



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 22 October 1999

12092/99

LIMITE

WTO 131

"A" ITEM NOTE

From : COREPER

Dated : 20 October 1999

To : COUNCIL

N°s.prev.docs. 11667/99 WTO 122 and 11803/99 WTO 124

**Subject : Preparation of the Third WTO Ministerial Conference
- Draft Council conclusions**

1. Following the meeting of the General Affairs Council on 11 October 1999, COREPER, at its meetings on 13 and 20 October 1999, examined three outstanding issues in the text of the draft set of Council conclusions on the preparations for the Third WTO Ministerial Conference in Seattle (30 November - 3 December 1999).
2. COREPER reached agreement on these three issues and agreed to submit a consolidated version of the draft set of conclusions (see Annex I) to the Council, subject to the entry in the Council minutes of a unilateral statement by the German delegation relating to technical barriers to trade (see Annex II).
3. It is therefore suggested that the Council, as an "A" point:
 - adopt the draft conclusions set out in Annex I to this note;
 - enter in its minutes the declaration set out in Annex II.

**Preparation of the Third WTO Ministerial Conference
Draft Council Conclusions**

1. The Council held a detailed discussion on the preparations of the Third Ministerial Conference of the WTO to be held in Seattle from 30 November to 3 December 1999 where decisions will be taken concerning the scope, modalities and structure of a new round of multilateral trade negotiations.
2. The Council welcomed the Communication from the Commission of July 1999 on "The European Union approach to the WTO Millennium Round" and considered that this provided a useful contribution to the elaboration of the European Union position in the preparatory process for the Third WTO Ministerial Conference.
3. The Council, whilst noting that market opening, the development of trade and increasing technological advances have contributed to world economic growth, underlined that this growth should produce a fairer spread of the benefits of globalization. The Council agreed that the further development of trade needs to be accompanied by the strengthening of rules. The Council also reaffirmed the importance it attaches to the primacy of the multilateral trading system and of its basic principles as guarantees against protectionism and unilateralism. The Council agreed on the following broad objectives for the forthcoming round:
 - strengthening the WTO rules-based system,
 - promoting the further liberalization of trade,
 - improving the integration of developing countries into the multilateral trading system,
 - addressing the interface between trade and related issues and policies.
4. The Council underlined the need to ensure that an appropriate balance between the further liberalization of trade and the strengthening of multilateral rules contributes towards sustainable development, environmental protection, social progress, the reduction in poverty and consumer health. In taking into account these concerns, the WTO will be better able to respond to the challenges resulting from rapid and fundamental economic and technological change.

During the forthcoming WTO negotiations the Union will ensure, as in the Uruguay Round, that the Community and its Members States maintain the possibility to preserve and develop their capacity to define and implement their cultural and audiovisual policies for the purpose of preserving their cultural diversity.
5. The Council underlined the need to involve fully civil society in this process and to this end to continue the dialogue with it in order to take into account its legitimate interests and concerns.

6. The Council recalled that it has consistently supported the aim of a comprehensive new round, as reflected in its conclusions of 30 March, 30 April and 18 May 1998, 21 June, 1999 and by the European Council at its meeting in Cologne on 3-4 June 1999.
7. The Council reiterated its firm conviction that a comprehensive trade round involving a broad range of issues is the best way to address the challenges resulting from rapid and far-reaching economic changes, to manage properly and effectively the globalisation process, to expand opportunities for international trade and growth, and to respond in a balanced manner to the interests of all WTO members especially the developing countries.
8. The Council underlined in particular that a comprehensive approach offers the opportunity of achieving the following broad range of objectives of benefit to all WTO members:
 - further liberalization and expansion of trade to the benefit of all countries, leading to increased growth, competition and employment in a manner conducive to sustainable development;
 - increased transparency, fairness and predictability through the strengthening of WTO rules and disciplines;
 - ensure that liberalization promotes sustainable development and addresses the concerns of civil society, including representatives of business and consumers;
 - the further enhancement of the contribution of the WTO to development, with specific actions in favour of developing countries, in particular the LDCs to promote their integration into the multilateral trading system, through market access, improved rules and increased technical assistance;
 - increased coherence on trade, monetary and financial issues through improved cooperation between the WTO and other international organizations, including the Bretton Woods Institutions and other UN organizations, to help developing countries to benefit fully from further trade liberalization;
 - equal opportunities for all WTO members to obtain results on the basis of balanced negotiations.
9. The Council confirmed the EU position that the launching, conduct and conclusion of a new comprehensive round of negotiations should be guided by the principle of a single undertaking in order to ensure that the priorities of all WTO members are given equal attention throughout the negotiation process and that the end results are acceptable to all and achieve a generally advantageous balance of rights and obligations. The Council also agreed that the objective should be to conclude the round within 3 years.
10. The Council emphasized the particular importance it attaches to ensuring that the new round responds to the particular interests and concerns of developing countries, and that a development agenda be reflected in all areas of negotiation. The Council confirmed

