

## **STILL IN THE DARK ON THE ROAD TO CANCUN:**

General Council Meeting (24-25 July) Hears Concerns over the Process of Drafting and the Contents of the Draft Cancun Declaration

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### **I: INTRODUCTION**

The following is a report of recent developments in the WTO in relation to the preparations for the Cancun Ministerial Conference, and especially the issues that emerged from the General Council meeting of 24-25 July just before the WTO took a short summer break (until 11 August).

Part II deals with the process and procedures being planned for further discussion of the many contentious issues, and especially on how the next draft or drafts of the Ministerial Declaration will be formulated, and the process by which the draft will be transmitted from Geneva to Cancun. It is shown that the process remains untransparent and that developing countries will be the likely losers.

Part III deals with the debate that has emerged whether a decision on the Singapore Issues is linked to development in agriculture, or whether this would be on their own merit.

Part IV reports on the comments by some developing countries on the need to ensure a fair process before Cancun, whilst Part V deals with fundamental differences over the content of the draft ministerial declaration. Part VI reports on the General Council debate on several issues brought up by developing countries, especially anti-dumping actions and textile quota phasing out; however there was a generally hostile response from developed countries to the proposals. A final Part VII deals with a few other issues that were discussed at the General Council.

### **II: SCENARIO BUILDING TOWARDS AN UNTRANSPARENT AND NON-PARTICIPATORY PROCESS OF DRAFTING AND TRANSMITTING THE DRAFT CANCUN DECLARATION**

The World Trade Organisation went into a two-week recess following the General Council meeting on 24-25 July, leaving behind the distinct impression that vital stages in the further elaboration of the "skeletal draft declaration" for Cancun released on 18 July will be carried out in the dark, with little chance for the majority of the (developing country) members to have their imprint on the text as it is actually put together and transmitted to Ministers in Cancun.

At a briefing for the media on 25 July together with Dr. Supachai Panitchpakdi, WTO Director-General, Ambassador Perez del Castillo (Uruguay), Chairman of the General Council (GC) outlined what both he

and Supachai were at pains to portray as participatory and inclusive procedures for preparing the draft text for Cancun.

As it turns out, however, the procedure outlined would seem to be a punishing schedule of "informal consultations", some involving all members, others confidential and open to only small groups, and still others at the bilateral level. At the end of it all the text is still likely to be transmitted to Cancun over the heads of delegates in Geneva.

The WTO convenes again on 11 August. On 22 August the General Council chairman would release a second draft of the Cancun Ministerial Declaration. Then on 25-26 August a formal meeting of the General Council will be held to discuss the draft.

The mechanisms by which the views of members can be brought into the 22 August draft, by which proposals to revise this draft before the 25-26 August General Council (GC) meeting, and by which the views at the GC meeting can be incorporated into the text, have not been spelt out. The strong suspicion is that there is no such mechanisms have been planned. Thus, although all kinds of views may be expressed at all kinds of meetings, it is likely that the 22 August draft will still be sent on to Cancun, on the "personal responsibility" of the GC Chairman.

According to the schedule outlined by Ambassador Castillo, informal open-ended meetings of heads of delegations (HOD), to which all member countries are invited, will be held every morning starting on 11 August, and these will examine specific key issues contained in the first draft of the Ministerial declaration.

These prominent issues (defined as issues on which ministers need to take decisions in Cancun) include agriculture modalities, non-agriculture market access, registry of geographical indications (Gis), the Singapore issues, implementation issues, Special and Differential treatment (SDT) and TRIPS and public health. These issues will be considered at the HOD meetings in the first week, and the other issues contained in the draft text, such as services and rules, will be looked at in the second week of consultations.

The afternoons will be devoted to various consultations in different formats -- meetings in small groups and bilateral consultations - which would be in small groups and are not open to all members. The GC Chair would conduct some of the meetings.

