especially by G20 members, as stated in the latest joint Report issued on November by the WTO, OECD and UNCTAD.

1.36. As far as Egypt was concerned, the development priority and mandate still remained supreme, and it did not intend to sweep ten years of work under the carpet. Egypt found it difficult to bear up any further changes to the negotiating process or to move away from the multilaterally agreed objectives. While her delegation took note of the work in progress outlined by the Director-General, and the possible way forward, and was willing to strive to the utmost to make it possible, she wished to share some of her delegation's concerns in this regard:

1. An early harvest under paragraph 47 could only be a part of the Single Undertaking. It could not be a tool to pre-empt the Single Undertaking. Obviously it would require multilateral consensus. Also, as paragraph 47 stated, early agreements under it have to be assessed to see the overall balance in the negotiations.
2. Within the context of the MC8 follow-up, Egypt was ready to engage in any negotiation process in a constructive way, bearing in mind that Agriculture was the centre-piece of DDA and a key developmental issue in the negotiations. In this regard, Agriculture across its three pillars and Cotton issues as well, had to be the priority and should be part of any provisional or definitive agreement to be reached earlier than the conclusion of the Single Undertaking.
3. The on-going negotiations on Trade Facilitation clearly demonstrated that there were still substantial differences among Members throughout all substantive issues included in the consolidated negotiating text. There was still a lack of progress on all issues of interest to developing countries including "customs cooperation" and "special differential treatment provisions of section two". Egypt wished to express its concern at the attempts to reinterpret the mandate which clearly conditioned the implementation of developing countries to the acquisition of implementation capacity through technical and financial assistance.

1.37. Regarding the process of the negotiations, the problem did not lie in the format of the negotiations; namely, the facilitator-led process. The problem still arose from the divergence over the substance, where a lot of work needed to be done at the technical level in order to bridge over difference on all the issues before shifting to other levels. Finally, Egypt remained committed to working with the Director-General and all Members on a constructive solution that would allow for the resumption of the negotiations on all issues and their conclusion.

1.38. The representative of Paraguay said that one point on which all agreed was the need to move forward with reforms of the multilateral system, to update rules, and to give signs of progress. After years of effort, at MC8 Members had agreed to seek progress where possible. That was the direction in which Members had been headed during the present year, and their challenge was to restore good faith, recreate a negotiating environment in which proposals and actions were seen as signs of commitment to the system, to development and to growth, and above all, as an effort to overcome their current economic predicament, to plan ahead and establish regulations

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that looked towards the future that they wanted rather than serving any immediate interests and advantages.

1.39. His delegation took an optimistic view of the latest reports which spoke of reactivating the talks. This might not represent much, but the objective was to create some realistic and pragmatic movement with minds set on development and reform. Paraguay's ambition remained the same as at the beginning of the Doha Round and it intended to do whatever it took to help fulfil that ambition.

1.40. The past few years had been marked by severe crises which had proved particularly difficult to overcome, underscoring the need to create stimuli and carry out reforms. The WTO should spearhead these efforts, if only because trade was one of the most effective means of fuelling progress. The system had to show itself to be viable and Members had to get to MC9 with results. The time available was limited, and they had to do what they could to use it efficiently.

1.41. Having said this, he wished to revert once again to Paraguay's interests in Agriculture. His delegations agreed that Members should avoid setting deadlines or imposing conditions, nor should they be too ambitious at this point. His delegation believed that Members had to work continually, examine proposals, explore options, and discuss them. His delegation also believed that it would be wise to maintain the commitments made, or examine, in an open, transparent, flexible, and above all progressive and results oriented manner, how to make them viable. Paraguay supported the existing proposals, and hoped that agricultural issues would progress in other negotiating contexts.

1.42. Paraguay was delighted with the pace of the work in Trade Facilitation, where results were also needed in the short term. Paraguay needed rapid and predictable access to the markets in which it had commitments or in which it had gained shares. Any additional costs along the way to its destination markets undermined its competitiveness. It therefore called for a predictable agreement which would ensure that its right of free transit, which had already been recognized, was effectively respected. It needed to have access to both regional and global markets, without any delays, surprises or added costs. This was one of the factors that would help it to achieve effective integration in the world economy in spite of its disadvantages as a landlocked country.

1.43. He repeated that Paraguay was interested in reforms in all sectors, and called upon all negotiating groups to pursue the same exercise, without thinking in terms of strict deadlines or conditionalities, but rather in terms of the benefits that the reforms would bring and the need to obtain results. He therefore suggested that in addition to these first steps, delegations should try to go to Bali at the end of the year with a longer term work strategy or plan that would reassure all of them that no interests would be left out.

1.44. The representative of South Africa said the last General Council meeting of the year was an opportune time to reflect on where Members were and where they were going the following year. It was four years since the collapse of the Doha negotiations in July and December 2008 – and 11 years since the Round began. Whilst crises and collapses had been a feature of previous rounds, this was the longest and most sustained crisis of any GATT round.

1.45. He asked what Members had learnt during the past four years. First, the past four years had taught them that narrow mercantilism did not work. Trying to achieve ambitious outcomes for some Members without a fair and balanced distribution of concessions and benefits for all members did not succeed. Second, any outcome that did not prioritize the interests of the poorest countries, as had been promised in the Doha mandate would not succeed, nor would it make these issues go away. Third, any "new pathway" that sought to create a two speed WTO – through plurilateral approaches – would not gain the support of the majority of Members that stood to be further marginalized in the trading system. Fourth, any "new approach" that sought to deny developing countries the policy space that they required to advance their economic development and that did not recognize the significant development situations of these countries would not succeed.

1.46. He asked why the Doha mandate was still relevant. The imbalances in the trading system still reflected in the huge disparities in the rules between industrial goods and agriculture continued to undermine the development of a large number of developing countries. The plight of



the C-4 in Africa was a stark reminder of this reality across a large number of other agricultural products. The poorest developing countries – the LDCs – remained marginalized in the trading system and some, such as Bangladesh, still paid more trade taxes in the major developed country markets than developed countries. This was starkly unfair. It was for this reason that any attempt to implement a partial or interim outcome of the Doha Round had to address both these inequities – developing-country Agriculture and the plight of the LDCs.

1.47. South Africa remained committed to work towards an interim package of issues as early as possible the following year. This package had to include Agriculture, issues of interest to LDCs, issues of interest to the African Group, ACP and SVEs, and the strengthening of Special and Differential Treatment for developing countries. This was the message also received from Ministers of Trade and Agriculture of the African Union at their recent meeting held in Addis Ababa.

1.48. However, as Members began to contemplate their work in the WTO the following year, their horizons had to stretch beyond this narrow objective. They would begin the New Year with two major elections behind them – the US elections and the “once in a decade leadership change” in China. Members all needed to lift their heads above the trenches and provide new leadership to the world. The world was becoming more complex and more interdependent. It was also challenging the trading system with an increasing number of complex new issues.

1.49. The WTO needed to be in a problem-solving mode – building international cooperation in trade in concert with and in coherence with its UN and Bretton Woods counterparts – if it was to remain relevant in the 21<sup>st</sup> century. Yet, the WTO had been unable to deliver a package of deliverables to the poorest countries during the past four years and the Doha round continued to be in a state of complete deadlock.

1.50. The WTO needed visionary leadership to build and strengthen a multilateral trading system that was equitable, balanced, development oriented and inclusive. A multilateral trading system for the 21<sup>st</sup> century would need to be based on these principles – close to the vision that had been expressed in the Havana Charter rather than the mercantilism that was to characterize the working of the GATT for many years. Delivering on a small package could only succeed if confidence and trust was built amongst the Members that they were committed to make the WTO a global public good for all.

1.51. The representative of the Solomon Islands said that as the year 2012 drew to a close, it was important for Members to take stock of what they had achieved in the past twelve months since MC8, and chart their way forward as they prepared for MC9. On the state of play of the current negotiations in Geneva, the Solomon Islands wished to register its appreciation for the convening of the TNC the previous week, which had provided the opportunity for smaller missions like his who were unable to follow parallel negotiations and meetings taking place simultaneously in different locations in the WTO. The presentations and updates provided by the different Chairs had been useful in giving these delegations an overview of where things were in the various informal, open-ended and facilitator-led meetings in the different Committees. In that connection, he wished to make a few remarks on certain issues of interest to his delegation in the negotiations.

1.52. Trade Facilitation was generally viewed as one possible early deliverable in the negotiations that could be considered by Ministers in Bali next year. While the Solomon Islands did support the broad objectives of Trade Facilitation and the potential gains to be had in economic efficiencies for trade and commerce, however, it shared the same views expressed by the LDC and ACP Coordinators, that Trade Facilitation could never be a self-balancing outcome in itself. As a small island LDC, constrained by smallness, isolation, supply-side constraints due to diseconomies of scale, lack of expertise and trained manpower, and the ever-present threat of natural disasters caused by global warming, it would require substantial amount of resources for his country to even start to consider implementing the provisions of an Agreement. The Solomon Islands was not alone here. As such it was important to bear this in mind if Members were truly genuine about having an Agreement that would be of benefit to all of them.

1.53. On the Services Waiver, the Solomon Islands supported the request to give an extension for this waiver to LDCs till they graduated as proposed and it joined other LDCs in appealing for support in this important initiative. With regard to a basket of issues for MC9, given that the Conference was less than 12 months away, the urgency to put together a basket of issues as early

deliverables for MC9 might not be that easy, but with the Council Chair's leadership and the support of all Members, his delegation trusted that some form of consensus on the way forward could be considered in early 2013. His delegation's position on this possible basket of issues had already been articulated by the Coordinators of the LDC and ACP Groups highlighting development as a core principle and an important integral part of any deliverable.

1.54. Having said that, the Solomon Islands continued to support the principle of a Single Undertaking in the DDA negotiations and therefore any break-through for an early harvest in the DDA should not deviate from this important principle. It was imperative for the multilateral trading system as Members prepared for MC9 that they build trust and confidence among the different stakeholders and interest groups, among the big and small players, including those that desperately wanted to benefit from the system, the LDCs.

1.55. Finally, he wished to thank the Director-General and the Secretariat for their valuable services to the Members during the present year. He wished to acknowledge Mr Lamy's recent visit to the Pacific region, in Vanuatu and Samoa at the end of November. This had been a first by any serving Director-General to their part of the world, and he hoped Mr Lamy had come away with first hand experiences of the challenges and limited opportunities these countries had as small island countries of the Pacific in trying to integrate into the multilateral trading system. He also wished to acknowledge with appreciation the WTO's on-going commitment to the Pacific Island countries in terms of technical assistance.

1.56. The representative of Cuba said Trade Facilitation was frequently mentioned as one of the contenders to be part of a possible package for Bali, but much remained to be done in that area. Cuba agreed with other Members on the importance of seeing this issue through and accepted that they all could benefit from a future agreement, in particular the developing countries. One way or another, they all wanted to implement trade facilitation measures, but she recalled that the negotiating mandate provided for technical assistance before and after the negotiations and support for infrastructure. If the capacity to implement the measures was not there and no assistance had been provided, the measures would not be implemented.

1.57. It was no secret that many developed countries were reluctant to move forward on special and differential treatment unless there were prior binding commitments. However, most of the proposals involved enormous costs, since they required investments in infrastructure, technology, and capacity building, not to mention major legislative amendments. Although the best endeavour principle was something that was traditionally accepted in the context of technical assistance at the WTO, all that the developed countries were offering was longer, progressive, or phased periods in which to implement the commitments, without any guarantee that a sufficient amount of predictable, sustainable and non-discriminatory technical and financial assistance would be provided.

1.58. Her delegation doubted that the existing imbalances could be corrected over the next few months. On an uneven playing field, the conclusion of an agreement on Trade Facilitation would merely deepen the inequalities. As matters currently stood, Cuba disagreed with those who believed that all stood to benefit from an agreement in this area. It had also warned that any intensification of the negotiations in this area would be harmful, particularly to small delegations like its own. At the last meeting of the Negotiating Group, her delegation had mentioned the need for comprehensive analysis of special and differential treatment involving more than just deadlines for compliance with commitments.

1.59. Members should not repeat the errors of the past – she was referring to the problems encountered in implementing the Uruguay Round Agreements which had led Ministers themselves to adopt the Doha Decision on Implementation-Related Issues and Concerns. Members had to be realistic. Cuba was convinced that there were measures that required technical assistance, although certain countries were already implementing some of them in advance. It appealed to Members to fulfil the agreed negotiating mandate, in particular as regards special and differential treatment, in order to meet the requirements of the Doha Agenda.

1.60. As her delegation had stated at the informal meeting of Heads of Delegation on 10 December, as Members progressed towards MC9 it was extremely important that they:

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- maintained transparency and inclusiveness throughout the process, before and during the Conference: no exclusionary and undemocratic practices, even involving one Member representing others;
  - refrained from imposing any text on Members, or indeed denying the possibility of discussing it as much as might be necessary in the framework of the appropriate bodies;
  - stood by their agreement not to bring to the Ministerial Conference any decision that had not been adopted by consensus at least eight weeks before the opening of the meeting;
  - refrained from jeopardizing the Single Undertaking principle adopted in Doha with initiatives aimed at undermining it;
  - settled, for once and for all, the outstanding implementation issues and gave priority to areas of interest to the least-developed countries; and,
  - ensured that their future agenda steered clear of all attempts to undermine the multilateral nature of the WTO and to bring in new issues. Cuba repeated its total opposition to plurilateral approaches.

1.61. Cuba's main objective was, and would remain, to save Doha and to fulfil the negotiating mandates approved more than ten years previously. That was where Members should be focussing their efforts over the next few months.

1.62. The representative of Haiti, on behalf of the LDC Group, requested that his delegation's statement at the TNC meeting held on 7 December 2012 be included in the records of the present meeting, mainly in relation to Agenda Items 1, 3, 8, 10 and 11. In addition, the representatives of Brazil, Cambodia, Kenya, Mauritius, and Switzerland requested that their delegations' statements at that meeting also be included in the records of the present meeting.<sup>3</sup>

1.63. The General Council took note of the Director-General's report and of the statements.

## **2 WORK PROGRAMME ON SMALL ECONOMIES – REPORT BY THE CHAIRMAN OF THE DEDICATED SESSION OF THE COMMITTEE ON TRADE AND DEVELOPMENT**

2.1. The Chairperson said that in line with the framework and procedures agreed by the General Council in 2002, the Work Programme on Small Economies was a standing item on the General Council's agenda, and the Committee on Trade and Development reported regularly to the Council on the progress of work in its Dedicated Sessions on this subject. The Chairman of the Dedicated Session of the CTD, Mr Maruping (Lesotho), had been recalled to capital and she would therefore read out the report on work in this area on his behalf, as follows.

2.2. The last such report concerning the Work Programme on Small Economies had been made at the General Council meeting of 3 October. At that meeting, Barbados, as the coordinator, had recalled the recent Secretariat research on the effects of non-tariff measures on SVE exports. Barbados had explained that the research had been presented at a Dedicated Session of the CTD last July and had been fully in line with the December 2011 Decision (WT/L/844) taken at MC8 concerning the Small Economies Work Programme.

2.3. Since then, another formal meeting of the Dedicated Session on SVEs had been held on 19 November. At the meeting, Barbados had expressed the view that further, more specialized work on NTMs should now be conducted. It had been suggested that the WTO assist the proponents of small economies identify possible recommendations to help the SVEs address some of their concerns relating to NTMs. The proposal by Barbados had been supported by El Salvador, Jamaica and by Dominica, speaking on behalf of the Organization for Eastern Caribbean States. No

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<sup>3</sup> The statements by Brazil, Cambodia, Haiti for the LDCs, Kenya, Mauritius, and Switzerland at the meeting of the TNC on 7 December, which are reflected in the records of that meeting in document TN/C/M/31, are incorporated by reference into the present records.