its view that the developed countries should be open to consider constructively, as a part of a comprehensive package, proposals from developing countries, aimed at their fuller integration into the multilateral trading system, including proposals to make the special and differential treatment more operational and to improve market access in areas of interest to developing countries. The Council also noted that there are a number of other issues, such as those relating to trade defence and other WTO rules and disciplines, which are of particular concern to developing countries. The Council confirmed that the EU would be open to consider the inclusion in the New Round of any issues relating to the functioning and implementation of the Uruguay Round agreements requested by developing countries.

A development agenda for the new round should be accompanied by the following actions at the Seattle Conference:

- WTO members should take the decision to enter into a commitment to ensure duty-free market access no later than the end of the new round for essentially all products exported by the least-developed countries. Such a commitment should be taken by all industrialized countries and most advanced developing countries should pledge to contribute as well;
 - a work programme should be built providing for a coordinated approach to trade related capacity-building, for enhanced cooperation and transparency in support of trade liberalisation between the WTO and the Bretton Woods Institutions and for more efficient complementarity of action by international organisations in support of policy coherence.
11. The Council noted with satisfaction that the EU had maintained a leading role in promoting a comprehensive round by submitting to the WTO written contributions¹ in the main areas to be covered by such a round. The Council endorsed the content of all these contributions and confirmed that these constitute, together with the Council conclusions, the EU position. All the elements contained in the contributions clearly demonstrate the EU determination to act in an equitable and balanced way in line with the basic parameters as outlined in paragraphs 7 and 8.

The EU objectives developed in these contributions can be summarised as follows:

(a) Agriculture

Negotiations will be based upon the mandate provided by Article 20 of the Agreement of Agriculture. This conditions the long-term objective of substantive, progressive reduction in support and protection, resulting in fundamental reform, by other concerns, notably by experience and effects of implementing reduction commitments agreed in 1994, special and differential treatment of developing countries, the objective to establish a fair and market-oriented agricultural

¹ Which have been circulated by the WTO as EU documents under the following numbers: Agriculture (WT/GC/W/273); Services (WT/GC/W/189); Trade and Investment (WT/GCW/245); Trade and Competition (WT/GC/W/191); Trade Facilitation (WT/GC/W/190); Market Access for non-Agricultural Products (WT/GC/W/178); Trade and Environment (WT/GC/W/194); Intellectual Property (WT/GC/W/193); Government Procurement (WT/GC/W/192); TBT Agreement (WT/GC/W/274); Duty Free Market Access for the Least-Developed Countries (WT/GC/W/195); Capacity-Building and Coherence (WT/GC/W/297); Possible Decisions at Seattle (WT/GC/W/232).

trading system, and non-trade concerns.

The Council recalled the conclusions reached at its session (Agriculture) on 27 September 1999. Concerning the main areas of negotiation :

- the Union's position will be founded on the full Agenda 2000 package decided by the European Council in Berlin on key trade issues such as access, assistance to exports and commitment to reduce support. With regard to the improvement in access, the Union, as a major food exporter, must act with a view to sharing in the expansion of world trade, which will be offered as a result of the new round. The Union is willing to continue to negotiate in the process of reducing trade barriers, bearing in mind that this process is more advanced in some agricultural sectors than in others, as well as both domestic and export support while seeking to obtain improvements in opportunities for EU exporters and ensuring that all forms of export support are treated on an equal footing by including other less transparent forms of export support (food aid, export credits and single desk buyers or exporters);
- the Union is prepared to negotiate reductions in support provided that, in particular, the concept of "blue and green" boxes will continue. The "Peace Clause" and the "Special Safeguard Clause" have proved to be very useful instruments in the implementation of the Uruguay Round. Similar instruments will be needed in future.
- on the non-trade concerns, the Union will take forward the multifunctional role of agriculture, food safety, including the precautionary principle, food quality, and animal welfare;
- the Union will promote actively special and differential treatment for developing countries, in particular for the least developed countries.

(b) Services

Negotiations should be comprehensive and bring about a deeper and broader package of improved commitments from all WTO members to market access and national treatment. Current imbalances in commitments across countries and service sectors should be reduced. Negotiations should also aim at strengthening of GATS disciplines with the aim of ensuring transparent and predictable regulatory environment. Any unfinished business (for instance, safeguards, subsidies, government procurement) should also be absorbed in the negotiations. Other aspects of the functioning of GATS which have been subject to inconclusive discussion on interpretation or implementation could be reviewed. The participation of developing countries should be facilitated by exploiting fully the opportunities offered by the GATS. For the efficiency of the negotiations and in order to maximize the results while at the same time ensuring coherence of commitments by sectors and by mode of supply, horizontal formulas, when appropriate, should be considered as a useful tool for the negotiations. This would apply across the board to sectors committed, except where expressly indicated.