By 22 August, as Mr. Castillo put it, "we will be putting to members a final draft on what the text should be that will reflect the progress achieved and the realities of the day."

A formal General Council meeting has been scheduled for 25-26 August with senior officials from capitals attending. Thereafter a final draft text will be submitted to the Ministers.

It is not known whether this text for Cancun will be the same as the 22 August draft.

There is little in the nature and schedule of activities as outlined that would give confidence to the majority of developing countries that their issues and perspectives will be properly reflected in draft Declaration that will be transmitted to Cancun.

The decision to convene a General Council meeting on 25-26 August is a change of plans. In the WTO schedule of meetings, no GC meeting had been fixed for August. But some developing countries criticised the lack of opportunity for members to voice their views or to adopt or revise the drafts. At various meetings (including the recent Trade Negotiations Committee meeting), they requested for a formal meeting on the draft text before it is transmitted from Geneva.

However this apparent responsiveness to developing country demands is defective in one of the critical regard. This concerns whether the final draft text will be a consensus text agreed at the General Council meeting, or something that the GC Chairman will send on to Cancun under his own responsibility. In the latter case, the developing countries rightfully fear their views will not be represented.

During the media briefing, Amb Castillo stated that he was 'confident that there will be ample time from 26 August till 10 September (when the Cancun ministerial opens) for the ministers to consult among themselves, so that by the time of Cancun there will hopefully be a text with a 'lot of flesh in it' that will facilitate the task.' (as reported in SUNS 5393).

Thus, after the GC meeting, the draft declaration may continue to evolve through ministerial level consultations involving a few countries. This is not part of the formal processes of the WTO. Most members, especially developing countries, would be excluded. It is most unlikely that a draft that emerges in this way will adequately reflect the views of all members, especially since there is still contention over so many key issues, which form the content of the text.

Thus it is not clear on whose authority such a final draft text will be placed before Ministers at Cancun, especially if members at the General Council meeting dispute various parts of the draft.

This is a throw-back to the pre-Doha situation in 2001, which the draft Declaration with which the majority of the members disagreed, was nevertheless sent on to the Ministerial, on the personal responsibility of the then GC Chair, Amb. Stuart Harbinson of Hong Kong, against the express wishes of many members.

Apart from these problems with how the draft text is finally transmitted to Cancun, the actual daily process of consultations, which is supposed to input into formulation of the text, does not offer much comfort to most of the developing country members either. This is in spite of the reassurances of Amb. Castillo and Dr Supachai to the contrary.

At the media briefing, a journalist asked these two officials to comment on the criticisms by NGOs that the decision-making processes, especially surrounding Ministerials and their preparatory process, in the WTO are untransparent and non-inclusive,

Supachai stated that almost all the key issues have been addressed at the HOD level and everyone had been part of the discussions and negotiations all the time. He added there have been very few small group meetings and the ones he conducted in the past two weeks have been mainly with the senior officials from capitals, participating in the General Council and the TNC. He insisted that there has always been full transparency in all respects.

The issue, however, is which of the consultations will be decisive in making the deals that will form the content of the text. On the evidence of the expectations expressed by Supachai and Castillo, the decisive consultations will be those carried out in the closed, "confidential" small groups and/or bilateral meetings from which most members are excluded, rather than the large open-ended informal heads of delegations.

### III: DECISION ON SINGAPORE ISSUES LINKED TO AGRICULTURE OR DECIDED ON OWN MERITS?

In response, for instance, to questions as to when the modalities on Singapore Issues will be ready, Amb. Castillo stated that he thought that the fate of the Singapore issues "are very much linked to the package that we will be able to take to Cancun." He added that if there could be 'some developmental package' with substantial movement on agriculture and non-agriculture market access by Cancun, then Singapore issues would be on the table. In that event, he suggested, drafting modalities on the Singapore issues would be no problem.