Member had objected to this and the proponents were now exploring how best to tackle this subject. It was the Chair's understanding that some informal consultations were now under way in order to agree on and organize future work.

2.4. The representative of Barbados, on behalf of the SVEs, said she wished to recognize the work of the outgoing Chairman of the Dedicated Session, Mr Maruping, and to show appreciation for his contribution and dedication to the SVEs and the work of the WTO. The General Council might recall that at the last Dedicated Session on 19 November 2012, the SVEs had informed Members that they had undertaken discussions on the preliminary findings as circulated in the Secretariat's background note WT/COMTD/SE/W/26/Rev.1 entitled "Non-Tariff Measures on Small Vulnerable Economies". They had also informed Members that they had been actively engaged on proceeding with the factual study on the same. The SVEs continued to recognize the relevance and importance of the Committee on Trade and Development in Dedicated Session in addressing the linkages between trade and development and in pursuing the small economies work programme. In this regard, the SVEs wished to thank Members for their continued support and stood committed to continue work under the mandate of the CTDDS.

2.5. The General Council took note of the report of the Chairman of the Dedicated Session of the Committee on Trade and Development and of the statement.

### **3 THE DEVELOPMENT ASSISTANCE ASPECTS OF COTTON – PERIODIC REPORT BY THE DIRECTOR-GENERAL (WT/GC/149 – WT/CFMC/DG/5)**

3.1. The Chairperson recalled that in Paragraph 1.b of its July 2004 Decision on the Doha Work Programme, the General Council, *inter alia*, had taken note of the bilateral, multilateral, and regional efforts to make progress on the development assistance aspects of the Cotton Initiative, and had instructed the Secretariat to continue to work with the development community and to provide the Council with periodic reports on relevant developments. The Council had also instructed the Director-General to consult with the relevant international organizations, including the Bretton Woods Institutions, the Food and Agriculture Organization and the International Trade Centre, to direct effectively existing programmes and any additional resources towards development of the economies where Cotton had vital importance. Periodic Reports on this matter had been issued by the Director-General in 2004, 2005, 2009 and 2011 and he has recently issued his Fifth Periodic Report in document WT/GC/149 – WT/CFMC/DG/5. She invited the Director-General to introduce the report.

3.2. The Director-General said that since his last Periodic Report, progress had been made. Tangible results over the past 8 years of work were reflected in the Evolving Table on Cotton Development Assistance, which was the main tool for the work in the Consultative Framework. As the numbers indicated in the summary, positive results had been registered in the area of "Cotton-Specific Development Assistance" as well as in the framework of the broader "Agriculture and Infrastructure-Related Development Assistance".

3.3. He commended the traditional members of the development community, as well as several related multilateral institutions, for their engagement in the consultative process. This engagement had made possible the emergence of a solid partnership between providers and beneficiaries of development assistance for cotton. In addition, the strong leadership of a number of emerging countries on the platform of South-South Co-operation for Cotton Development Assistance had also contributed substantially to consolidate the progress signalled in the Consultative Framework Mechanism on Cotton.

3.4. The discussions in the consultations had been enriched by improvements in the presentation of the quantitative information and the initial steps that were being taken to supplement this analysis with greater qualitative assessment of implementation and constraints. The qualitative assessment of cotton development assistance projects, in his opinion, had the potential to tremendously improve Members' understanding of what was happening on the ground, as well to clarify and hopefully close the wide gap which continued to exist between commitments and disbursements. The accompanying work and exchange of information on domestic cotton sectors reform also continued to be crucial.

3.5. Development assistance aspects of cotton were at the core of the fundamentals of the multilateral trading system. Cotton development assistance had always been understood as a complement to, and not a substitute for, reforms in cotton market access and subsidies that were of specific focus within the Doha Round. In fact, such reforms had the potential to increase the effectiveness of development assistance. These aspects continued to be as valid at the present as they had been in the past. In many ways, Cotton remained a telling example of how opening trade works for development. Market access, rules, capacity building, solid domestic engagement on reforms were all needed, and all of these four pillars seemed to be equally important when they were looked at on the ground. He believed Cotton would keep a certain visibility which obliged Members to look equally at each of these pillars. In conclusion, he wished to thank DDG Singh for his assistance and support on this issue.

3.6. The representative of Brazil said that his country's cooperation with the C-4 and other African countries was being enlarged. In 2011 the Ministry of External Relations and the Brazilian Cotton Institute (IBA) had signed a Memorandum of Understanding on technical cooperation in the Cotton sector. The Memorandum reflected the common goal of the parties to engage in the implementation of cooperation actions to strengthen the cotton sector in developing countries, especially Sub-Saharan Africa. IBA earmarked roughly 10% of its income to finance international cooperation projects in the Cotton sector, to be developed through the Brazilian Cooperation Agency (ABC) and which might be executed in partnership with international organizations or institutions. Agreements with the UNDP and FAO had already been signed with total funding reaching US\$ 35 million. Furthermore, in 2012 the Ministry of External Relations and IBA had signed an agreement with the objective to develop capacity building programmes and grant scholarships for Brazilians and foreigners from developing and least-developed countries. The total funding for these activities would reach US\$ 8 million.

3.7. The representative of China said his delegation appreciated the efforts by the Director-General in pushing forward the development assistance aspects of cotton through various forms. It believed such actions had been very helpful to enhance the assistance aspects of cotton. China always attached great importance to this initiative and welcomed the progress made through various mechanisms, including under the DG's consultative framework mechanism.

3.8. China was one of the biggest producers and consumers of cotton with more than 30 million small farmers involved in production of cotton and cotton products. For a long time, China has been firmly committed to helping relevant African countries to increase their agriculture production including cotton. The previous year during MC8, China had signed a joint communiqué on cotton cooperation with the C-4 countries. He was very pleased to inform the Council that the Cooperation Program had been going well. Teams of Chinese experts had been sent to help local cotton farmers, Agriculture Technology Centres had been established, cotton seeds and farm machinery had been provided, and seminars and research programs had been organized.

3.9. China believed that WTO cotton development assistance was a very good mechanism to help poor cotton producing countries to develop their agriculture economy and increase income of cotton farmers. He wished to assure the Council of China's continuation of support and more efforts in the future. Meanwhile, China wished to reiterate that the cotton issue was a central element in the Doha Round Agriculture Negotiations and should be addressed ambitiously, specifically and expeditiously according to the Mandate as agreed at the Hong Kong Ministerial Conference.

3.10. The representative of Burkina Faso, on behalf of the C-4, noted that he had requested that his earlier statement also be taken under the present Agenda Item<sup>4</sup>. However, he believed it was important to stress that in this area, when he had been speaking of partners of the north and the south, he should also underline that Brazil, China, India and the United States had contributed to the development assistance aspects of cotton: the United States through the West African Cotton Improvement Programme (WACIP); China, as it had already stated through its actions during MC8; and India which, in the past year, had launched a support programme for Cotton in the C-4 countries and Uganda and Nigeria. The C-4 had to stress that while these actions were very important, they were waiting for a signal in the area of the trade negotiations. This was because while they were pleased with this co-operation in technical and financial assistance, it was also important for them to be able to develop through their own efforts, which would be through

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<sup>4</sup> See Agenda Item 1, page 5.

progress in trade. The EU had also made considerable contributions in this area and the C-4 wished to thank the Director-General for the role he had played in this. As the Director-General had said, DDG Singh had been very helpful to the C-4 in the consultative framework on Cotton.

3.11. The General Council took note of the Director-General's report and of the statements.<sup>5</sup>

#### **4 AID FOR TRADE – PREPARATIONS FOR THE FOURTH GLOBAL REVIEW – STATEMENT BY THE DIRECTOR-GENERAL**

4.1. The Chairperson invited the Director-General to make a statement on the on-going preparations for the Fourth Global Review of Aid for Trade, which she understood would take place in July 2013. She recalled that the First Global Review had taken in November 2007, the Second in July 2009 and the Third in July 2011.

4.2. The Director-General said his statement would focus on the process and preparations for the Fourth Global Review of Aid for Trade, which would take place on 8-10 July 2013. It was the Fourth Global Review since the launch of the Aid-for-Trade Initiative in 2005. Members had come a long way since they had taken the first step and, in that time, the Initiative had gained real traction and Members had succeeded in generating ownership; whether it was the direction provided by them in the CTD, or in providing responses to national questionnaires – it was very much the Members' initiative.

4.3. The contribution by Members to the Third Global Review, held in 2011, had generated more than 250 case stories which had looked at the impact that this funding was making on the ground; stories that both donors and beneficiaries had submitted. These case stories had shown that Aid-for-Trade funding was helping developing, and in particular least-developed, countries to build trade capacity and strengthen their trade-related infrastructure. Less tangible, but equally valuable, had been the coherence that this initiative had promoted. Coherence in donor approaches to trade and development, and perhaps most valuable of all, coherence in national policy making among beneficiaries.

4.4. At the same time, one needed to be cautious. The next Global Review would take place against a tough economic climate. Funding from donors was likely to be challenged in the future, so the Fourth Global Review was an opportune moment to recommit to the Initiative.

4.5. Regarding the process, he noted that underpinning the Review was an extensive and ambitious monitoring exercise, which he had formally launched on 26 October in a joint letter with the OECD Secretary-General Angel Gurría. At the last CTD-AFT meeting on 7 November, he had outlined in some more detail the principles and parameters of the monitoring exercise which would follow the same self-assessment questionnaire approach that had been used in past Reviews. The Aid-for-Trade team had worked closely with Members in reviewing and revising these questionnaires. These had been stabilised and sent to Members the previous month, and there were more versions this time in order to tackle various actors in the value chain.

4.6. A significant change this time was that the monitoring exercise would be expanded to the private sector, focusing on five sectors of particular economic importance to developing countries: agro-food; information and communication technologies (ICT); textiles; tourism; and transport and logistics.

4.7. Cooperation had also been extended beyond the traditional partners to the regional development banks and the national governments, and five other organizations had been included: the International Chamber of Commerce, the International Trade Centre, the International Telecommunications Union, the UN World Tourism Organization, and the World Economic Forum team working on the African Union and NEPAD Grow Africa initiative. He believed that these partnerships would add value to the Fourth Global Review through their expertise and perspective.

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<sup>5</sup> Including the statement by Haiti for the LDCs at the meeting of the TNC on 7 December, which is reflected in the records of that meeting in document TN/C/M/31, and which is incorporated by reference into the present records.

4.8. Members' engagement and that of the partner organizations and the private sector would be key to ensuring good response rates to the monitoring questionnaires and to the success of the Review. The output of any M&E exercise was largely dependent on the inputs received. He recalled that Members were asked to submit their responses by 31 December 2012. He encouraged them to circulate the private sector questionnaire to their national associations and companies and to publicize it widely. They would have until 31 January 2013 to reply.

4.9. He wished to mention also that the WTO was collaborating with the African Union and the UN Economic Commission for Africa on a monitoring exercise in support of the AU decision on Boosting Intra-African Trade. It was also collaborating with the Confederation of Indian Industry on a monitoring exercise that would examine how the trade and investment relationship between India and Africa had grown, the key determinants of this relationship and how it could be further strengthened. The results from these two parallel exercises would be discussed at the Fourth Global Review.

4.10. With such an ambitious exercise underway, one had to envisage an event to match. The Global Review's formal plenary structure would be retained, but the rest would be opened up. The aim, instructed by experience, was to arrive at a format somewhere between the Public Forum and the Third Global Review. The Secretariat would issue an information note to Members early the following year providing further guidance.

4.11. At this stage, his sense was that the elements were coming together to organize a successful Fourth Global Review: there was a theme which people wanted to discuss; there was a process underway to harvest Members' views on this theme; and all that he needed to do was to encourage Members to make their voices heard. In his experience in this regard as Director-General, Members did not normally need much encouragement and he hoped the same would be true on this occasion.

4.12. The General Council took note of the Director-General's statement.

## **5 WORK PROGRAMME ON E-COMMERCE – REVIEW OF PROGRESS (G/C/50 AND S/C/40)**

5.1. The Chairperson recalled that at MC8, Ministers had adopted a Decision on the Work Programme on Electronic Commerce (WT/L/843). In this Decision, Ministers had decided to continue the reinvigoration of the Work Programme on Electronic Commerce, and had instructed the General Council to emphasize and reinvigorate the development dimension in the Work Programme. Ministers had also instructed the General Council to hold periodic reviews in its sessions of July and December 2012 and July 2013, based on the reports submitted by the WTO bodies entrusted with the implementation of the Work Programme.

5.2. She invited Deputy Director-General Singh, who had been dealing with the Work Programme since 2005 on her behalf and that of her predecessors, to report on work in this area. She understood that, in his intervention, DDG Singh would also read out a report on behalf of Mr Maruping, Chairman of the Committee on Trade and Development.

5.3. Deputy Director-General Singh said that this report, which he was making on his own responsibility, covered work under the Work Programme on Electronic Commerce since the Council's last review of progress in this area at its meeting in July 2012. Members would recall that the WTO bodies charged with conducting the E-Commerce Work Programme were the Councils for Goods, Services and TRIPS and the Committee on Trade and Development, with the General Council exercising an oversight function and considering any issue of a cross-cutting nature.

5.4. During the period under review, the Council for Trade in Services had followed-up on its examination of an EU-US submission (S/C/W/338) on trade-related ICT trade principles on the basis of two new submissions, one from the EU (S/C/W/348) and another from Australia (S/C/W/349). Members had also discussed a US-proposed agenda for a CTS workshop to examine services-related issues for the development of e-commerce. The Services Council Chair's report was contained in document S/C/40.

5.5. At the meeting of the Council for Trade in Goods in November, several delegations had highlighted the importance of access to new technologies and tools for the participation by

developing-country SMEs in this important area of trade. The Goods Council Chair's report was contained in document G/C/50.

5.6. The Committee on Trade and Development formally approved the proposal from Ecuador and Cuba to hold a "Workshop on E-Commerce, SMEs and Development". This Workshop would be held at the WTO on 8-9 April 2013 based on the terms of reference in document WT/COMTD/W/189. A background paper was being prepared by the Secretariat for the Workshop.

5.7. There had been no activity under the Work Programme in the Council for TRIPS. At an informal meeting of the Dedicated Discussion on E-Commerce Cross-Cutting Issues under the auspices of the General Council, held on 30 November 2012, delegations had taken stock of the progress made to date in the respective bodies, and expressed satisfaction with the substantive engagement on the E-Commerce Work Programme that had been demonstrated in the latter part of the year.

5.8. He would now read out, on his behalf, the report by the Chairman of the Committee on Trade and Development, Mr Maruping, as follows. Members had been informed at the July 2012 General Council meeting that a proposal by Cuba and Ecuador, circulated in document WT/COMTD/W/189, had been considered at the CTD's 85<sup>th</sup> Session on 16 July. The proposal was to organize a workshop on "E-commerce, Development and SMEs" sometime towards the end of 2012. In the discussion that had taken place in the CTD, some Members had indicated that they wanted to have further discussions on the programme for the workshop. The proponents had therefore been encouraged by the Chair to continue their consultations with Members.

5.9. Subsequently, in a fax dated 10 September 2012, Members had been informed by the CTD Chairman that further consultations between the proponents and these delegations had allowed an understanding to emerge on the holding of this workshop. A draft programme of the workshop had also been circulated for Members' information. However, since the necessary funds for inviting key speakers had not yet been secured, the proponents had requested that the holding of the workshop be postponed to April 2013 to allow for adequate planning and preparations so as to ensure that the workshop was successful.