(c) Trade and Investment

The WTO should begin negotiations aiming at establishing a multilateral framework of rules

governing international investment, with the objective of securing a stable and predictable climate for foreign direct investment worldwide. Such a framework should focus on foreign direct investment to the exclusion of short-term capital movements, and has to ensure the right conditions for international investment to be conducive to sustainable development, and preserve the ability of host countries to regulate the activity of investors on their respective territories, in accordance with basic WTO principles, also taking into account the concerns expressed by civil society, including those regarding investors' responsibilities. Negotiations should address the issues of access to investment opportunities and non-discrimination, protection of investment, and stable and transparent business climate.

(d) Trade and Competition

The WTO should begin negotiations on a basic framework of binding core principles and rules on domestic competition law and policy and its enforcement. The WTO principles of transparency and non-discrimination would provide key foundations for the development of such core principles and rules. The WTO should also aim at developing common approaches on anti-competitive practices with a significant impact on international trade and investment as well as on the promotion of international cooperation. The development dimension should also be at the centre of the considerations of such a multilateral framework by combining possible transitional periods together with technical assistance and flexibility in the rules.

(e) Trade facilitation

The objective of trade facilitation would be to reduce operating costs and delays for all traders, especially small and medium-sized enterprises, and to help governments to improve administration, increase revenue intakes and to better detect illicit transactions. Negotiations should aim at establishing a framework of commitments on the simplification of trade procedures. They should encompass inter alia the application of GATT/WTO principles for trade procedures, simplification and harmonization of data and documentation, streamlining of customs and related border crossing procedures and measures to develop capacity in developing countries.

(f) Market access for non-agricultural products

Negotiations should be based on a comprehensive approach aiming at substantial tariff reductions and the elimination of tariff peaks. These negotiations should aim at harmonising and simplifying the tariff structures of all WTO members across all non-agricultural products, without any products being excluded. Such an approach should be sufficiently flexible to secure full participation of developing countries, while taking into account their different levels of development. Modalities should consist of a tariff-band approach to be accompanied by average tariff objectives allowing for deeper reduction or tariff elimination for specific products or product groupings. A credible market access negotiation would have to be accompanied by a comprehensive non-tariff initiative to make sure that non-tariff measures do not counter the benefits of further tariff reductions. The non-tariff initiative may have to be based on a rules approach, looking at horizontal issues such as customs valuation, licensing, origin, product safety standards and certification procedures, but should also allow for discussions of specific non-tariff measures on a case-by-case basis.

Any decision on trade liberalisation will take due account of the compliance with the United Nations International Convention on the Law of the Sea and the objectives of International Agreements on environmental preservation and natural resources management and of the International Fisheries Agreements.

(g) Trade and environment

Trade and environment policies should play a mutually supportive role in favour of sustainable development. Environmental considerations should be taken into account throughout the negotiations with a view to achieving by the end of the round an overall outcome where environmentally friendly consequences can be identified in the relevant parts of the final package. In order to meet every participant's trade interests, in particular the legitimate interests of developing countries and to promote sustainable development, the new round should maximise the potential for positive synergies between trade liberalization, environmental protection and economic development. Specifically a set of issues should be included in the negotiations aiming at greater legal clarity on the relationship between WTO rules and trade measures taken pursuant to provisions of Multilateral Environmental Agreements to the effect that the WTO should accommodate the use of such globally agreed instruments and at a clarification of the relationship between WTO rules and non-product related process and production methods requirements with regard, in particular, to eco-labelling schemes, at examining the role of core environmental principles, notably the precautionary principle in WTO rules and at encouraging cooperation between WTO and relevant international bodies.

(h) Trade related aspects of intellectual property rights (TRIPS)

It will be necessary to take decisions on the follow-up of the "built-in agenda" in TRIPS, notably concerning the extension of protection under geographical indications (multilateral register for wines, spirits and other products). Issues left aside at the end of the Uruguay Round require further examination for instance concerning the filing of patents. The pursuit of additional amendments to the TRIPS Agreement should be undertaken whilst preserving a balance between the interests of all countries as well as between the users and the rightholders. New developments which have taken place outside the WTO, in particular in WIPO and on which international consensus has made progress should also be taken into account in the WTO.