Amb Castillo had earlier indicated that movement on agriculture in particular would be the key to unlocking movement in all other areas. But for this vital movement on agriculture, Amb Castillo indicated that he hoped that consultations between the US and the EU would be ripe for them to give some signals at the Montreal mini-ministerial, and this would be useful for pursuance of work in Geneva'.

Thus the fate of one set of issues -- the Singapore Issues -- on which all the members have strong opinions one way or the other, is linked to deals between some of the parties; and a key stage of the consultations is a mini-ministerial, an informal structure which does not form part of WTO processes, and to which most members are not invited.

As reported in the SUNS 5393, the theme of linking progress in agriculture with the Singapore Issues was replayed last week in Geneva at a small informal meeting hosted by Japan in a Geneva hotel to which only senior officials from a few selected countries were invited. This strategy of linkage is one being pushed most forcefully by the Cairns group, the US, and even WTO officials. The EU, which once was most

prominently putting forward the linkage concept ("For us to make concessions in agriculture, we must get something in return, especially Singapore issues") announced that it did not believe in any such linkage

Most developing countries, in Asia, Africa and the Caribbean, are resistant to any such linkage between agriculture and the Singapore issues. They believe the Singapore issues should be decided on their own merits and not be used as a bargaining chip. But few developing countries were invited to the meeting.

Both Japan and the EU have come out with their versions of modalities for the Singapore issues. These two proposed texts for decisions are very similar to each other.

Thus while most developing countries will be attending the open-ended morning consultations, the actual deals that will impact on the draft are expected to be worked out in small groups and bilateral consultations, to which most are not privy.

These countries excluded from the small consultations will continue to express their views at the so-called open-ended informal head of delegations consultations. Whether their views expressed at this level will be faithfully reflected in the draft text is a big issue.

#### IV: DEVELOPING COUNTRIES SPEAK UP IN GENERAL COUNCIL FOR A FAIR PROCESS

Many developing countries are already expecting a repeat of the pre Doha and Doha experience, that on Singapore issues, their objection to the launching of negotiations at Cancun, will be ignored.

Also, after the draft is given out on 22 August, the countries whose views were excluded have only very few days to give their views or make counter proposals as the GC meets just three days after.

Many developing countries recognise that such a process will put them at a disadvantage and prejudice their capacity to influence the text. Some voiced these concerns at the GC meeting of 24-25 July. Some have put forward specific proposals to improve the process.

One of the strongest countries on these issues was Cuba. While noting with satisfaction that there would be August meeting of the GC, Cuba stated, "that that meeting should approve, by consensus, the draft text to be presented to the Ministers in a clear and unambiguous language". To this end, Cuba agreed with Jamaica in demanding that the secretariat should make available before the meeting of the General Council, the draft text in all the working languages of the WTO. In relation to the series of consultations which the Chair of the General Council planned to undertake, Cuba stated that the sequencing of the subject matters to be discussed should give priority to the issues which had direct

implications on development before other subjects can be dealt with later.

Furthermore, Cuba proposed that "regular written reports on the discussions of the informal heads of the delegations meeting should be circulated to enable every members to be equally informed as to the state of the process".

In a similar vein, Bangladesh insisted that the principle of inclusiveness must be cardinal to the process of preparing the draft declaration. The consultation must be open-ended. In addition, the draft declaration must reflect the areas of convergence, while areas of divergence must also be reflected and not glossed over. Above all, the draft must not be sent to ministers without the agreement of the WTO membership in Geneva.

India also expected that "the draft text and the attachments will be developed in such a manner that, at the end of the process, they fully reflect the views of all Members, and that wherever there are divergence of views, they will be fully and faithfully expressed"

The fears behind the concern by many developing countries for a process which allows them to reflect their priorities was summed up by one African country delegate when he stated that "Adding flesh to the skeleton in the dark may end with a deformed monster which will attack our interests." He was making reference to the so-called skeletal first draft of the Ministerial text.