5.10. At the 86<sup>th</sup> Session of the CTD held on 19 November 2012, Members had been informed that the Secretariat was in the process of establishing contact with possible speakers and had secured some funding from the budget of the Technical Assistance and Training Plan for 2013. It had also been agreed that the workshop on "E-commerce, Development and SMEs" would be held on 8 and 9 April 2013.

5.11. The Chair of the CTD would be working with Members in the coming months to ensure that there was a fruitful and productive workshop and would continue to brief Members periodically.

5.12. The representative of Cuba thanked the DDG for his report and asked him to continue giving Members guidance and support with a view to the successful implementation of the Workshop on Electronic Commerce that Members had agreed would be held in April 2013. She also thanked Ambassador Maruping in his capacity as Chairman of the Committee on Trade and Development for his support and guidance, as well as the Development Division, with which her delegation had maintained systematic exchanges of views in order to make this initiative a reality. Lastly, her delegation requested the Secretariat to make timely arrangements for the funds necessary to ensure that developing country experts attended the Workshop. Cuba attached great importance to the WTO financing the participation of these experts.

5.13. The representative of the European Union stressed that the EU remained a strong supporter of the reinvigoration of the work programme on E-commerce and welcomed the various communications and initiatives taken in this context. As previously indicated, the EU was ready to work on any proposal, especially for Members which had pleaded in favour of a strong agenda on E-commerce at the WTO. The EU welcomed the initiative from Cuba and Ecuador to hold the workshop on E-commerce and development and was ready to work with them in order to make this workshop a successful event. There were also other issues, as already mentioned, of interest for the EU and of critical importance for the development of E-commerce and, with other Members, the EU suggested holding an additional workshop on E-commerce, focusing on broader and more



horizontal issues. This could be a good occasion to exchange experiences and best practices. His delegation thanked DDG Singh for his good work and his report on this matter.

5.14. The General Council took note of the report by the Deputy Director-General, the reports by the Chairs of the subsidiary bodies and of the statements.

**6 UKRAINE'S ARTICLE XXVIII NOTIFICATION – STATEMENTS BY ASEAN, AUSTRALIA, BRAZIL, CANADA, CHILE, COLOMBIA, CROATIA, EGYPT, EUROPEAN UNION, GUATEMALA, HONG KONG CHINA, ICELAND, JAPAN, KOREA, LIECHTENSTEIN, MEXICO, NEW ZEALAND, NORWAY, OMAN, PARAGUAY, SWITZERLAND, TURKEY AND THE UNITED STATES (WT/GC/150)**

6.1. The Chairperson drew attention to the communication in document WT/GC/150, submitted by Australia on behalf of a number of Members requesting that the item be put on the agenda and invited Australia to introduce it.

6.2. The representative of Australia said he wished once again to express his delegation's concern about Ukraine's notification under GATT Article XXVIII circulated on 12 September 2012. Australia was disappointed that the Ukraine had failed to reconsider its notification even in the phase of widespread expressions of concern by many Members. He pointed to the Joint statement made in the Council for Trade in Goods, on behalf of fifty Delegations, on 26 November, as well as to statements of concern by other Delegations at that meeting, and statements made by Members in a range of other Committees. That was why his delegation had thought to also include this Item on the Agenda of the present meeting. Ukraine's failure to respond to Members' concerns had left Australia with no choice but to submit a claim of interest. He highlighted Australia's particular disappointment that Ukraine's notification applied to so many important agriculture products. Australia was naturally concerned that Ukraine's actions would affect the potential of Australian agriculture producers to further develop their market in Ukraine. Ukraine's notification came at a time when global Leaders had called on all countries to resist increasing trade protectionism. With such a high number of tariff lines involved, it was difficult to see how Ukraine could proceed without its actions having a protectionist impact on other Members. Against this background, Australia hoped that Ukraine would demonstrate an appreciation of the risks its notification posed to the interest of all Members and seriously reconsider its actions.

6.3. The representative of Brazil recalled that, since Ukraine had notified Members on its intention to modify concessions related to 371 tariff lines under the Article XXVIII of GATT, a significant number of Members, including Brazil, had expressed their serious concerns regarding this initiative in several bodies of the organization, such as the Committee on Market Access, the Council on Trade in Goods and the General Council. The concerns expressed by Members covered a wide range of aspects, including: (i) the commercial impact on Ukraine's trading partners. In the case of Brazil, for example, at least 15% of its exports to Ukraine could be affected; (ii) the systemic impact of the initiative, given its magnitude and the precedent that it might set for other recently-acceded Members, current or future ones; (iii) the lack of information on the new bound levels pursued by Ukraine; and (iv) the possible inconsistencies with the letter and spirit of Article XXVIII of GATT, as it was not clear how Ukraine would be able to "maintain a general level of reciprocal and mutually advantageous concessions not less favourable to trade" after such a massive modification of its schedule.

6.4. He noted that three months after the initial notification, all the uncertainties concerning this issue still remained. Nevertheless, the deadline for Members to present to Ukraine their claims of interest related to the tariff lines covered by its notification expired that day. Against this background of uncertainty, Brazil had just sent to Ukraine a letter in which it had indicated its suppliers' interests and negotiating rights related to some of the notified tariff lines. He stressed that this should not be interpreted as an acceptance of the course of action chosen by Ukraine, and that Brazil reserved its rights to having recourse to all instruments available in the organization to pursue its legitimate interests on this issue.

6.5. The representative of the United States said that for the past 90 days, the United States, along with others, had urged Ukraine to abandon its proposed action under Article XXVIII. He stressed that, as his Minister had made clear, Ukraine's continued pursuit of this action would have serious multilateral and bilateral consequences. While Ukraine had repeatedly attempted to argue

that it was within its rights to pursue this action, it was the US' belief that Article XXVIII had never been intended to be used as protectionist tool to renegotiate a Member's accession commitments. Now that the 90 day period was coming to a close, the United States had had no choice but to submit its claim of interest to Ukraine in order to reserve the rights of its stakeholders. However, the fact that a claim of interest had been submitted should in no way be misread by Ukraine to mean that the US had changed its views on the proposed action. The US stood by the joint CTG statement made on 26 November. He stressed that, with its claim of interest now submitted, the US expected full and immediate transparency from Ukraine on precisely what it was seeking on a line-by-line basis and that this transparency was long overdue. He regretted that despite the outcry of concern from Members in Geneva – the extent to which he had not seen in his time in Geneva – Ukraine had not yet withdrawn its Article XXVIII notification. The US still hoped that Ukraine would do so.

6.6. The representative of the European Union, speaking also on behalf of Croatia, reiterated their strong concerns about Ukraine's Article XXVIII notification in G/SECRET/34. Ukraine's notification raised both commercial and systemic concerns and it called into question Ukraine's commitment to the spirit and letter of fundamental WTO disciplines. The EU and Croatia urged Ukraine to reconsider its notification. He said that the number of Members expressing concerns demonstrated the seriousness of this issue both to individual Members and to the WTO as a whole. He said that the EU and Croatia's views had been made clear on all occasions: it would be in the interests of all Members for Ukraine to withdraw its notification.

6.7. He stressed that the EU and Croatia had serious concerns regarding the intent of Ukraine's proposed action as it covered a large number of key tariff lines and sectors, both agricultural and industrial. They believed that the extent of Ukraine's notification went well beyond the intended scope of Article XXVIII. Binding of tariff levels was one of the basic principles of WTO, and served to guarantee the security and predictability of the multilateral trading system. Ukraine's notification, coming so soon after its WTO accession, challenged that basic principle and raised serious concerns. Moreover, the EU and Croatia feared that it would be difficult for Ukraine to "maintain a general level of reciprocal and mutually advantageous concessions no less favourable to trade" as required by Article XXVIII with such a high number of tariff lines involved and the number of Members affected. It was unclear the extent to which Ukraine would be able to compensate Members for the concessions it sought to modify. Therefore, in the interests of the multilateral trading system and the global economy, the EU and Croatia again urged Ukraine to withdraw its notification. He said that even though they had finally submitted their claim of interest in order to reserve their negotiating rights, this should not under any circumstances be understood as an acceptance of the measure taken by Ukraine and that it did not change in any way the overall negative view of Ukraine's notification.

6.8. The representative of Mexico regretted having to raise systemic trade concerns about Ukraine's intention to increase its tariffs for 365 products. Mexico still did not understand the motivations for Ukraine to submit its notification and had not had any satisfactory response to its calls to reconsider this position. He raised concerns about the negative precedent of a country referring to Article XXVIII, something which had never been done in the past, especially not for such a wide range of products. He stressed that trust should be strengthened in the multilateral trading system, and not eroded. Mexico was unable to accept the measures that Ukraine was adopting and wished to join other Members in the call for Ukraine to change its decision, which would otherwise modify its commitments under the WTO.

6.9. The representative of Japan expressed deep disappointment at Ukraine's inaction despite continuous requests by a number of Members to withdraw its notification under GATT Article XXVIII, contained in G/SECRET/34 dated 12 September 2012. Since the submission of the notification by Ukraine, Japan had raised serious concerns and had requested Ukraine to reconsider its proposed action at every opportunity, such as during relevant meetings of the WTO as well as through bilateral channels, including meetings at Ministerial level and through a letter signed by relevant Ministers to the principal Deputy Prime Minister of Ukraine. These efforts seemed to have been to no avail and Japan regretted that Ukraine had not withdrawn to date the proposal under GATT Article XXVIII. Japan shared with the overwhelming majority of Members serious systemic concerns for the multilateral trading system. While GATT Article XXVIII allowed Ukraine's trading partners to take certain countervailing measures, Japan believed that such a course of action would undermine the multilateral trading system under the WTO, given the unprecedented scale of Ukraine's proposed action. Japan emphasized that there was little doubt

that those Members who had been silent on various occasions, including the present meeting, were not in support of Ukraine's proposal and invited them to say so.

6.10. The representative of Cambodia, speaking on behalf of ASEAN, reiterated the deep concerns raised at the previous General Council meeting, as well as at the meetings of the Committee on Market Access and the Council for Trade and Goods with respect to Ukraine's notification. It was especially worrying that the rationale and objective behind Ukraine's request remained unclear three months after the notification had been circulated. It was particularly difficult for developing Members to assess the potential negative impacts of such a move on their own interests and on the multilateral trading system. He hoped that Ukraine would hear the call by ASEAN and many other Members to seriously re-consider its notification.

6.11. The representative of Turkey said that, since the submission by Ukraine of its GATT Article XXVIII tariff re-negotiation proposal, his delegation had consistently raised strong concerns of a systemic nature as well as with respect to the lack of transparency regarding the specific modifications that Ukraine sought to make and to the impact of such an action on the global trading system. Like other Members, Turkey had also raised concerns about the fact that Ukraine had sought to justify this action as necessary to make its schedule more like those of other WTO Members and because it was dissatisfied about the state of the Doha Round negotiations, two issues that were clearly outside the ambit of GATT Article XXVIII. Along with many other Members, Turkey had called on Ukraine to reconsider its request. Regrettably, Ukraine had not heeded this call. He further recalled that more than one-third of the membership had made these market access and systemic concerns known in relevant WTO Committees, including the Committee on Market Access, the Committee on Agriculture, the Council on Trade in Goods as well as in the General Council. Ukraine should also have provided some initial information to the INR holders regarding its modification intentions.

6.12. He noted that Ukraine's notification covered a broad set of key product groups of interest to Turkey and other Members, included a significantly large number of tariff lines, covered a large proportion of Ukraine's trade and came very soon after Ukraine's membership in the WTO. The reference period cited in the notification covered a non-representative period of time which included the global economic crisis and the first three years of trade after Ukraine's WTO membership. Notwithstanding the issues above and the rights and obligations under GATT 1994, Turkey was submitting its claim of interest to reserve its rights and obligations under Article XXVIII of GATT 1994. Turkey wished that the issue would have been resolved in a way that could have served the interests of Ukraine, Members, and the multilateral system. However, like a large number of other Members, Turkey had to start to negotiate with Ukraine regarding its proposal to modify certain concessions included in its Schedule of concessions, including compensatory adjustments.

6.13. The representative of Canada wished to reiterate the concerns with respect to Ukraine's notification in G/SECRET/34 informing Members of its intention to invoke GATT Article XXVIII to modify its commitments on some 371 tariff lines. He recalled that Canada had repeatedly registered concerns of a systemic, procedural, and commercial nature in respect of this notification, both bilaterally and in other Councils and Committees of the Organization. Regarding systemic concerns, Canada shared the view expressed by other Members that Ukraine's action went well beyond the intended purpose of GATT Article XXVIII. The scope of the notification suggested that Ukraine was seeking an extensive renegotiation of the terms of its accession to the WTO. This was not the purpose of Article XXVIII, as Ukraine well knew. He stressed that tariff binding was one of the basic principles of WTO, and served to guarantee secure and predictable market access for all Members. The scale of Ukraine's notification challenged that basic principle. Furthermore, the scope of the notification and the number of Members affected raised serious questions over Ukraine's ability to abide by the requirement to "maintain a general level of reciprocal and mutually advantageous concessions no less favourable to trade".

6.14. Regarding procedural concerns, Canada shared the views regarding the manner in which Ukraine had pursued its invocation of Article XVIII. A Member seeking to modify its tariff schedule under Article XXVIII should promptly notify affected Members of the nature of the proposed modifications. However, 90 days had elapsed since the notification had been issued, but no such information had been forthcoming from Ukraine. This lack of transparency had seriously hampered Members' ability to meaningfully assess the commercial impact of the proposed changes. Finally, he noted that, with respect to commercial concerns, Canada had submitted its claim of interest to

reserve its negotiating rights. This claim should not be viewed as condoning Ukraine's actions and, in light of the systemic, procedural and commercial concerns, Canada continued to call on Ukraine to reconsider its actions and to withdraw its notification.

6.15. The representative of Uruguay wished to reiterate the systemic and trade concerns regarding Ukraine's notification of its intention to modify a significant number of the concessions in its National Schedule LCLXII, thereby seriously affecting the balance of rights and obligations, on the basis of which Members had recently agreed to Ukraine's WTO accession, in Uruguay's most promising export sectors, such as meat, citrus fruit and deciduous tree fruit. In the light of these concerns, shared by almost all Members, Uruguay called upon Ukraine to reconsider its position and withdraw this renegotiation request, the magnitude of which was unprecedented. He stressed that the letter his country would send to the delegation of Ukraine did not imply that Uruguay accepted the measures and process that Ukraine was adopting, but that it was doing it to preserve its legal rights and trade interests.

6.16. The representative of Norway shared the concerns expressed other delegations. She stressed that the request from Ukraine raised a number of systemic concerns related to the predictability of commitments in the multilateral trading system and urged Ukraine to reconsider. Norway remained hopeful that these systemic concerns would be taken into account by Ukraine in the next steps and that Ukraine would demonstrate transparency, inclusiveness and responsibility. Norway had also submitted a claim of interest the previous day, preserving its rights on the GATT Article XXVIII and would continue to follow these developments closely.

6.17. The representative of China joined others in expressing his delegation's concerns on the matter. He said that, as pointed out previously, tariff binding was one of the fundamental pillars of the WTO, which preserved the value of market access commitments and guaranteed the predictability of the multilateral trading system. He noted that China was the major supplier of some products covered by Ukraine's notification. Presently, China was analysing relevant statistics and the impact upon China's industries and trade. He urged Ukraine to provide promptly more detailed information and clarifications, in light of due process and transparency. China would follow this matter closely.

6.18. The representative of the Republic of Korea said that his country had substantial commercial interests which would be seriously affected by Ukraine's notification. Ukraine's action called into question its sincerity in supporting fundamental WTO legal rules, particularly Article XXVIII of GATT. He stressed that Ukraine's notification would seriously undermine the predictability and credibility of the multilateral trading system. It was particularly regretful that the notification had come at a time when all Members had to work cooperatively in order to deal with global economic difficulties and rising protectionism. Korea, as a principal supplier as well as a substantial supplier for a number of tariff lines, had communicated a claim of interest to Ukraine which was without prejudice to our rights and obligations under the WTO rules. Korea, together with other Members, would continue to urge Ukraine to take all the necessary measures to resolve the concerns raised.