(i) Government procurement

The new round should be the opportunity to consolidate and build on the existing multilateral work programme in this area. Negotiations should be engaged with the objective of a multilateral agreement providing for transparency and non-discrimination with a broad sectoral coverage. The results should take account of national policies and practices as well as the different levels of development of WTO members. They should apply to the procurement of both goods and services and to all levels of government. On the Agreement

on Government Procurement, the current work should be continued to improve it further, through expanding its scope and coverage as well as to attract new Members.

(j) Technical barriers to trade

Negotiations should aim at further removing and reducing the range of regulatory barriers through, among other things, strengthening existing provisions in the TBT Agreement in particular concerning regulatory cooperation, clarifying existing definitions and provisions regarding especially the promotion of international standards, and by expanding the scope of certain provisions with special consideration to the development of multilateral guidelines on labelling. The EU also sees the need to address in this context health, consumer safety and environmental issues in a manner that ensures an appropriate balance between the right to take action to achieve those objectives, and the obligation to avoid disproportionate restrictions.

12. The Council underlined that the overriding objective for the Seattle meeting must remain the launch of a new comprehensive round. In addition to the two developing country-oriented proposals set out in paragraph 10, the EU should also continue its strong advocacy of greater transparency. Decisions could also usefully be taken on improvements to the Dispute Settlement Understanding as well as on a balanced package of trade principles on electronic commerce, covering inter alia such issues as domestic regulation, anti-competitive practices and clarifying the application of GATS rules. Decisions on issues other than the launch of the round must however be balanced, with benefits to all WTO members, and underpin the launching of a new round.

13. The Council agreed that the EU should strongly support the protection of core labour rights. In this context, the Council discussed in detail the role that the WTO should play to promote the observance of core labour rights as well as the implications of an EU initiative to this end in the WTO. The Council recalled the importance of the Singapore declaration and agreed that additional initiatives should be taken on the following lines:

The WTO should, in cooperation with other relevant international organizations, encourage positive incentives to promote observance of core labour rights. For this purpose the EU should undertake a continuous dialogue with partners in the WTO and in the ILO as well as civil society, in order to define and agree approaches which would be in the best interests of those who are really affected by these issues.

The European Union will advocate the following measures for progress on the issue of trade and labour rights:

- enhanced cooperation between the WTO and the ILO and their Secretariats;
- support to the work of the ILO and its observership in the WTO;
- creation of a Joint ILO/WTO Standing Working Forum on trade, globalisation and labour issues to promote a better understanding of the issues involved through a substantive dialogue between all interested parties (including Governments, employers,

trade unions and other relevant international organisations). This dialogue should include an examination of the relationship between trade policy, trade liberalisation, development and fundamental labour rights. This Forum would also prepare for a ministerial-level meeting which should take place no later than 2001. The EU will propose to host such a meeting;

- pursuit and encouragement of further positive measures building on the incentives already applied by the EU for the enhancement of labour rights, in particular through additional improvements in market access for developing country exports, and not through trade-restrictive measures.

The Council confirmed the EU's firm opposition to any sanctions-based approaches. The Council also agreed to pursue international consensus through discussions and negotiations with its partners. The EU will oppose and reject any initiative to use labour rights for protectionist purposes. In addition, the Council agreed that the comparative advantage of countries, particularly low-wage developing countries, must in no way be put into question.

14. The Council stressed the importance that close contacts be maintained, both in preparations for the Seattle meeting and during subsequent negotiations, with parliaments, including the European Parliament. The Council also encouraged the Members of the Council to continue and intensify their dialogue with the organizations of civil society and expressed its appreciation for the efforts undertaken by the Commission in organizing regular dialogue with the civil society at European level. The Council also agreed on the need for continuous improvement in transparency within the WTO.
15. The Council took stock of the preparatory process for the Seattle meeting and noted in particular that work has started on the elaboration of a Draft Ministerial Declaration. The Council expressed its full support to the Commission to continue to promote the EU position in favour of a comprehensive new round and to participate actively, with the assistance of the 133 Committee, to the concrete formulation of the elements of the Draft Ministerial Declaration on the basis of the objectives as identified by the EU in the various sectors and issues.
16. The Council agreed to continue to follow closely the developments of the preparatory process for the Seattle meeting and to return to the matter as appropriate. It also decided to meet in special session in Seattle throughout the duration of the Conference and to be assisted by the 133 Committee in order to contribute to the final stage of negotiations, take a position on the draft WTO Ministerial Declaration resulting from those negotiations, and to take the necessary decisions.
17. The Council intends to adopt negotiating directives as soon as possible after the launching of the New Round.

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Statement by the German delegation on point 11(j)

Germany interprets point 11(j) of the conclusions as meaning that it will continue to be the responsibility of the Member States to ensure in particular the protection of people's health and their safety in accordance with the Community Treaties and taking account of the subsidiarity principle, and consequently that the specified aim relates exclusively to product requirements designed to remove technical barriers to trade.