The need for a fair, balanced and democratic process is even more important in view of the clear split between developed and developing countries on the issues, which would form the content of the draft ministerial declaration. This came out most clearly in the discussion of the general council on the content of the draft ministerial declaration.

#### V: FUNDAMENTAL DIFFERENCES OVER THE CONTENT OF DRAFT MINISTERIAL DECLARATION

At the General Council discussion on the first-draft "skeletal ministerial text", there was a fundamental divide between developed and developing in relation to particular issues, and also to the prioritisation of those issues.

According to Switzerland, the draft ministerial text reflected the reality of the current state of the negotiations. While it was less than what they would have wanted at this stage of the process, nevertheless the process initiated by the Chair of the General Council needed to be supported. On the content of the issues, Switzerland stated that in relation to the question of agriculture, the Uruguay round approach must be adopted. It also saw the Singapore issues as important part of the WTO's work, since it is related to market access, which, as shown in the case of non-agriculture market access,

constituted the core business of the WTO. It acknowledged that the issues of implementation, S&D and TRIPS and public health had to be dealt with for a successful outcome of the negotiations.

For Japan, the Doha declaration had clearly mandated the start of negotiations on the Singapore Issues after Cancun. While there was the need for consensus on modalities, it was of the view that the negotiations will have to start after Cancun.

Norway supported the process adopted by the GC Chair and believed that progress on agriculture, non-agricultural market access, and Singapore Issues were critical for progress in Cancun. On the Singapore issues, it believed that even though they were different, they must be seen in the overall context of the other issues. In addition there was the need for quality offers in the areas of services.

The EU believed that overall the draft ministerial text was a useful working tool, even though it was clear that a lot of work needed to be done especially on the modalities in agriculture, non-agricultural market access, and the Singapore Issues. It stated that the Singapore Issues were part of the single undertaking, and therefore needed to be addressed as part and parcel of the package that needs to be taken to Cancun. It undertook to assist the Chair of the General Council, Amb. Castillo, to draft the modalities. With regard to the issue of modalities, it understood the need to address concerns of other countries and was therefore ready to give more scope to substantive issues in the formulation of the modalities.

On agriculture, EU believed that progress had been made and much more can be made before Cancun. It believed that on S&D, progress had been made even though at times it seemed like a case of taking one step forward, two steps back. It also believed that a solution could be found to the issue of TRIPS and public health before or at Cancun.

The optimism underlying most of the GC statements by the developed countries was most captured by the US, which stated it was ready to show leadership for progress. It had already seen evidence of some additional substance emerging to fill the skeletal text; however the final text would have to provide more detail even as to the post-Cancun process.

In contrast to this optimism, many developing countries expressed their serious concerns at the GC with the present situation. Cuba said the draft ministerial text was based on a level of optimism not matched by the reality of the negotiations at the moment, especially given the short time left before Cancun. In this context, it was concerned that pressures would be put on developing countries to give up their interests. "It would be better to recognise failure to fulfil the mandates rather than accept a bad deal"

On TRIPS and Public Health, Cuba stated that even in relation the 16 December Motta text, it was important to take into account that important elements that should have been part of an effective solution, had been excluded from the text. It also stated that on other

aspects of TRIPS, the text did not include the issues of implementation covered by paragraphs 18 and 19 of the Doha declaration.

On Singapore issues, Cuba was concerned that the skeletal text bunched all issues together, contrary to the position of the majority of the members that each issue had to be dealt with on its own merits. Further, Cuba did not see the basis for the phrase contained in the text referring to some work done in the General Council on the issue of modalities. "To what work is the text referring to?" asked Cuba, adding there had been no debate in the General Council on the issue of modalities, and "we do not believe that in the little time available it would be possible to develop these modalities".

Cuba stressed it did not believe that conditions had been created for the launch of negotiations on any of the Singapore Issues. This required further studies and a process of analysis and evaluation of the impact of the rules in these subjects on the economic and social development of developing countries.