6.19. The representative of Guatemala said that his country was not only concerned about the effects of this exercise on its trade interests but also about the serious implications it would have at multilateral level. While Guatemala did not question the right of Members, in the present case Ukraine, to make use of the flexibilities and rights established in the WTO Agreements, these flexibilities and rights should be exercised with restraint so as to maintain the spirit of cooperation within, and commitment to, the multilateral trading system that had existed since the GATT 1947. Given the considerable number of tariff headings Ukraine intended to modify, Guatemala feared that Ukraine might not be able to offer compensation with equivalent effect to all Members that were entitled to it, and that there would be no other solution but to withdraw concessions, as provided for in Article XXVIII of the GATT 1994. In Guatemala's view, this would establish a highly negative precedent and could set the multilateral system back to a pre-GATT 1947 situation. In view of the above, he urged Ukraine to be more transparent regarding its intentions to modify tariff concessions and to reconsider the serious implications this would have for the multilateral system. He wished it to be noted that the letter his delegation was sending to Ukraine did not imply that Guatemala was accepting the measures or the procedure used by Ukraine.

6.20. The representative of Colombia recalled that, since Ukraine had submitted the notification in document G/SECRET/34 under Article XXVIII of the GATT, more than one third of WTO Members, including Colombia, had expressed their systemic and trade concerns before a number of WTO

bodies, including the Committee on Market Access, the Committee on Agriculture, the Council for Trade in Goods, and the General Council itself. Among other things, it had been noted that this notification covered a high number of tariff lines, more than 370, thus affecting a very large part of this country's trade. It had also been noted that the notification was made very soon after Ukraine's accession to the WTO and that its content affected the delicate balance achieved in the negotiations that had defined the country's terms of entry into the Organization. At the same time, emphasis had repeatedly been placed on the practical difficulties involved in finding appropriate compensation for such a high number of tariff lines. Moreover, for developing countries like Colombia, the impact would be even greater – 28% of Colombia's exports to Ukraine would be affected – since trade was concentrated on a small number of products. He noted that Colombia, like other countries, had repeatedly questioned Ukraine's lack of transparency over the past few months. Almost 90 days after Ukraine had submitted its notification, Colombia had still not received any information on the extent of the modifications that Ukraine intended to make, despite numerous requests to this effect and what was stipulated in the Procedures for Negotiations under Article XXVIII. None of the concerns expressed had yet received a satisfactory response. Colombia reiterated, as it had already done before other bodies, the need to respect due process and the principle of transparency. He urged Ukraine to provide, without delay, full and clear information to the entire Membership on the changes that it intended to make to its schedule of concessions, as a fundamental prerequisite for initiating any discussion. Repeated disregard for the concerns clearly expressed by the Membership set a bad precedent in the Organization. Lastly, Colombia regretted that Ukraine had not yet taken into consideration the numerous requests to reconsider its position and withdraw its schedule modification request. Colombia urged Ukraine to recognize Members' legitimate concerns and to reconsider its position in this regard, which could significantly affect the credibility of the multilateral trading system.

6.21. The representative of Iceland said that at a time when Members had shown unity in their calls for resistance against protectionism, Ukraine was seeking to increase its binding for a substantial number of tariff lines. That would set the onus on Ukraine to explain how this measure did not serve protectionist aims. Unfortunately, Ukraine had so far failed to do so. He stressed that the systematic concerns this case raised were obvious. If individual Members were allowed to unilaterally raise their bindings for a hundreds of tariff lines, the predictability and transparency of the rule based international trading system would be seriously undermined and it would circumvent the results of Ukraine's accession exercise. In that case, small economies that were reliant on international trade would probably suffer the most. He noted that Iceland had already submitted its claim of interests but that should not be understood as an acceptance of Ukraine's actions. Iceland was only defending its interests and retaining its rights by the submission, and would therefore urge Ukraine to reconsider its request.

6.22. The representative of Argentina said that his country shared the systemic and trade concerns that Members had expressed and that Argentina's claim of interest had been submitted to Ukraine, pursuant to the provisions of Article XXVIII of the GATT 1994. Argentina's claim of interest had been made on the understanding that Ukraine's statistics in its document had been drawn up in a way that was consistent with WTO provisions pursuant to Article XXVIII. He reiterated Argentina's willingness to initiate negotiations as soon as possible on the modifications and on the corresponding compensation. He said that Argentina was confident that the process initiated by Ukraine would be conducted in a transparent manner and Argentina reserved the right to correct the negative impact which might result from the outcome of the process.

6.23. The representative of Hong Kong, China wished to join others in expressing again serious concerns about Ukraine's intentions to modify its tariff concessions on more than 370 tariff lines, and about the current lack of clarity in Ukraine's proposed modifications and the process it intended to pursue. Hong Kong, China was very concerned about the far reaching systemic implications of such a large scale modification of tariff concessions by a Member which had only joined the Organization four years before. Hong Kong, China was also mindful that Ukraine's proposal could send a very bad signal in the current under satisfactory economic climate; that Members could resort to backtracking from their current commitments so as to protect their domestic industries. Hong Kong, China therefore urged Ukraine to reconsider its proposed course of action.

6.24. The representative of Chile voiced his delegation's very serious concerns regarding Ukraine's notification on the modification of its schedule of commitments on goods under Article XXVIII. Tariff bindings formed one of the pillars of the multilateral trading system and served to ensure

security and predictability for trading partners. This notification, while responding to the sovereign decision of a Member, undermined these principles and set a negative precedent, with commercial and systemic consequences. Article XXVIII should be used on an exceptional basis and in fully justified circumstances. The requested modification, covering more than 371 tariff lines, went far beyond jurisprudence and practice in the application of Article XXVIII. He further said that, although Ukraine had said that this measure was not of a protectionist nature, in practice it was, and constituted a decision that affected developing countries. Since it was in the interest of all Members to ensure compliance with the agreements and principles governing the multilateral trading system, Chile urged Ukraine to withdraw its notification or moderate its request.

6.25. The representative of Switzerland, speaking also on behalf of Liechtenstein, wished to again express strong concerns about Ukraine's Article XXVIII notification and said that they deplored the large number of tariff lines and sectors, both agricultural and industrial, covered by the notification. They believed that the extent of the notification went beyond the intended scope of Article XXVIII of the GATT 1994 and was contrary to its spirit and letter. Furthermore, they had serious concerns about the lack of transparency by Ukraine in respect of its proposed modifications and the process it intended to pursue. To their knowledge, Ukraine had still not circulated any information about its proposed new rates or how it intended to compensate Members. This ran contrary to the procedures for negotiations under Article XXVIII. Ukraine's failure to provide adequate information limited Members' ability to understand the impact on them of the steps foreseen by Ukraine. On 10 December, Switzerland had requested consultations with Ukraine pursuant to paragraph 4 of the Procedures for Negotiations under Article XXVIII. However, this should not be understood that Switzerland accepted Ukraine's view that Art. XXVIII was applicable to Ukraine's request of renegotiating accession commitments.

6.26. The representative of Egypt expressed her country's serious concerns about Ukraine's announcement of its intention to re-negotiate a significant part of its WTO commitments. It was surprising that this announcement came only four years after Ukraine's accession to the WTO, affecting 371 tariff lines. Having a recently-acceded Member invoke GATT Article XXVIII for such significant number of tariff lines was unprecedented, and would create very negative systematic and commercial implications. Egypt also shared the concerns raised by other Members about the lack of transparency by Ukraine with respect to their proposed modifications and the rationale behind them. She stressed that Egypt would be one of the most affected Members by this re-binding, as the tariff lines notified by Ukraine covered 70% of all Egyptian exports to this country. The GATT Article XXVIII process required Ukraine to maintain a general level of reciprocal and mutually advantageous concessions not less favourable to trade, and this would be impossible in Egypt's case with Ukraine. She further noted that the number of Members that had asked the floor at the present and in previous meetings to express their concerns about the Ukrainian announcement, demonstrated the seriousness of the issue, and should be taken into consideration by Ukraine. Like others, Egypt called on Ukraine to withdraw its request.

6.27. The representative of New Zealand said that his country shared the systemic and legal concerns voiced about Ukraine's notification and noted that these concerns had been underlined in his delegation's previous statements in the General Council, Council for Trade in Goods and Committee on Market Access. New Zealand had stressed throughout the importance of Ukraine taking a more transparent approach to this notification so that the full WTO membership could better understand Ukraine's intentions. In addition to the serious systemic concerns, Ukraine's notification also presented real economic questions for New Zealand as well, even though the current bilateral trade could be considered relatively low when compared to some other affected countries. He further highlighted that New Zealand had been an enthusiastic supporter of Ukraine's accession to the WTO, and had appreciated the high quality of commitments it had made on accession. New Zealand had anticipated that over time these would enable it to build on the bilateral relationship and expand two-way trade – this was evidenced in the large number of New Zealand INRs resulting from the negotiations. As a result of this request, which covered 130 items on which INRs had been assigned to New Zealand, his country feared that the options to build this economic relationship could be curtailed, and the on-going uncertainty as to what Ukraine intended to do in modifying these 370 lines left it very concerned. New Zealand had also registered a claim of interest with Ukraine and reserved its rights. He said New Zealand regretted that it had been obliged to do this and reiterated the call to Ukraine to reconsider and withdraw its notification.

6.28. The representative of El Salvador said that his country continued to study this issue very closely and hoped to receive the information that had been requested from Ukraine regarding the scope of the modifications planned in the notification, so as to assess properly what Ukraine was actually requesting. El Salvador had submitted its claim of interest the previous day, and wished to have consultations on Ukraine on the basis of Article XXVIII. El Salvador hoped to be able to discuss this matter on a bilateral basis, on the basis of additional information which would be required.

6.29. The representative of Peru wished to register her country's systemic and trade concerns about Ukraine's notification under Article XXVIII of the GATT 1994, which announced the country's intention to modify 350 tariff lines that had been approved as part of its WTO accession commitments. Peru was concerned about the absence of precedents for a case that would involve renegotiating such a large number of products, especially when the country concerned had only recently acceded to the Organization. Peru was also concerned about how this would affect the balance achieved in that accession process and the predictability of the multilateral trading system. Following a preliminary analysis, Peru believed that Ukraine's request would have a negative impact on developing countries, and we therefore asked Ukraine to reconsider its position. She further said that, in accordance with the established procedures, Peru was considering courses of action to ensure its trade interests were addressed. This would not prejudice her country's position with regard to accepting the request from Ukraine.

6.30. The representative of Lesotho, speaking on behalf of the African Group, said the Group was concerned that the submission of Ukraine seemed to undoubtedly put into question the very essence of the multilateral trading system, whose objective was to ensure free trade. The notification of up to 371 tariff lines, cutting across industrial and agricultural sectors, was overly expensive and raised concerns for the African Group. The Group invited Ukraine to revisit and reconsider its course of action in light of the concerns raised not only in the previous General Council but also in the Council of Trade in Goods meetings. He stressed that the notification by Ukraine would pose systemic challenges to the multilateral trading system, especially considering its scope of coverage. It was the considered view of the African Group that Ukraine's Notification went far beyond the spirit of Article XXVIII. It was for these reasons and those voiced by other Members that the African Group invited Ukraine to reconsider its course of action.

6.31. The representative of Mauritius, speaking on behalf of the ACP Group, said that the WTO, which was a rules-based system, provided both security and predictability to all its Members, notably the weakest, a majority of which were Members of the ACP Group of States. Tariff binding was a basic principle, which ensured predictability to Members in terms of market access. Hence this issue was of systemic interest to the ACP Group. The Group did not question the right of Members to have recourse to Article XXVIII of GATT. However, Members invoking GATT Article XXVIII should take into account both the letter and spirit of the contents of that Article. The scale and magnitude of the request made by Ukraine negated the spirit of that Article. The ACP Group, therefore, joined other Members in urging Ukraine to show restraint on this issue and to request that any consideration of this request in future should be conducted in full transparency and involve small players as well.

6.32. The representative of Costa Rica wished to join other Members in urging Ukraine not to utilize Article XXVIII in a disproportionate manner. Being in the WTO did not only mean complying with the accession requisites, but also respecting its objectives as well as other Members. Therefore, Costa Rica urged Ukraine to respect the common objective of promoting trade opening as a means to promote development, as well as predictability, which was essential for trade actors. Costa Rica called on Ukraine to take into consideration the danger of opening doors in a direction which Members had tried to avoid since the crisis had begun in 2008.

6.33. The representative of Paraguay said his delegation endorsed Australia's statement. Paraguay had initial negotiating rights on 135 lines affected by the request for renegotiation and had not received any information ahead of time on the extent of the modification envisaged. Such additional information would have helped to conduct a more comprehensive analysis of Ukraine's needs. As it had been reiterated in various Committees, the number of lines involved was considerable, and should compensation be required, there was little margin for negotiation. Paraguay therefore urged Ukraine to reconsider its request. He further stressed that, in all its years of membership, his country had never experienced anything similar, and that this potential

renegotiation raised a series of unknowns for a small delegation and for the interest it had in the continuity, viability and reliability of the multilateral trading system.

6.34. Although Paraguay's exports to Ukraine had declined in recent years, bilateral relations between the two countries had intensified, and one of the objectives was to increase trade. Therefore, Paraguay would not like to see the potential of this bilateral relationship jeopardized, considering that it showed robust global export performance in respect of some of the tariff lines in question. He noted that, as other delegations had done, Paraguay had put forward its reservations, which should not be interpreted as an acceptance of Ukraine's position, which Paraguay hoped would be reconsidered.

6.35. The representative of Oman said her country wished to join other Members in expressing concerns about the impact of Ukraine's notification and to urge Ukraine to provide more information and to meet the transparency requirements for its notification.

6.36. The representative of Ukraine acknowledged the responses and claims from Members interested in having negotiations and consultations with Ukraine under Article XXVIII. He said that several rounds of technical preparatory meetings, including at the level of heads of delegations, had been held. Delegations had made many interesting, critical and constructive remarks and had shared with Ukraine their views, based on the peculiarities and perspectives of their national trade policies. This was a unique experience, which Ukraine highly appreciated. He further stated that internal work with the stakeholders was being finalized, having taken into consideration concerns and ideas expressed by Members. Ukraine would circulate the bilateral proposals based on the results of this work promptly.

6.37. He noted that, as delegations were aware the number of trade concerns raised in different WTO meetings and in Committees had grown steadily. This was a worrying sign for Ukraine. The Director-General's report on trade-related developments registered each time more governmental measures introduced to counteract crisis. He stressed that his country was doing its best to try and restrain from the measures, which could fall outside the rules. Ukraine was trying to preserve the level playing field and stay within its commitments. This was not a simple thing to do, given the aggravating signals from the developed Members' economies and their governments' responses. Ukraine had already stated its readiness for a constructive discussion with all interested Members, since negotiations under Article XXVIII were not easy. Presently, the system could not offer all simple rules which would inevitably lead to the best result. Members had to work together, since Ukraine did not have wide possibilities in the WTO allowing adjustments to be made by other instruments to strengthen its trade policy and capacity. Trade policy was something live, and every government expected it to be fully operational and capable of providing effective and sustainable response to threats. Ukraine proposed to the WTO to engage in a model of managing the change in its individual case through Article XXVIII instead of unpredictable moves which could be dictated by circumstances of imminent threats.

6.38. The General Council took note of the statements.

## **7 NINTH SESSION OF THE MINISTERIAL CONFERENCE – STATEMENT BY THE CHAIR**

7.1. The Chairperson recalled that the General Council had been mandated by Ministers at MC8 to set the Date and Venue for MC9. She also recalled that the Council, at its July meeting, had agreed on the venue – Bali, Indonesia – together with period – the first week of December 2013, on the understanding that it would come back to the matter of the precise dates later. In line with this, she had been holding extensive consultations with Members on the matter of the precise date for MC9, which had included a meeting at the level of Heads of Delegation held the previous day.

7.2. On the basis of these consultations, she believed that the General Council was in a position to agree on the precise dates for MC9. This would be the first Ministerial Conference outside Geneva in 8 years, and one had to take into account the appropriate ceremony that the host country would envisage for such an event. In this light, she proposed the following: the Opening Ceremony would be held on the afternoon of the first day, Tuesday 3 December, followed by 2 working days, 4 and 5 December, with the Closing Ceremony on the last day, 6 December. She therefore proposed that MC9 should start on Tuesday 3 December and end on Friday 6 December 2013.



7.3. The General Council so agreed.

7.4. In addition, on the basis of the consultations, the Chairperson also wished to suggest a number of principles which could apply to both the preparatory process and the Ministerial Conference itself. Following the very good work undertaken by her predecessors, there were already a number of tried and tested principles which had been used to the satisfaction of everybody for the previous two Ministerial Conferences MCs, and the Chairperson suggested there was value in establishing them at the outset. From what had been said in her consultations so far, she believed that the following principles to guide both the preparations for MC9 and the Conference itself were acceptable to Members:

- a. First, the "FIT" principle – Full participation, Inclusiveness, and Transparency;
- b. second, any issue for action or decision by Ministers proposed by Members should be developed by them in line with the normal consensus principle;
- c. and third, issues for action or decision by Ministers should be agreed well before MC9.

7.5. The second principle was a natural consequence of the first one, and she believed that they were both widely acceptable to Members as they stood. On the third principle, she believed everyone agreed that issues for the Ministers should be largely agreed before Bali, but from what she had heard in her consultations, in the early part of the following year Members might have to consider the question of whether they would need a more precise timeframe.

7.6. The General Council took note of the statement.

7.7. The representative of Indonesia thanked the Council for the official confirmation of the date of MC9. He hoped that the charm of Bali, the hospitality of its people and the beauty of its landscape would hopefully give additional spirit to delegates to achieve encouraging outputs for the completion of the DDA. Despite the impasse in the negotiations so far, Indonesia believed that all Members wanted to see the completion of the DDA and thus the benefits of the multilateral trading system. There was still much to be done, with the spirit of cooperation, constructive engagement, as well as of a balanced give and take. He said that together Members could accomplish in MC9 what they could think it was difficult to achieve, a deliverable in the DDA which was transparent and inclusive.

7.8. As far as logistical preparations were concerned, Indonesia and the WTO Secretariat were working closely and discussing the logistical and administrative preparation and organization of the Conference. The preparation was still at an early stage, but he wished to assure Members that with its past experiences in convening various international conferences at global and regional level, both summit or ministerial level, Indonesia was more than ready to host MC9. With the strong support of the Secretariat and close co-operation with Members that readiness could be transformed into a success.

7.9. The General Council took note of the statement.

## **8 WTO ACCESSIONS: 2012 ANNUAL REPORT BY THE DIRECTOR-GENERAL (WT/ACC/19) – STATEMENT BY DIRECTOR-GENERAL**

8.1. The Chairperson drew attention to the Director General's report on accessions in document WT/ACC/19 and invited him to introduce it.

8.2. The Director-General said he was pleased to present his Fourth Annual Report on WTO Accessions. As in previous Reports, he had reviewed operational work, addressed some policy issues, sought to improve understanding of the benefit of WTO accessions and shared some lessons with the membership learned in the year under review. Thematically, he had explored the links between accession-related domestic reforms, economic growth and Foreign Direct Investment.

8.3. In 2012, the WTO family had increased by 4 to total 157 Members, as it welcomed Montenegro, the Russian Federation, Samoa and Vanuatu. Each new accession expanded the reach

and the rule of law in trade and strengthened the WTO. In the present year, the Organization had also achieved concrete results with the conclusion of the accessions of Lao PDR – with the good news that the accession package had been ratified by the Laotian Parliament – and just the previous day the accession of Tajikistan. Members had also seen progress in other accessions, and the Guidelines on the Accession of LDCs had been strengthened.

8.4. He stressed that work did not stop with accession; nor with the adoption of laws and regulations; nor with the adoption of WTO guidelines. Work had to continue with the day-to-day good faith implementation of the commitments made, with putting into practice the principles and values of WTO, whether by the new Members or by the membership as a whole, and here he was referring to the guidelines for LDC accessions. Members needed to translate words into deeds.

8.5. In the Report he had identified a set of priorities for 2013 which represented the collective sense of the Membership in his view, it being understood that an annual priority was not a guarantee for conclusion. Nor did it mean that other countries could not see significant progress or even conclude their accession. But it gave Members a useful tool to organize themselves, to plan and work to a common purpose. Everyone knew that the resources in the Secretariat were limited, that they were under strain in some Divisions, and having as clear as possible a roadmap of what was expected in the year contributed to enhancing the productivity of the Secretariat, which was necessary. He thanked Members for their engagement and pragmatism in the area of accessions and the Secretariat for its hard work and dedication.

8.6. All delegations which spoke thanked the Director General for his report.

8.7. The representative of Chinese Taipei, on behalf of the RAMs Group, said the Group recognized that WTO Accession was an important component of institutional, economic and legislative domestic reforms. The Group shared the view with the Director-General that important progress had been successfully achieved in the present year. The Group warmly welcomed the adoption of the accessions of Lao PDR and Tajikistan, one LDC and one non-LDC country. And the Group would continue to play a supportive role on new accessions to the WTO in particular accessions of LDCs to be concluded as soon as possible in accordance with 2002 Guidelines on LDC Accessions. The Group thanked the Secretariat and the relevant parties for their hard work effectively to deliver such significant outcomes in the present year, and looked forward to welcoming more new acceding members in the coming year.

8.8. On behalf of Chinese Taipei, he said that WTO Accession remained a key priority area for this Organization. Accessions had not only enriched the universality of the Organization, but had also helped economies to be more integrated into the multilateral trading system. His delegation shared the Director-General's view that important progress had been achieved in the present year and it congratulated the acceding Governments who were joining this Organization. It looked forward to similar encouraging success stories in the coming year.

8.9. The representative of the United States said that the Director-General's report on Accessions was a valuable service to the WTO Community. It highlighted an important aspect of the organization's activities and reminded Members of the force for economic growth and development that the WTO, as an organization, represented. It reminded them that the accession commitments taken by applicants were a proven framework for the implementation of economic reforms as well as an instrument for locking them in. It laid out, with data and description, how Article XII Members had grown faster and been more resilient to economic challenges than the average WTO Member.

8.10. Accession negotiations themselves were essentially Member-driven, and the annual report catalogued the efforts made by Members throughout the year. They also documented the comprehensive Secretariat support provided during 2012; the broad efforts by both the Secretariat and Members in providing technical assistance to applicants; and on-going Secretariat outreach to various multilateral, regional and/or national institutions and business associations of both current Members and applicants. It noted the two completed accessions this year (Laos and Tajikistan), and gave a good review of the status of the remaining 24 negotiations. It also provided clear evidence of the great lengths to which Members and the Secretariat had gone to increase transparency in the accession process, and to ensure that necessary technical assistance had been available at every point in the process.

8.11. This report described in concise, but accurate, terms the status of individual on-going accessions, and outlined new efforts to expand the transparency and data support already provided: the launching of the Accessions Commitment Database, the register of Bilateral Market Access Agreements, and new electronic facilities for accessing legislation and other documents for accession negotiations. These developments had greatly improved available resources for the negotiations.

8.12. In one area, the US believed the report should have been more cautious. While it appreciated the thorough status report given for on-going negotiations, statements urging "progress towards concluding" specific accession negotiations was, in the view of the US, a mistake and even counterproductive, in a public document of this sort. It did not think that it was the Secretariat's role to make public declarations on such "progress" but rather for the Members conducting the negotiations to make such assessments. The report itself documented how the "priorities" picked for 2012 were not, in the main, realized. No one could really say whether this would or would not be the case for the "winners" picked in the present year and the US did not find such projections to be appropriate. While it noted the Director-General's comments that these priorities could be useful in deploying resources, there was also a risk that they could lead to a mis-deployment of resources and discourage acceding countries that were working hard but did not find themselves among the so-called priorities. The US hoped that such statements would not be part of these reports going forward.

8.13. On the whole, however, this report was a significant contribution to the WTO system, and its Members. The US thanked the Director-General and the Secretariat for the report, and urged its careful review. The US also noted the importance of this year's work on the LDC Guidelines and was fully committed to implementing the results. The US strongly supported helping LDCs accede to the WTO. The pro-trade domestic reforms required were a proven framework for economic growth. In this connection, the US attached particular importance to the work in the present year on the Guidelines for LDC accessions and it would fully take into account the results of this work as it participated in individual LDC accessions. The US was pleased to see Lao PDR complete its accession negotiations in the present year, and hoped to see Yemen, a key strategic partner, conclude as soon as possible.

8.14. The representative of the Kingdom of Saudi Arabia, on behalf of the Arab Group, said accession was one of the Arab countries key issues in WTO, as there were several in the process of accession to the WTO. Therefore, he wished to convey sincere appreciation for the Director-General's admirable work on this front. His 2012 Annual report on WTO accession manifested the hard work done on this systemic matter to reach WTO universality. It had captured the state of play of different accessions to WTO, including Arab countries. The Arab Group thanked the Secretariat for the technical support extended to all acceding countries, including Arab countries.

8.15. He wished to turn to a case in point where extra work was needed. Yemen, as Members would recall, was a 2012 LDC accession priority. However, this accession had not been delivered as anticipated. One key reason had been the outstanding bilateral agreement with Ukraine, which had been formally declared as concluded during the General Council meeting of 25 July, but so far was not signed. Therefore, the Arab Group called on Ukraine to close and sign the agreement with Yemen in the nearest possible time. Such well-anticipated action should make a final Working Party meeting possible to conclude Yemen accession early the following year. He recalled that that the General Council had taken an additional Decision to facilitate and accelerate LDC accessions only few months earlier. If such a decision could not assist in concluding a very mature accession as Yemen, one should start wondering what could.

8.16. The representative of China noted that as the Director-General had concluded in the report, "this year was marked by substantial progress on many fronts". Members had adopted recommendations for the 2002 LDC Accession Guidelines in July to facilitate the accession process of LDCs and they had harvested two accessions, namely, Lao PDR and Tajikistan. China was glad to see that two countries, Yemen and Kazakhstan, were approaching the finish line of the accession marathon.

8.17. As pointed out by this year's report on the analysis of the link between WTO accessions and domestic reforms, successful accession would not only promote domestic reform and development, but also strengthen the whole multilateral trading system in the long run. What acceded Members could do was to provide concrete support and facilitate accession processes. China had always

been an active supporter of WTO accessions, especially for the LDCs. It appreciated the recognition by the report of China's contributions for the accession of Lao PDR and Yemen, as well as China's LDCs and Accession Program, which had been extended. China looked forward to working with the Secretariat and LDCs to provide more deliverables on this programme in the future.

8.18. The representative of Egypt said there still remained some accession negotiations, in some cases, affected by issues outside of accession-related trade and technical aspects, and which had a considerable political component. This issue needed to be carefully considered in order to ensure that WTO accession was achieved in the most expeditious way possible.

8.19. For many years, Egypt had expressed its full and unequivocal support to Yemen in its accession process, and had commended the political commitment by the Yemeni Government to expedite its conclusion. She noted the declarations and decisions by the Ministerial Conference and General Council, which asserted that "Negotiations for the accession of LDCs to the WTO, be facilitated and accelerated through simplified and streamlined accession procedures, with a view to concluding these negotiations as quickly as possible". Yemen had exerted extraordinary efforts to meet its negotiating partners' demands. It had concluded nine bilateral market access agreements and had offered binding of all tariff lines at very low levels, reaching the maximum market access concessions on goods and services commitments, even compared to most recently acceded LDCs. Egypt therefore determined that Yemen had successfully fulfilled its part in this process.

8.20. However, after 12 years of negotiations, Egypt noted with great concern that Yemen had been subject to more requests and demands made by only one Member, to present more concessions. A fact that was blocking its accession process since many months. Egypt, therefore urged Ukraine to restrain in seeking further concessions from Yemen, and to show the necessary flexibility to finalize the bilateral negotiations as soon as possible, especially after the new proposals presented by Yemen to Ukraine on 21 November 2012. In conclusion, she reaffirmed Egypt's strong commitment to Yemen's accession, and hoped to see its accession negotiations finalized. Egypt believed that there was a good opportunity for Members to reach a package of agreements on the Protocol and market access in the very near future.

8.21. The representative of Cambodia, on behalf of ASEAN, thanked the Director-General for the good work done by the Secretariat in delivering the accessions of more Members including more recently Lao PDR and Tajikistan. ASEAN supported the statements by the Arab Group and other speakers regarding the Accession of Yemen and called on the parties involved to work in a constructive spirit towards mutually-acceptable solutions so that Members could welcome Yemen into the WTO family in early 2013 and underscore their commitment to integrating LDCs into the multilateral trading system.

8.22. The representative of Colombia said that, on several occasions, his delegation had insisted in the Council on the need to have an overview on the issue of accessions. The Director-General's reports were a good contribution in that direction and provided a good opportunity for Members to have this overview, however there was still some work to be done by Members regarding this matter. His delegation was satisfied to note that there had been a recent increase in the number of accessions. This was a positive development but it did not imply that the accession problem had been solved. Therefore, there was a need for Members to continue to remain involved in this matter. The accession guidelines for the accession for LDCs had been strengthened, and Members now had to ensure that they were fully complied with so that the accession of LDCs was actually made easier.

8.23. The representative of the European Union welcomed the substantial progress on accessions in 2012. The EU was particularly encouraged by Tajikistan's rapid completion of its accession process as an example that domestic reform paid off. It looked forward to similar success stories in 2013 in Central Asia and in other regions. Furthermore the accessions of Lao PDR and hopefully soon Yemen should be evidence that the system worked and that the strengthened LDC Guidelines delivered results. The EU took note of the priorities identified in the Director-General's report and was pleased to see Serbia and Bosnia Herzegovina listed. These two countries had carried out domestic reforms within an economic integration process with the EU. The EU agreed with the Director-General that the progress in accession negotiations very much depended on the technical maturity of each process.

8.24. The representative of Pakistan said that his delegation was happy to note that since MC8 Members had remained engaged in the area of accessions, with positive results including new accessions and developing Guidelines for Accession of LDCs. At the beginning of the following year, Pakistan expected that the accession process of Yemen, had not happened so far, would also be completed. Pakistan believed that positive deliverables would continue the following and hoped that Yemen would join WTO early in the year.

8.25. The representative of Jordan said that 2011 and 2012 registered as good years for accession with the accessions of developed, developing and Least-developed countries. Jordan looked forward to registering more the following year to confirm the universality of this Organization. As an LDC, Yemen had invested much in its accession, and was working very hard to complete it. Jordan urged Ukraine to sign the outstanding bilateral agreement with Yemen which had been declared concluded during the General Council meeting in July 2012. Finally, his delegation associated itself with the statement made on behalf of the Arab Group. Jordan very much supported the accession of Yemen and hoped to see it as a full Member early the following year.