On agriculture, Cuba stated that whatever agreement was finally reached on the modalities should conform to the Doha mandate including the full integration of the special and differential treatment for developing countries. In this regard, the modalities should include among others, strategic products of interest to developing countries as well as a special safeguard mechanism for developing countries.

On non-agriculture market access, the Cuban statement supported the demand that the modalities should include effective measures taking into consideration the special needs and interests of developing and least-developed countries, in particular that there should be less than full reciprocity, the conduct of studies on the impact of further liberalisation, as well measures to assist least developed countries to participate effectively in the negotiations.

Nigeria stated that modalities for the Singapore Issues must include substantive modalities. It demanded to participate in the process of the formulation of these modalities.

Brazil stated that in the absence of a spirit of compromise and commitment, there would no progress. Progress on the development issues was important for overall progress, and while all countries had to make movement, some countries, especially the major countries had to move faster. It underlined that the issue of S&D was not a case of providing a free ride for developing countries as others had suggested; its importance stemmed from the regressive nature of some of the rules of the WTO, for example the rules relating to TRIPS and TRIMS.

For China, the subjects listed in the draft text reflected the checklist of issues earlier circulated by Dr Supachai. However, they believed the subjects as they appeared in the text needed to be adjusted. In this regard, the issue of S&D needed to be given fuller reflection in the text, which should also give a more prominent emphasis on the centrality of development.



The Indian Commerce Secretary, Mr Chatterjee, said that on TRIPS and health, it was regrettable that the compromise text of 16 December 2002, accepted by most delegations, had still not been adopted unanimously. On S&D, he complained that the draft text proposed by the GC chair did not specify a clear deadline for completion of this work, and seemed to envisage a possibility of work on these issues "continuing for years to come." He wanted a deadline to be set, and work to focus on agreement specific proposals.

On implementation-related issues, India referred to the missed deadline, and said, "We now get the impression that we are losing our way in addressing this important set of issues. The manner in which the implementation issues has been tossed about between the TNC, regular bodies and 'Friends of the Chair' fails to give us confidence in the ability of the system to deliver meaningful results." On Supachai's statement (as TNC chair) that he intended to hold further consultations on implementation issues, the Indian Commerce Secretary said that these should be properly structured and carried out within a specified time-frame, and the DG should act quickly and decisively to find progress.

On agriculture, India said the draft should reflect the current state of play, and reiterate the assurance to developing countries that their concerns will be met as part of the core modalities. India also underlined that "the levels of ambition are not similar in agriculture in all countries."

On non-agricultural market access, India insisted that it had to be clearly recognized that the starting point for tariff cuts is "where we left off at the Uruguay Round, since that position reflected the rights and obligations set by all of us" (thus rejecting the idea of somehow bringing in and cutting applied tariffs).

On Singapore issues, India stated that the Doha mandate was clear that explicit consensus on the modalities was needed for negotiations. The modalities had to be substantive, and go beyond the elements listed in the Doha declaration. India added that not all members were convinced of the need to adopt rules in the WTO on the Singapore Issues. For members to make up their mind, all of them had to be aware of what questions were involved. This could only be done on the basis of a full discussion of substantive modalities.

#### VI: DEVELOPED COUNTRIES UNWILLING TO SHOW FLEXIBILITY OVER LEGITIMATE CONCERNS OF DEVELOPING COUNTRIES.

In addition to the disagreements over the draft ministerial text, the GC meeting also saw a clash of wills between developed and developing countries in areas where developing countries had specific problems and had made proposals to address them. The developing countries were confronted with a generally hostile response from developed countries, which while acknowledging the legitimacy of the issues were unwilling to show the flexibility necessary to adopt the proposals put forward for addressing the problems.

Issues placed by developing countries before the GC in relation to which decisions were either blocked or delayed by developed countries included textiles and clothing, proposals for addressing the crisis of declining commodity prices, Iran's accession to the WTO, and observer status for the League of Arab States.