8.26. The representative of Oman said she wished to take Members back to the July 2012 General Council meeting, and in this regard, to refer to the minutes of the General Council meeting in document WT/GC/M/137 dated 13 September 2012. In paragraph 134 of the document, the Chairman of the Sub-Committee on LDCs had stated: "he was pleased to report that the outstanding market access negotiations on goods between Ukraine and Yemen had been concluded". He had also said: "it had also been agreed that the signature of the verified and initialled bilateral market access agreement on goods between Ukraine and Yemen should take place on the margins of the next and final working party meeting, after the summer break, at the latest in October". She wished to highlight "the final working party" and "latest in October" in the last quote.

8.27. In addition to the previous quotes, she wished to refer to paragraph 137 of the same document where the representative of Ukraine had said: "Consultations in Beijing in May, where Ukraine had made another flexible proposal to Yemen, Yemen's constructive response to it and recent additional meetings had allowed them conclude the negotiations ad referendum". Moreover, according to the Chairman of the Sub-Committee on LDCs, the statement he had made at the July General Council would be issued as an addendum to the document WT/ACC/YEM/40.

8.28. The question here was how a statement that had a missed deadline could be part of an overall accession package. It would not reflect the reality of the reached agreement. Because, according to the agreement and the statements made at the July General Council meeting, Yemen and Ukraine had concluded their bilateral market access negotiations, and that the Final working party meeting was to be held at the latest in October 2012. None of that was the reality at the present. Her question to the Chair and to the facilitators was how were they going to operationalize the agreement reached in July, and how was it going to be properly reflected in the final document.

8.29. As an LDC, Yemen's accession had been a long and complex exercise despite the 2002 guidelines and the latest LDCs decision adopted by the General Council last July. This accession process had been beyond Yemen's financial and human capacity. Jordan thanked the Yemeni officials for the hard work and commitment they had shown to their accession negotiations and urged Ukraine to join the consensus in favour of Yemen's accession.

8.30. The representative of Qatar associated her delegation with the statement by the Kingdom of Saudi Arabia on behalf of the Arab Group. As Members were aware, Yemen had made tremendous efforts and worked very hard to complete its accession to WTO. Her delegation therefore hoped to welcome Yemen as a fully-fledged Member early the following year. Equally, her delegation strongly supported the soft accession of other LDCs to the WTO.

8.31. The representative of Hong Kong, China said his delegation fully agreed with the Director-General that the year 2012 had been marked by substantial progress on many fronts in accessions. The adoption of the improvements to the 2002 LDC Accession Guidelines in July 2012 had been a helpful push to the work. More importantly, there had been intensified negotiating work in various Working Parties on accession. The recent General Council decisions to adopt the

accession packages for Lao PDR in October and Tajikistan the previous day proved this good work. His delegation hoped to see the outstanding accession negotiations making progress soon. It was in particular keen to see the accession of Yemen, the negotiations on which were very close to completion and it hoped to see this settled as soon as possible.

8.32. His delegation thanked the Director-General for his insightful analysis on the relationship between WTO accession and domestic reforms of acceding Members. It was reassuring to note that these Members after having undertaken suitable reforms to their economic and trade regimes had enjoyed an increase share in global merchandise and commercial services trade, and also foreign direct investment. His delegation agreed that adherence to WTO rules had provided legal certainty for these Members to integrate more fully into the global economy. His delegation hoped to see continuous progress on accessions and he wished to conclude by warmly welcoming the new Members to the WTO family.

8.33. The representative of Haiti, on behalf of the LDC Group, requested that her delegation's statement at the TNC meeting held on 7 December 2012 be included in the records of the present meeting.<sup>6</sup> The Group supported the statements by the Arab Group, Egypt and other delegations urging Members and mainly Ukraine to join the consensus on the completion of the accession of Yemen. She wished to reaffirm the commitment of the LDC Group which was looking forward to this.

8.34. The representative of Turkey said that what the Director-General had said and what the report told Members was very important. His delegation was particularly glad to see in the report information not only on the positive impact of the accession of acceding countries but also on the global trading system. Members had made important progress with regard to accessions in 2012, which demonstrated that the WTO continued to deliver. Despite the uncertainty that continued to prevail with respect to the conclusion of the DDA, the WTO remained attractive for acceding countries.

8.35. Every accession meant a new and a further step towards a universal WTO and Turkey was glad to see that four accession talks had been successfully concluded in 2012. The accession of the Russian Federation, Montenegro, Samoa and Vanuatu were all major achievements and the accession of these countries, which came from different regions, served the universal aspirations of this Organization and the multilateral trading system. He believed that these new accessions would have inspirational effects in the respective regions of the acceding countries, so that Members would be welcoming more new Members into their midst in the near future. The more Members there were, the more inclusive and representative the WTO was.

8.36. Turkey looked forward to the completion of the ratification process in Dushanbe the following year and was happy to hear that this issue had been completed by Lao PDR. He wished to express Turkey's strong wish to see the completion of Yemen's accession process in the very near future and also wished to assure the new Yemeni Ambassador of Turkey's continued support in his country's negotiations.

8.37. Turkey was happy to see that there were also a number of countries in the pipeline of accessions in 2013. Turkey hoped to see Afghanistan, Bosnia and Herzegovina, Ethiopia, Serbia and Kazakhstan accede to the WTO in 2013. The accession of two LDCs in 2012 and the possible accession of two – or even more – further LDCs in 2013 would be an encouraging signal for the others that had not joined yet. Therefore, Turkey extended its full support to the accession of remaining LDCs to the WTO.

8.38. The representative of Tunisia thanked the Director-General for the very effective analysis on the impact of accession, particularly with regard to internal reform processes and ways of increasing transparency within the multilateral trading system, particularly for acceding countries. He recalled that at the last meeting Members had congratulated the countries that had acceded thanks to the efforts undertaken in 2012 by Members and by the acceding countries. Nevertheless, among the priorities set for 2012, Yemen, which was a LDC and which had made enormous efforts, was not yet a Member. He wished to pay tribute to the Minister of Trade of Yemen, who had made accession to the WTO a priority and who had undertaken tireless efforts at the political level to

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<sup>6</sup> The statement by Haiti for the LDCs at the meeting of the TNC on 7 December, which is reflected in the records of that meeting in document TN/C/M/31, is incorporated by reference into the present records.

move the accession forward. Members should facilitate this country's accession and his delegation was at Yemen's disposal to ensure that country's speedy accession.

8.39. The representative of Iran, speaking as an observer, expressed his delegation's satisfaction at the clear, transparent and updated information in respect of the situation of acceding countries in the Director-General's report. His delegation wished to welcome the positive progress achieved in the accession processes of such countries as the Russian Federation, Montenegro, Vanuatu, Lao PDR and very recently Tajikistan and to emphasize that such positive progress had a significant impact on the WTO's universality and inclusiveness with a view to strengthening the multilateral trading system.

8.40. He wished to refer to the developments in his country's accession process and to inform Members once again, that the Islamic Republic of Iran had taken all the important and necessary steps in its accession process by submitting its trade regime memorandum and responding to around seven hundred questions put forward by interested Members in 2011. It was against this background that his country expected and hoped to see its first Working Party meeting held at the earliest convenient time, with the kind co-operation of WTO and its Members. By responding to the questions, his country had fulfilled its task and showed its serious determination in joining WTO. Iran encouraged and urged WTO and its Members to reinforce and accelerate this process so that a tangible output and action-oriented result could be achieved in the near future.

8.41. Having said that, the Islamic Republic of Iran was still waiting for its accession Working Party to meet, and was aware that efforts to even select the Chair of the Working Party were being hampered. Sixteen years had passed and the existing situation and behaviour could not be reconciled with the principal obligations and current procedures inside the Organization. Therefore, to give new life to the Islamic Republic of Iran's accession talks and subsequent linkage to the multilateral trading system, as the largest economy outside of the Organization, the political and non-trade mind-set of certain Members had to change.

8.42. The representative of Yemen, speaking as an observer, said that his country, as a 2012 priority acceding least developed country, welcomed the Director-General's report because it provided a very exhaustive analysis of the state of play of the on-going accession processes. The Government of Yemen was committed to reaching the end of its accession process by the end of the present year. Nevertheless, it had to sign a bilateral agreement with one Member, which had officially declared that the agreement was concluded at the General Council meeting on 25 July 2012. The Secretariat had informed the Informal Group on Accessions on 30 November that Yemen would submit an edited offer for goods market access through the Facilitators on 21 November. The final Working Party meeting appeared to have been suspended for the signature of the bilateral Agreement. As a result, the accession of Yemen had not been finalized as expected at the end of 2012.

8.43. Yemen, which was coming out of a crisis situation, still held out hope, thanks to the Ambassadors of Denmark and China as well as the Chair of the Working Party, that a favourable outcome would be found in the coming days or weeks. Yemen was ready to sign the agreement in order so that it could join the WTO at the beginning of the following year. Finally, he wished to express gratitude to the Groups and individual Members who had spoken in favour of the speedy accession of Yemen. The Government of Yemen was waiting for a sign that the last step of this long process would happen at the start of the following year.

8.44. The representative of Belarus, speaking as an observer, said the present year had been emblematic in the accessions of new countries to the WTO. A number of major decisions had been taken which had brought 4 new Members to the WTO – Montenegro, Samoa, the Russian Federation and Vanuatu. Tajikistan and Lao PDR had completed their negotiating processes and Belarus hoped to find these countries in the WTO Members list in the very near future. The achievements of the acceding governments and Members were indeed commendable. Belarus shared the efforts to facilitate the integration of LDCs into the multilateral trading system.

8.45. She wished to bring to the attention of the General Council the state of affairs in the accession of his country. Belarus paid special attention to accession to the WTO. It considered accession as an important step towards global economic integration and trade mainstreaming. It was an excellent tool for driving development-oriented reforms in acceding countries – although

difficult and demanding. Industry was the pillar of Belarus' economy. It had a high degree of openness and diversification of foreign trade. It was the third largest exporter of potash fertilizers, had a 30% global market share of dump trucks, 10% of grain combines, 7% of tractors. Belarus had been ranked 69<sup>th</sup> out of 183 countries in the Doing Business Report 2012 by the World Bank. Belarus had been recognized as one of the leading reformers over the last six years and had been named the third most active reformer taking into consideration the aggregate effect of business liberalization.

8.46. Since the last meeting of its Working Party, Belarus had made available to the Members of the Working Party 16 documents. Not one had been considered in a multilateral way. To Belarus' regret, the Secretariat had been unable to convene a Working Party meeting since 2009. Belarus strongly believed that the Working Party member countries had a good basis for comprehensive multilateral discussions on its accession at the very beginning of the following year, and it invited the EU to manifest a spirit of goodwill to accelerate the process.

8.47. The strong commitment of Belarus' Government alone would not be sufficient to conclude the negotiations. It called upon Members to make the accession process as supportive as possible and to reduce its unpredictability. This opinion was not related only to the process itself, but also to the way the process was applied in some particular cases. At this stage of negotiations, mutual understanding and cooperation between various parties were of vital importance. Belarus was ready to strengthen its cooperation with the various parties and would make concerted efforts for the realization of its accession. She wished to thank all those Members who had supported Belarus' accession over the past years.

8.48. The General Council took note of the Director-General's report and of the statements.

## **9 IMPROVING THE GUIDELINES FOR GRANTING INTERGOVERNMENTAL ORGANIZATIONS PERMANENT OBSERVER STATUS IN THE WTO – STATEMENT BY THE CHAIR**

9.1. The Chairperson recalled that, at its November 2011 meeting, the General Council had agreed to initiate a process of consultations to consider the issue of Observer Status for IGOs in the WTO, following a communication by the Arab Group entitled "Improving the Guidelines for Granting Observer Status to Intergovernmental Organizations in the WTO" (WT/GC/W/643), which had then been supplemented by a further communication in document WT/GC/W/654. Since the October meeting of the General Council, she had continued her consultations on this matter. At the present time, she was not able to report any change in the positions previously expressed. She intended to continue this process and report back to the General Council as appropriate.

9.2. The representative of the Kingdom of Saudi Arabia, on behalf of the Arab Group, thanked the Chair for her constructive engagement, and commended her continuous efforts on facilitating consultations on this issue. The issue of "Granting observer status to IGO's in the WTO" was not specific to any particular organization, but a larger systemic one. In this context, the Arab Group had taken the initiative to propose an improvement for the guidelines in document (WT/GC/W/643). Furthermore, the Group had also elaborated on its earlier proposal in document (WT/GC/W/654), which contained specific suggestions to improve and fine-tune Annex 3 of the General Council's rules of Procedure.

9.3. The Arab Group through its consultative and outreach efforts had found overwhelming support for the initiative among Members. It thanked all those who had supported this initiative, and welcomed any suggestions or input to improve this proposal and to move the issue forward. The Group believed that all IGO's seeking permanent observer status should receive a favourable unbiased and uniform treatment. This requirement, which manifested the full participation principle, stemmed in no less measure from the fact that Article V of the Marrakesh Agreement directed Members to ensure the effective cooperation and consultation with the IGO's concerned with WTO matters.

9.4. In conclusion, the Arab Group wished to re-affirm its view that the responsibility for improving the Guidelines fell equally on each Member, and was in no way specific to a certain group. It looked forward to a positive engagement from the whole membership to resolve this issue.



9.5. The representative of Egypt associated her delegation with the statement by the Kingdom of Saudi Arabia on behalf of the Arab Group. For more than a decade now, some Members continued to undermine the guidelines established to ensure the participation of IGOs and their contribution to the work of WTO to ensure the coherence needed in the multilateral trading system. The League of Arab States had submitted since 1999 numerous requests to become a permanent observer to several WTO bodies. However, all these requests had been denied by two Members without any plausible reasoning, bearing in mind that the League had previously been granted this status and maintained it under GATT 1947 up and until 1994. In this regard, Egypt would like to emphasize that all IGOs should be allowed to participate as observers on an equal basis, and any request by an IGO should be gauged on the basis of the technical merits of such request. Therefore, Egypt urged the two Members that had expressed their reservations on the League's request to reconsider their position, to refrain from politicizing the work of the WTO, and to warrant that requests for observer status were granted to all IGOs.

9.6. The representative of India supported the views expressed by the Kingdom of Saudi Arabia on behalf of the Arab Group. Improving the guidelines for granting permanent observer status to Inter-governmental Organizations was a systemic issue that needed due consideration and discussion in the WTO. As proposed by the Arab Group, it was important to devise objective and transparent criteria so that all IGOs seeking permanent observer status received favourable, unbiased and uniform treatment. India believed this was an area where further consultations would be useful and it supported taking this process forward.

9.7. The representative of Turkey said his country supported the initiative taken by the Arab Group with respect to the guidelines for granting observer status to intergovernmental organizations and in particular it hoped that the Chair's consultations would lead to an early result. Turkey looked forward to seeing the League of Arab States as an Observer in the WTO.

9.8. The representative of China said his country regretted to see that the situation persisted. As always, China supported the request by Arab Group to grant League of Arab States observer status in the WTO. It suggested that the Chair-led consultation process be continued and hoped that a solution could be found as soon as possible.

9.9. The General Council took note of the statements.

## **10 REVIEW UNDER PARAGRAPH 8 OF THE DECISION ON THE IMPLEMENTATION OF PARAGRAPH 6 OF THE DOHA DECLARATION ON THE TRIPS AGREEMENT AND PUBLIC HEALTH (WT/L/540 AND WT/L/540/CORR.1) – REPORT OF THE COUNCIL FOR TRIPS (IP/C/63)**

10.1. The Chairperson recalled that in August 2003, the General Council had adopted a Decision on the Implementation of Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health. Paragraph 8 of that Decision provided that the TRIPS Council should review annually the functioning of the system set out in the Decision with a view to ensuring its effective operation and report on its operation to the General Council. She invited Mr Castillo (Honduras), Chair of the TRIPS Council, to introduce that Council's report in document IP/C/63.