Kenya and Tanzania presented to the GC a proposal (earlier submitted to the Committee on Trade and Development) to deal with the crisis posed to primary commodity dependent countries by the continued decline in the prices of these commodities. They proposed a decision in Cancun to set up a work programme to deal with this problem.

Kenya argued that 50 member countries were dependent on primary commodities like coffee, cocoa, cotton, jute and 30 of these countries were in the HIPC category. For these countries, proposed solutions that simply depended on the free market have not been adequate. Specific proposals to address tariff peaks, tariff escalation and other market access measures were relevant, but they are not enough. More comprehensive measures were needed that would allow the commodity dependent countries to manage supply and prices.

Benin, Columbia, India, Indonesia, Jamaica, Malaysia, Paraguay and Uganda all spoke in support of the proponent countries.

All the major developed countries rejected the core proposal for market supply management, some of them doing little more than using the issues raised as an opportunity to press for their own specific demands for reforms of the Agreement on Agriculture (AoA).

Australia argued that the issues raised showed the need to reform the AoA, but it would not support any proposal for the establishment of commodity agreements. Similarly the US argued that the problem of primary commodities has to do with domestic support and export subsidies. The solution was to seek reform in these areas. The US supported Australia's view that prices should be a function of the market, and that price management schemes were outside the remit of the WTO.

On its part, the EU stated that there was no single answer to the problem of commodity prices. It was open-minded on the question of market access for LDCs. However it doubted the relevance and efficacy of prices stabilisation and management schemes. In any case the issue was already on the agenda for UNCTAD XI and should be pursued there.

The developed countries showed a similar hostility on the issue of textiles and clothing. Two proposals brought by textile exporting developing countries to address fears of increased actions anti-dumping as well quota problems that could arise from the anticipated phase-out of the textile quotas by the developed countries were blocked by the Quad countries.

The proposals in relation to textiles and clothing were jointly submitted by a number of textile exporting developing countries. The

proposal on quotas, aimed to address the potential reduction in market access in the year 2004, was submitted by Brazil, Costa Rica, Egypt, Guatemala, Hong-Kong China, India, Indonesia, Macao China, Maldives, Pakistan, People's Republic of China, Sri Lanka, Thailand and Vietnam. The other proposal submitted by the same countries, with the exception of Bangladesh, Brazil, Costa Rica and Egypt, was for the short-term dispensation on anti-dumping actions in favour of developing countries following the full integration of the textile sector into the GATT from January 2005.

At the General Council, India (which chairs the International Textiles and Clothing Bureau, the alliance of developing country textiles and clothing exporters) spoke on both proposals on behalf of the sponsoring countries. On the proposal on anti-dumping, Ambassador Chandrasekhar, explained that the fear of the exporting countries was that as the quota system was phased out, there would be an increase in anti-dumping investigations against developing country exporters.

He noted that in the EU at the moment, industry associations instigate many such anti-dumping investigations. These investigations take a long-time, call upon a lot of resources by the developing countries, leading to disruptions and even decline in production. This has been especially harmful for small and medium enterprises. He added that while the practice may not be as widespread in the US as in the EU, even then, they have similar effects.

Amb. Chandrasekhar expressed the concern that as the quotas are abolished, leading to a downward pressure on prices of textile products in the developed countries, industry associations in the latter countries may be 'encouraged' to instigate anti-dumping actions to protect themselves against developing country exporters.

To address this, the sponsoring countries propose a two-year grace period, following the full integration of the textile sector in GATT, during which no anti-dumping actions would be initiated against developing countries. All the sponsoring countries supported India's presentation.

Chile, while not being a sponsor of the proposal, argued that the concerns expressed by the proponents highlighted once more the need for urgent action on WTO rules on anti-dumping.

However, Canada countered that it cannot accept a measure such as proposed, which will nullify its citizens' rights of access to its laws.