10.2. Mr Castillo (Honduras), Chairman of the Council for Trade-Related Aspects of Intellectual Property Rights, said that at its meeting on 6-7 November 2012, the TRIPS Council had taken up the annual review pursuant to Paragraph 8 of the Decision on the Implementation of Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health. The TRIPS Council's report on this review to the General Council had been circulated in document IP/C/63. The cover note to this document set out factual information regarding the implementation and use of the Decision. The TRIPS Council's report also contained, in an annex, the record of the discussion that had taken place during the Council's review of the waiver decision.

10.3. Annual reviews carried out by the TRIPS Council since 2010 had focused on the functioning of the Paragraph 6 system itself as well as a wider range of issues concerning the interplay between public health and the IP system, as well as the extensive technical cooperation activities in this area. In thanking Members for their contributions to this discussion, he hardly needed to underscore the importance to all Members of a continuing, focused dialogue on these vitally important issues.

10.4. The report also provided an update on the status of acceptances of the Protocol Amending the TRIPS Agreement that had been done in Geneva on 6 December 2005. The Protocol was currently open for acceptance by Members until 31 December 2013. As of the present, 45 notifications of acceptance of the Protocol, including from the European Communities, had been received. The complete list of those Members could be found in the report. The list could also be consulted on a dedicated webpage which was regularly updated by the WTO Secretariat. In accordance with paragraph 3 of Article X of the WTO Agreement, the Protocol should enter into force for the Members that had accepted it upon acceptance of the Protocol by two thirds of the Members which currently amounted to 105 Members.

10.5. He called once more on those Members who had not yet accepted the Protocol to carry out promptly the necessary internal procedures so that they could deposit their instruments of acceptance as soon as possible. He wished also to recall that in order to further assist Members in drawing up their instruments, information on the acceptance process, together with a model instrument of acceptance, was available on the WTO's dedicated website on TRIPS and public health.

10.6. The General Council took note of the report by the TRIPS Council and of the statement.<sup>7</sup>

## **11 WAIVERS UNDER ARTICLE IX OF THE WTO AGREEMENT<sup>8</sup>**

### **11.1 Introduction of harmonized system 2002 changes into WTO schedules of tariff concessions – Draft decision (G/C/W/672/Rev.1)**

### **11.2 Introduction of harmonized system 2007 changes into WTO schedules of tariff concessions – Draft decision (G/C/W/673)**

### **11.3 Introduction of harmonized system 2012 changes into WTO schedules of tariff concessions – Draft decision (G/C/W/674)**

### **11.4 Kimberley process certification scheme for rough diamonds – Extension of waiver – Draft decision (G/C/W/675/Rev.2)**

11.1. The Chairperson noted that the draft waiver decisions for the matters listed in sub-items 10 (a) to (d) had been taken up for consideration by the Council for Trade in Goods at its meeting on 26 November. For these items, the Chairman of the Goods Council was required to report to the General Council, so she would invite Mr Mboya Okeyo (Kenya) to report on the Council's consideration of these matters in a single intervention.

11.2. Mr Mboya Okeyo (Kenya), Chairman of the Goods Council, said he wished to report that the Council for Trade in Goods, at its meeting of 26 November 2012, had considered and approved the following collective draft waiver decisions: Introduction of HS2002 Changes into WTO Schedules of Tariff Concessions contained in document G/C/W/672/Rev.1; Introduction of HS2007 Changes into WTO Schedules of Tariff Concessions contained in document G/C/W/673; Introduction of Harmonized System 2012 Changes into WTO Schedules of Tariff Concessions contained document G/C/W/674; and, Extension of the Waiver concerning the Kimberly Process Certification Scheme for Rough Diamonds contained in document G/C/W/675/Rev.1. With regard to the last waiver, at that meeting the Philippines, the Russian Federation, Singapore and the Bolivarian Republic of Venezuela had requested to be included as co-sponsors in the Annex to the draft decision. The Goods Council had agreed that a revised version of the collective draft waiver decision, incorporating the aforementioned Members, be issued, which was circulated as G/C/W/675/Rev.2. The Council for Trade in Goods had recommended that the aforementioned draft decisions be forwarded to the General Council for adoption.

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<sup>7</sup> Including the statement by Haiti for the LDCs at the meeting of the TNC on 7 December, which is reflected in the records of that meeting in document TN/C/M/31, and which is incorporated by reference into the present records.

<sup>8</sup> In connection with this item, the attention of Members is drawn to the Decision-Making Procedures under Articles IX and XII of the WTO Agreement agreed by the General Council on 15 November 1995 (WT/L/93).

11.3. The Chairperson said that there were four waivers on the Agenda for adoption, and given the similar nature of the first three waivers listed in sub-items (a) to (c), she proposed to take them up together. She therefore drew attention to the draft decisions in documents G/C/W/672/Rev.1, G/C/W/673 and 674, which concerned the Introduction of Harmonized System 2002, 2007 and 2012 changes into WTO Schedules of Tariff Concessions, respectively. She proposed that, in accordance with the Decision-Making Procedures under Articles IX and XII of the WTO Agreement agreed in November 1995 (WT/L/93), the General Council adopt the three draft Decisions.

11.4. The General Council so agreed.<sup>9</sup>

11.5. The Chairperson proposed to take up the fourth waiver, concerning the extension of the waiver for the Kimberly Process Certification Scheme for Rough Diamonds. In this respect, she drew attention to the draft decision in document G/C/W/675/Rev.2, and proposed that, in accordance with the Decision-Making Procedures under Articles IX and XII of the WTO Agreement agreed in November 1995 (WT/L/93), the General Council adopt this draft Decision.

11.6. The General Council so agreed.<sup>10</sup>

11.7. The representative of Zimbabwe said that as one of the founding members of Kimberly process certification scheme, his country supported the decision to extend the waiver. However, it would like to register its concern that in spite of having met all the Kimberly process certification scheme obligations, Zimbabwe was not fully benefiting from the free trade in diamonds including from the waiver under discussion. On the contrary, Zimbabwe's legitimate trade in diamonds continued to be hampered by unwarranted and illegal coercive measures imposed on it by the United States. These measures had not only affected Zimbabwe's economy but also the said parties had engaged in illegitimate diamond trade with it. Therefore, besides there being a commercial concern, there was also a systemic concern in this matter, since the US measures were disrupting the orderly and legitimate trade in diamonds in the multilateral trading system. These measures were incompatible with WTO principles as well as the Charter of the United Nations. Therefore, while Zimbabwe fully supported the decision to grant a waiver to the Kimberly Process, it wished to call on the US to remove these unilateral corrosive measures to enable the Zimbabwean people to fully benefit from their God-given resources.

11.8. The representative of the United States welcomed the 26 November consensus in the Council for Trade in Goods to extend the waiver of certain WTO obligations to allow Members that were participants in the Kimberley Process Certification Scheme for rough diamonds to implement measures consistent with that Scheme. The US was gratified that the General Council had adopted this important decision.

11.9. On 5 November 2002, Kimberley Process Participants had expressed their intent to implement an international scheme of certification for rough diamonds, with a view to helping to break the link between armed conflict and the trade in rough diamonds. The Kimberley Process Certification Scheme aimed to prevent conflict diamonds from entering the legitimate diamond trade. The US had been pleased to serve as the Chair of this important initiative in 2012 and looked forward to a successful transition to South Africa, who would Chair the Kimberley Process in 2013, its tenth anniversary year.

11.10. Considering that the trade regime outlined in the Kimberley Process Certification Scheme aimed to curb the trade in conflict diamonds while supporting the legitimate diamond trade in the world trading system, the requesting Members had presented this request for a waiver to allow them to take measures necessary to regulate the import and export of rough diamonds as outlined in the Certification Scheme. A waiver from the provisions of Article I:1, Article XI:1, and Article XIII:1 of the GATT 1994 would lend legal certainty to the relationship between those measures and the GATT 1994.

11.11. The initial request for a WTO waiver had been granted in 2002. That waiver had been extended in 2006 and made effective until 31 December 2012. The draft waiver that had been circulated for the present meeting remained substantively the same as the previously approved

<sup>9</sup> The Decisions were subsequently circulated in documents WT/L/873, 874 and 875, respectively.

<sup>10</sup> The Decisions were subsequently circulated in documents WT/L/876.

waivers. The changes that had been proposed updated the current waiver and extended it until 31 December 2018. The US wished to thank all those Members involved in achieving this milestone, along with the Secretariat, and the CTG Chair for facilitating the work to reach this successful conclusion.

11.12. In response to Zimbabwe's statement, the Office of Foreign Assets Control (OFAC) sanctions list had no connection to the Kimberley Process and was fundamentally separate from it.

## **11.5 Review of waivers pursuant to Article IX:4 of the WTO Agreement**

### **11.5.1 Preferential treatment to services and service suppliers of least-developed countries, granted on 17 December 2011 until 17 December 2026 (WT/L/847)**

### **11.5.2 Kimberley process certification scheme for rough diamonds, granted on 15 December 2006 until 31 December 2012 (WT/L/676)**

### **11.5.3 Canada – CARIBCAN, granted on 30 November 2011 until 31 December 2013 (WT/L/835, WT/L/868)**

### **11.5.4 European Union – Application of autonomous preferential treatment to the West Balkans, granted on 30 November 2011 until 31 December 2016 (WT/L/836, WT/L/870 and WT/L/870/Corr.1)**

### **11.5.5 Cuba – Article XV:6 of GATT 1994, extension of waiver, granted on 14 February 2012 until 31 December 2016 (WT/L/850, WT/L/867)**

11.13. The Chairperson recalled that, in accordance with paragraph 4 of Article IX of the WTO Agreement, "any waiver granted for a period of more than one year shall be reviewed by the Ministerial Conference not later than one year after it is granted, and thereafter annually until the waiver terminates." There were five waivers before the General Council for review. Three of the waivers under review provided that an annual report should be submitted by the Members concerned regarding the operation or implementation of those waivers with a view to facilitating their annual review by the General Council. The reports from these Members had been circulated in documents WT/L/868 (Canada), WT/L/870 and Corr. 1 (European Union) and WT/L/867(Cuba).

11.14. The representative of the European Union said he wished to make a short statement concerning the waiver on Additional Autonomous Trade Preferences granted by the European Union to Pakistan<sup>11</sup>. On 25 October 2012, the European Union had adopted regulation EU no. 1029/2012 of the European Parliament and of the Council. It had been published in the official journal to the European Union L316 of 14 November 2012. The regulation suspended the EU's duties on those imports from Pakistan, set out in Annex 1. The regulation had entered into force the day following publication, 15 November 2012, and ran until 31 December 2013. It was fully in line with the provisions established in the WTO waiver decision of 14 February 2012. According to the waiver decision, the EU should report annually to the General Council on the preferential tariff treatment afforded to eligible products. As the implementing regulation had only entered into force on 15 November, the EU had no data available to present as yet. The EU would review the waiver in July 2013 and will inform the General Council accordingly.

11.15. The representative of Trinidad and Tobago, on behalf of CARICOM, thanked Canada for the 2012 Report on the Trade Related provisions of CARIBCAN. This report testified to the importance of the trade relationship between CARICOM and Canada, a relationship that was without doubt, enhanced by the CARIBCAN Agreement, which was one of the vehicles used to advance their national and Regional efforts at further integrating into the global trading system.

11.16. According to the report, in 2011, Canada-CARIBCAN trade had totalled CDN\$1.9 billion, with the value of Canadian imports from the Region at \$1.1 billion, while the value of Canadian exports to CARIBCAN had stood at \$823 million. For those countries in the Caribbean Region who were beneficiaries of the programme, the foreign exchange earnings made through the programme had made a notable contribution to promoting their socio-economic well-being and had

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<sup>11</sup> WT/L/851.

offered a level of value-added as they sought to stimulate innovation, efficiency and employment in their various industries. In addition, the CARIBCAN agreement had been a cushion in light of the negative impact that the recession in the economies of two of their major trading partners had had on their small, vulnerable economies.

11.17. CARICOM and Canada were currently engaged in negotiations on a Trade Agreement. CARICOM hoped that the outcome would be a pro-development agreement that would support the sustainable economic and social development of the region, as had been the case with the CARIBCAN arrangement over the years.

11.18. The representative of Jamaica associated his delegation with the statement by Trinidad and Tobago, on behalf of CARICOM, concerning the CARIBCAN waiver. Jamaica regarded the CARIBCAN arrangement as a deeply appreciated and important reflection of the excellent relations between it and Canada. It saw the on-going negotiations for a Trade and Development Agreement in this context and as a means of further reinforcing this.

11.19. The representative of Canada expressed his delegation's gratitude for the kind words of Trinidad and Tobago and Jamaica. CARIBCAN, which went all the way back to 1986, was a comprehensive trade and development assistance programme for the Commonwealth Caribbean. It had been designed from the beginning to improve export earnings for the region, to improve economic development prospects for the region, to create new investment opportunities and, as they had noted, to improve enhanced economic integration and co-operation in the region. He believed its record spoke for itself. The trade statistics had been cited – close to 2 billion dollars of trade on this dimension of the programme. He wished to reconfirm Canada's on-going commitment to the region, a relationship that preceded the creation of Canada itself as its formerly British and French colonies had begun trade with the region centuries previously. He hoped that relationship would continue to grow for centuries into the future.

11.20. The representative of Barbados endorsed the statements by Trinidad and Tobago and Jamaica in respect of the CARIBCAN waiver, and thanked Canada for seeking this waiver and the WTO for approving it. As Members were aware, small developing island economies continued to be challenged by economies of scale. Barbados therefore welcomed the market access opportunities offered by the CARIBCAN arrangement and expressed its appreciation to the Government of Canada for its support.

11.21. The representative of Zambia said he wished to address the waiver concerning preferential treatment to services and services suppliers of LDCs. It would soon be one year since the decision had been taken and Zambia had not seen this waiver operationalized. It called upon the membership to make this waiver operational, so that the LDCs could begin to reap the benefits from preferential market access in the area of services, since this was one of the areas that had promising gains.

11.22. The General Council took note of the reports contained in documents WT/L/868, 870 and Corr.1, and 867, and of the statements.<sup>12</sup>

## **12 COMMITTEE ON BUDGET, FINANCE AND ADMINISTRATION – REPORTS ON MEETINGS OF OCTOBER AND NOVEMBER 2012 (WT/BFA/133, WT/BFA/134)**

12.1. The Chairperson drew attention to the reports of the Budget Committee in documents WT/BFA/133 and 134, and invited Mr Zananavičius (Lithuania), Chairman of the Committee, to introduce them.

12.2. Mr Zananavičius (Lithuania), Chairman of the Committee on Budget, Finance and Administration, said that at its meeting in October, the Committee on Budget, Finance and Administration had reviewed the WTO 2011 Financial Performance Report and the related report of the External Auditor. The Director-General had indicated that the Secretariat had realized budgetary savings of CHF 350,000 in 2011. He had also reminded Members that the

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<sup>12</sup> Including the statement by Haiti for the LDCs at the meeting of the TNC on 7 December regarding the waiver concerning preferential treatment to services and services suppliers of LDCs, which is reflected in the records of that meeting in document TN/C/M/31, and which is incorporated by reference into the present records.

implementation of International Public Sector Accounting Standards in 2012 would significantly deteriorate the financial position of the Organization. The President of the French Court of Audit, the external auditor of the WTO, had certified the 2011 WTO financial statements and had indicated that the Secretariat had rapidly implemented a number of their recommendations. The external auditor had also conducted a performance audit of the Dispute Settlement Mechanism and concluded that the independence and confidentiality of the system had been maintained. The Committee recommended that the General Council approve the transfers between budgetary sections and the audited accounts for 2011.