The US also stated that it could not accept the proposal. In its view, the issue had already been dealt with in the Doha decision of implementation to the effect that developed countries would be considerate when undertaking anti-dumping investigations.

Japan noted that there was the need to reform the rules on anti-dumping but cannot support the proposal. For its part, the EU stated that

while it will live up to its Doha commitments, it will not support the proposals.

The General Council therefore took note of the proposal, but recorded that there was no agreement.

The proposal on quota concerned the practice of "carry-forward" currently followed by the textile exporting countries, which faced quota restrictions in developed country markets. The practice enabled the exporting countries to balance their export quotas in a current year against a subsequent year. The fear of the exporting countries is that this flexibility would not be available for the year 2004, since the developed countries are expected to phase out their quotas in 2005.

The proposal concerned mechanisms to avoid difficulties to exporting developing countries due to this situation. This was especially important because, as the countries explained, this is the time most orders for textile products are placed, and therefore a certain amount of security was required as the producers prepare their contracts.

While the US expressed understanding of the concerns, it suggested that there are other ways to address the problem, and therefore was unable to agree to the proposal.

The EU stated that it had received the proposals only recently, and that furthermore such proposal was not foreseen in the Agreement in Textile and Clothing. It was therefore unable to support the proposal.

Ambassador Castillo, Chair of the General Council indicated he would undertake further consultations on the issue.

The above may be instructive in terms of the responses made by members to the report submitted by Ambassador Castillo, Chair of the General Council on the progress so far (or lack of it) on the Doha mandates on Special and Differential Treatment. He reported that of the 83 items listed there under, 38 could be resolved before Cancun. 14 out of these had been agreed to in principle, and 12 of the 14 had been sent back to the friends of the Chair for re-drafting.

Discussing the report, Kenya and Zambia expressed their frustration at the lack of progress on the issue of S&D, and at the failure to achieve the terms of the Doha mandate. The US, however, stated that a lot of hard-work had been put into the issue, and progress had been made. Cuba and Botswana disagreed with the US. Malaysia registered its frustration, while noting that it was confident that progress could be achieved before Cancun.

The EU shared the views of Malaysia, while Norway agreed with India, which shared the widespread frustration and disappointment, but pointed to the need to work hard if agreement is to be reached before Cancun.

Ambassador Castillo summed up by saying that the work was difficult, but he was not demoralised, and was committed to realising the Doha mandate.

On the issue of Iran's request for accession to the WTO, the United States stated that it was still reviewing its relations with Iran. It was therefore not prepared at the moment to join the consensus on establishing a Working Party to consider Iran's application.

Speaking for the developing countries, Tanzania hoped that the US review will be completed soon in order to proceed with Iran's request.

The question of observer status for the League of Arab States at the Cancun ministerial was considered under the agenda item of preparations for the Cancun Ministerial. The Council of Europe Development Bank, the North American Commission for Environmental Cooperation, and the United Nations Human Settlements System made similar requests.

Egypt, speaking on behalf of the Arab states, and supported by Jordan, spoke on the request of observer status for the League. Objection by the US and Israel meant there was no consensus. Ambassador Castillo indicated that the issue would be taken at the next meeting of the General Council.

On the requests by the other bodies, Egypt stated that all the four requests should be taken together. Therefore all the requests will be taken at the next General Council.

#### VII: OTHER ISSUES

The other item covered under the preparations for Cancun was the election of officers for the Ministerial. Mexico was elected the Chair of the Conference, with Netherlands, Bangladesh, and Egypt elected as Vice-Chairs.

Other issues covered on the first day related to the review of the Dispute Settlement Understanding. The original May 2003 deadline having been missed, it was agreed to extend the review till May 2004, with negotiations to continue on the basis of proposals submitted by members as well as the text submitted by the Chair.

A report was also submitted on the Doha Development Agenda Global Trust Fund. Of the \$22 million dollars target, \$20.2 million have so far been pledged.