12.3. The Committee had also reviewed and examined several reports covering the WTO budgetary and financial situation, the management of human resources, the Building project and the adaptation of the infrastructure agreement with the Host Country. The receipt of voluntary contributions by the Global Trust Fund remained at a level lower than expected. The Secretariat had also announced that it was seeking voluntary contributions of approximately CHF 600,000 to facilitate the participation of LDCs at MC9. Interested donors were invited to indicate to the Secretariat as soon as possible the level of financial support they were prepared to provide.

12.4. In November, the Committee had received the WTO and ITC Mid-term review reports for the biennium 2012-2013. The Director-General had not revised the 2013 budget as no unexpected or unavoidable changes had occurred that could not be managed within the budget already approved by Members in 2011. The Secretariat would still be faced with two key challenges in 2013. The first one was to absorb a major rise in dispute settlement activity. The second one was to bring the new building facilities into operation. The Secretariat had also indicated that it would continue pursuing its efforts on implementing the approved set of streamlining measures and on modernizing human resources policies.

12.5. The ITC approved regular budget had maintained the WTO contribution for 2012 and 2013 at the same level as that for 2011, representing a zero nominal growth. The ITC had also confirmed that the 2013 budget approved by the General Council remained unchanged. The Committee had taken note of these reports and recommended that the General Council approve the scale of contributions for 2013 as annexed to the report WT/BFA/134.

12.6. Finally, the Secretariat had presented additional information on the two major accounting liabilities related to employee benefits that the WTO would have to recognize in its 2012 financial statements with the adoption of International Public Sector Accounting Standards. The Committee would revert to this matter the following year.

12.7. The Chairperson proposed that the General Council take note of the statement, approve the Budget Committee's specific recommendations in paragraph 12 of its report in document WT/BFA/133 and in paragraph 6 of WT/BFA/134 and adopt the two reports. In addition, in relation to the Trust Fund to facilitate the participation of delegates from Least-developed countries at MC9, as mentioned by the BFA Chair, interested donors were invited to indicate to the Secretariat as soon as possible the level of financial support they were prepared to provide.

12.8. The General Council so agreed.

12.9. The Director-General said that as mentioned in his last report to the General Council, he wanted to take the opportunity at the end of the year to provide Members with a brief update on the Secretariat's efforts to further increase efficiency on documentation, scheduling and management of meetings. He first wished to thank the large number of Chairs of WTO bodies who had taken on the challenge of scrutinizing the practices of their respective committees to see where scope existed to streamline their operations. He would also like to thank colleagues throughout the Secretariat whose innovative and sometimes creative thinking had allowed the Secretariat to identify areas where it could reduce costs, while maintaining the same standard of service to Members.

12.10. In the area of translation, the Secretariat was not on target. The target had been to reduce by 5% the number of words sent for translation, but in fact, it had even recorded a higher number of words than the previous year, partly due to an increase in the number of TPRs. The year 2013, therefore, would be even more challenging since in addition to the 5% not achieved in the present year would be added a further 5% reduction.

12.11. With respect to printing and distribution of documentation, there was a good situation. The Secretariat had stopped the internal distribution of documents for its staff, discontinued the printing and distribution of certain document series, for instance certain types of notifications and TPRs, and enhanced electronic document distribution facilities in Documents Online. But perhaps more importantly, and thanks to the efforts of delegations that had responded to the Secretariat's survey, it had also reduced by more than 15% the number of subscribers, from roughly 1,200 to a bit less than 1,000. This concerned individuals and institutions in Geneva and capitals that received documentation on a daily basis, and it was a good trend. This had resulted in the reduction by nearly 40% of the number of print runs, from 72 to 45 million pages, which was still quite an impressive number. Cost savings had amounted to approximately CHF 220,000 that had been built into the budget for 2012.

12.12. In the area of interpretation, 2012 had revealed a 30% reduction in the number of meetings held, moving from around 7,600 meetings in 2011 to around 5,300 in 2012, which was also an impressive figure. In specific financial terms, this meant that expenditure associated with the recruitment of free-lance interpreters had been nearly halved in comparison to 2011. This amounted to a reduction of a bit below a million Swiss Francs.

12.13. Finally, he wished to turn to a number of new initiatives and services which the Secretariat would be offering delegations shortly and which accompanied the effort of cost reduction. First, the Secretariat would soon deploy a new version of Documents Online, which was the application widely used by Members, Observers, staff and the public to consult and download the WTO's documentary resources. It would be released in beta version during the week of 17 December. The selection of this time period was obvious as a reasonably calm period was needed for the switchover. The Secretariat was not expecting major problems but it would be seeking Members' indulgence at the beginning of the following year as some problems might arise. For those interested, a demonstration of the application would take place on 13-14 December.

12.14. Second, in keeping with the commitment to a Paper-Smart Organisation, the Secretariat would be organising a presentation of the e-Subscriptions facility early next year. This new service would address delegations' demands for documentation by allowing subscribers to receive online, on a daily basis, the electronic documents that met their preferences. Along with this facility, new subscribers would be receiving their individual user IDs and passwords.

12.15. Third, in line with Documents On-line 2 and e-Subscriptions, the Secretariat would put forward proposals on enhancing electronic resources for delegates. A Member portal could become a central access point for meetings – calendar of meetings, remote booking, delegate registrations, document distribution, and remote participation – documents and resources and even collaboration between delegates and WTO staff. This would be deeper, wider and more user-friendly. The Secretariat was not asking Members to make any efforts, but rather trying to facilitate their access and to save their time.

12.16. He said that concluded his report on improvements in documentation, scheduling and management of meetings. He believed that important progress had been made in this area over the year, with the exception or translation, but efforts would need to be intensified if the targets Members had set for the following year were to be achieved.

12.17. The General Council took note of the Director-General's report.

### **13 INTERNATIONAL TRADE CENTRE UNCTAD/WTO – REPORT OF THE JOINT ADVISORY GROUP ON ITS FORTY-SIXTH SESSION (ITC/AG(XLVI)/248)**

13.1. The Chairperson said that the Joint Advisory Group on the International Trade Centre UNCTAD/WTO had held its Forty-sixth Session on 21-22 May 2012, and the report of the Joint Advisory Group had been distributed in document ITC/AG(XLVI)/248. In keeping with customary practice, this report had been considered initially by the Committee on Trade and Development at its meeting on 16 July where it had been presented by the Chairman of the JAG, Mr Pérez Gordillo (Uruguay). In the absence of Mr Maruping (Lesotho), Chairman of the CTD, she would read out the report of the Committee's consideration of this matter on his behalf, as follows.

13.2. The report on the Forty-sixth Session of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO, held on 21-22 May 2012, had been presented by the Chairman of the JAG – Ambassador Pérez Gordillo (Uruguay) – at the 85<sup>th</sup> Session of the CTD held on 16 July 2012. The Chairman had indicated that the JAG had been informed that the ITC had exceeded its delivery target of US\$44 million for its technical assistance and capacity building projects in 2011. The final delivery was US\$47.8 million, due in part to the larger programmes launched in 2008 and 2009 having reached their peak. The JAG had been informed that the ITC would require additional support of at least US\$14 million in 2012 and 2013 to replenish funding for these projects.

13.3. The JAG had also endorsed the ITC's Strategic Plan for 2012-2015 and the new Strategic Framework, with particular support for the ITC's commitment to move towards socio-economic impact measurement. Efforts with regard to transparency and communication had been acknowledged as being integral parts of the ITC's contribution to better governance of the organization. Support had also been expressed for the ITC's initiatives to promote regional integration and intra-regional trade.

13.4. In the discussion which had taken place at the JAG meeting, Members had expressed their appreciation for the strong emphasis on non-tariff measures and on developing trade intelligence for LDCs, LLDCs and Sub-Saharan African countries. Delegations had expressed their wish to see the ITC further expand its activities in the field of the green economy – and more generally in the promotion of an inclusive and sustainable model of development, focusing on poverty reduction and the empowerment of women and youth. Discussion had confirmed the strategic importance of large programmes for the sustainability of the ITC's impact-oriented strategy.

13.5. Finally, on behalf of the Group, the JAG Chairman had thanked the Governments of Australia, Canada, China, Denmark, Finland, Germany, Norway and Switzerland for their expressions of financial support to the organization. Subsequently, the CTD had taken note of the JAG report and had forwarded it to the General Council for adoption.

13.6. The General Council took note of the statement and adopted the report of the Joint Advisory Group in document ITC/AG(XLIV)/248.

## **14 REVIEW OF WTO ACTIVITIES**

### **Reports of:**

**14.1 General Council (WT/GC/W/662), Dispute Settlement Body (WT/DSB/58 and WT/DSB/58/Add.1), and Trade Policy Review Body (WT/TPR/306)**

**14.2 Sectoral Councils (G/L/1018, S/C/39, IP/C/62) and Committee on Technical Barriers to Trade (G/L/1017)**

**14.3 Committees on Trade and Development (WT/COMTD/79), Trade and Environment (WT/CTE/19), Balance-of-Payments Restrictions (WT/BOP/R/105), Budget, Finance and Administration (WT/BFA/135), and Regional Trade Agreements (WT/REG/22)**

**14.4 Working Groups on Trade, Debt and Finance (WT/WGTDF/11) and Trade and Transfer of Technology (WT/WGTTT/14)**

**14.5 Committees under the Plurilateral Trade Agreements (GPA/116, WT/L/869)**

14.1. The Chairperson said that on a number of the reports Members would be considering, delegations had already had a substantive discussion in the respective bodies. She therefore suggested that, as usual, Members not repeat those discussions in the General Council. She also suggested that delegations take the floor only if they felt they must draw particular attention to any aspect of the work reported on, or to add to a previously expressed position. She hoped that, in the interests of maintaining the efficiency of our work, delegations would keep this in mind in requesting to speak.

14.2. She suggested that Members take up the reports under this Agenda item, which had been drawn up in pursuance of the Decision concerning procedures for an annual overview of WTO



activities and for reporting under the WTO in document WT/L/105. She noted that the Committee on Technical Barriers to Trade had met after the Council for Trade in Goods. For this reason, the Annual Report of the Committee had been forwarded directly to the General Council. She invited any Chair who wished to draw attention to an aspect of their bodies' reports to do so.

14.3. The General Council adopted the report of the Committee on Trade and Development in document WT/COMTD/79, and took note of the reports of the other WTO bodies, including the reports of the Committees under the Plurilateral Trade Agreements, in documents WT/DSB/58 and WT/DSB/58/Add.1, WT/TPR/306, G/L/1018, S/C/39, IP/C/62, G/L/1017, WT/CTE/19, WT/BOP/R/105, WT/BFA/135, WT/REG/22, WT/WGTDF/11, WT/WGTTT/14, GPA/116 and WT/L/869.

14.4. The General Council then adopted the draft Report of the General Council contained in document WT/GC/W/662, on the understanding that the Secretariat would make the necessary adjustments to that Report to include matters that had been considered at the meeting held the previous day on the accession of Tajikistan and at the present meeting.<sup>13</sup>

#### **15 APPOINTMENT OF OFFICERS TO WTO BODIES – ANNOUNCEMENT BY THE CHAIR PURSUANT TO PARAGRAPH 7.1(A) OF THE GUIDELINES (WT/L/510)**

15.1. The Chairperson drew delegations' attention to document WT/L/510, which contained the Guidelines for the Appointment of Officers to WTO bodies. Delegations would recall that in July 2012 and following a call by a number of Members to improve the process of the Appointment of Officers, the General Council had taken note of a number of practical steps to improve the implementation of the Guidelines, which were in document JOB/GC/22.

15.2. The Guidelines provided that the outgoing Chair of the General Council would conduct consultations on the appointment of chairpersons to the WTO bodies in Groups 1, 2, 4 and 5 of the Annex to the Guidelines. The Guidelines also provided, in paragraph 7.1(a), that in order to promote transparency, the selection process should start with an announcement by the Chair at the General Council meeting held in December each year. Accordingly, she wished to inform the General Council that she was starting the selection process. In accordance with Paragraph 7.1(b) of the Guidelines, she would be assisted in the selection process by the serving Chairman of the Dispute Settlement Body, Mr Bashir (Pakistan), and Messrs Agah (Nigeria), and Matus (Chile), former Chairmen of the General Council.

15.3. The consultations for the appointment of officers would start in mid-January 2013. In line with paragraph 7.1(d), Messrs Bashir, Agah, Matus and herself would will communicate, as early as possible, a specified time-period in which they would be available to hear the views and suggestions of Members, individually and/or in groups.

15.4. Furthermore, as provided for in Paragraph 7.1(c) of the Guidelines, a list of past Chairs of major bodies was available to delegations at the present meeting in order to provide some structure for their subsequent deliberations on the possible distribution of chairs based on past practice and the need for balance. She noted that, in accordance with paragraph 2.1 of the Guidelines, representatives of Members in financial arrears for over one full year could not be considered for appointment.

15.5. The practical steps to improve the implementation of the Guidelines to which she had referred earlier provided that more comprehensive information about the process should be provided to delegations, in particular to group coordinators, at an early stage, including through early meetings. In light of this, she had already met with group coordinators and had encouraged them to ensure that the respective Groups were fully aware of the process. Delegations would recall that the practical steps specified that for the purposes of paragraph 7.1(d) of the Guidelines, groups, meaning developed countries, Latin America and the Caribbean, Asia and Africa, had a role in putting forward names of candidates for the slots available to them.

15.6. The practical steps also said that the selection committee should make names of candidates available to group coordinators and to Members at different stages of consultations, including at an

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<sup>13</sup> The Annual Report of the General Council was subsequently circulated in document WT/GC/151.

open-ended informal meeting, as appropriate. The facilitators and herself would consider how to go about meeting this requirement after the first round of consultations in January.

15.7. The General Council took note of the statement.

## **16 ADMINISTRATIVE MEASURES FOR MEMBERS IN ARREARS – STATEMENT BY THE CHAIR**

16.1. The Chairperson, speaking under "Other Business", recalled that under the Administrative Measures for Members in arrears currently in place, there was a requirement that at each meeting of the General Council, the Chairman of the Committee on Budget, Finance and Administration should provide information with regard to which Members were under Administrative Measures in Categories II through IV. She recalled that the revised Administrative measures that the General Council had approved in October would enter into force on 1 January 2013. She invited the Chairman of the Budget Committee, Mr Zananavicius (Lithuania), to provide the Council with the information she had mentioned.

16.2. Mr Zananavicius (Lithuania), Chairman of the Committee on Budget, Finance and Administration, said that as required by the decision of the General Council, he would list the Members under Categories II through IV of the Administrative Measures as at 10 December 2012, as follows: there was one Member in Category II, Grenada; two Members in Category III, Dominica and the Bolivarian Republic of Venezuela; and, one Member in Category IV, Guinea-Bissau. This was the fewest number of Members subject to Administrative Measures the WTO had ever had. He thanked all those Members who had cleared their arrears or entered into payment plans, and he invited the four remaining Members to also take actions to clear their arrears. He wished to highlight that Gabon had now completed its three year payment plan to clear arrears in contributions and was no longer subject to Administrative measures. The previous evening he had received information that the Democratic Republic of the Congo was in the same situation.

16.3. The Chairperson said that under the revised Administrative Measures, she was also required at each Council meeting to request those Members in Categories III and IV of the Measures to inform her, before the next meeting of the General Council, as to when their payment of arrears might be expected.

16.4. The Director-General thanked both Congo and the Democratic Republic of the Congo for their recent efforts to settle their arrears. This was a new development, and a welcome one, and he knew that missions had been working hard with their Capitals, which was not always easy on this sort of matter, so this needed to be recognized, acknowledged and appreciated. As a result, there was now only one country in Category IV, which was unprecedented since 1989, which was the moment when measures had been put in place. There was now a reasonably clean situation, although of course, zero was better than one, but that was due to Members' collective engagement and he wished to thank them for it.

16.5. The General Council took note of the statements.

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