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# WORLD TRADE ORGANIZATION

## Observations on the Ministerial Meeting in Singapore

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Mr. Chairman and Members of the Subcommittee:

I am pleased to have the opportunity to provide some observations about the results of the World Trade Organization's (WTO) ministerial meeting in Singapore that took place in December 1996. Specifically, my testimony addresses (1) trade liberalization; (2) implementation of Uruguay Round (UR) agreements; (3) areas of ongoing WTO negotiation; and (4) emerging trade issues that are being debated in the WTO and in other international forums. My observations are based on our past and ongoing work,<sup>1</sup> our review of the ministerial declaration and related documents, and our discussions with U.S. and foreign government officials both at the Singapore ministerial meeting and in Washington. Before I get into the specifics of these topics, let me provide a brief summary.

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## Summary

The Singapore ministerial meeting produced progress toward greater trade liberalization and a continued commitment to full implementation of existing UR agreements and planned negotiations. It also took the first steps in the WTO toward addressing a new generation of issues that challenge free and fair trade. Nevertheless, the true promise for furthering U.S. interests lies in the review, negotiation, and enforcement of commitments to be done by the dozens of WTO committees, councils, and groups — rather than in the outcome of what was the first of periodic trade minister gatherings.

More specifically, the United States, as well as many of our major trading partners including the European Union (EU), Canada, and Japan, declared the ministerial meeting a success and a reaffirmation of the WTO. While at Singapore, the members laid a foundation for an Information Technology Agreement that would cut tariffs on certain high-technology products. The ministers were able to achieve a consensus on a final declaration that encompassed several contentious subjects, despite their differences. In the declaration, the ministers summarized their progress regarding implementation to date and reaffirmed their commitments to finish the “built-in agenda” of ongoing negotiations. However, most of the work regarding these two areas took place earlier in committee meetings in Geneva as members prepared for Singapore. Finally, the ministers took steps to address some contentious new issues that were previously outside the scope of detailed trade negotiations. These new issues involved (1) transparency in government procurement, (2) investment policy, (3) competition (antitrust) policy, (4) trade and the environment, and

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<sup>1</sup>See attached list of some related GAO products.

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(5) trade and labor standards. After much debate, ministers agreed to language about all these issues in the declaration; in some cases they agreed to form WTO working groups to address them.

Nevertheless, just as important to judging the success of the meeting were some things that did not happen at Singapore. Differences on a variety of contentious issues often seemed to divide the WTO members along developed/less developed nation lines before the ministerial, but fears of a stalemate in the talks never materialized. For example, besides the new initiatives, implementation of the Agreements on Textiles and Clothing and on Agriculture were sources of friction between members before Singapore, but they reached consensus on language for the ministerial declaration.

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## Background

The first biannual WTO ministerial meeting took place from December 9 to 13, 1996, in Singapore. The purpose of the meeting was to “strengthen the WTO as a forum for negotiation, the continuing liberalization of trade within a rule-based system, and the multilateral review and assessment of trade policies,” according to the ministerial declaration. This meeting of trade ministers was to be attended by nearly 5,000 delegates, including officials from over 150 countries, intergovernmental organizations, nongovernmental organizations, and members of the press from around the world.

The administration believed that this meeting would be an important test of the WTO’s credibility as a forum for continuous consultation, negotiation, and trade liberalization. Before this first WTO meeting, ministers’ participation was not routine, and they generally met only to launch or conclude new rounds of trade negotiations. This ministerial-level meeting provided WTO member countries the first opportunity to take stock of how well they have implemented the UR agreements so far and to discuss new issues. The UR agreements — which resulted from the most comprehensive and far-reaching set of trade negotiations ever — generally went into force on January 1, 1995.<sup>2</sup> Implementation of these agreements is complex, and many commitments are to be phased in over a 10-year period; thus, it will take years before the results can be fully assessed.

Prior to the meeting, participants and observers debated over what would and should happen at Singapore. In fact, WTO members failed in their

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<sup>2</sup>According to the WTO Secretariat, the almost 500 pages of text comprise 19 agreements, 24 decisions, 8 understandings, and 3 declarations. There are also approximately 24,000 pages of specific market access commitments.

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attempt to reach consensus on the text of the declaration in November, before the ministerial. As a result, a significant portion of the ministers' time at Singapore was devoted to debating final language for the ministerial declaration. Before the meeting, public statements from various foreign government officials, business groups, and nongovernmental organizations voiced a wide range of interests and expectations for the ministerial meeting. For example, Ambassador Charlene Barshefsky, the acting U.S. Trade Representative (USTR), viewed this as the first of many "board of directors" meetings and argued it be "realistic in its aspirations." Nevertheless, others, such as the European Commission's Vice President Sir Leon Brittan, were calling for the ministers to launch a new "round" of trade negotiations. Also, there were differences over whether to focus on the existing agreements or on areas of further liberalization and whether topics like labor standards and competition policy should be placed on the ministers' agenda. Ongoing disputes over members' use of unilateral trade measures, including U.S. sanctions related to investment in Cuba, added to premeeting tensions.

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## Trade Liberalization

Much public attention was focused on a new trade liberalization initiative, namely an Information Technology Agreement that is intended to eliminate tariffs on products including semiconductors, telecommunications and computer equipment, and software products by the year 2000.<sup>3</sup> This was an international private sector initiative, advanced by the United States and joined by 27 other countries at Singapore. This agreement could boost U.S. exports and jobs in a competitive domestic industry that already exports over \$90 billion and employs 1.8 million, according to USTR estimates. Economic benefits are to accrue in stages as tariff reductions are phased in by each signatory. The agreement provides that subsequent meetings of the signatories may discuss implementation issues, such as the classification of goods, incorporating additional products, and related nontariff barriers.

Nonetheless, there is still work to be done before this agreement can enter into force on July 1, 1997, and before any economic gains can be realized. Under the terms negotiated in Singapore, a "critical mass" of countries must sign the agreement for it to become effective.<sup>4</sup> Since Singapore, these countries have been discussing technical details concerning the timing of specific tariff cuts applicable to specific products for each country. USTR

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<sup>3</sup>In some limited cases, the schedule for tariff cuts is to be extended until 2005, according to USTR.

<sup>4</sup>Members representing 90 percent of the world trade in information technology products must join.

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officials recently told us that they are confident about the countries being able to meet the April 1, 1997, deadline for completion.

In addition to the Information Technology Agreement, some progress toward liberalization was made in other areas. There was agreement by some members about tariff cuts in other products, notably pharmaceuticals. Also, there was an initiative to help least developed countries.

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## Action Plan for Least Developed Countries

The members took steps to address the problems of least developed countries that are WTO members. They agreed to a Plan of Action that proposes giving these countries preferential market access (such as the Generalized System of Preferences), besides offering them technical assistance regarding implementation. However, such actions by WTO members are voluntary. The plan also outlines building closer ties between the WTO and other international organizations, including the United Nations Conference on Trade and Development (UNCTAD), the World Bank, and the International Monetary Fund, to help these least developed countries enhance their trading opportunities.

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## Implementation of the Uruguay Round Agreements

“Implementation is the functional equivalent of enforcement,” according to Ambassador Barshefsky. In their declaration, the ministers concluded that “implementation thus far has been generally satisfactory, although some members have expressed dissatisfaction with certain aspects.” Despite this attention in the declaration, much of the WTO members’ “stock taking” took place at earlier meetings in Geneva rather than in Singapore. In these committee meetings, WTO members established procedures, reviewed their compliance with the many UR agreements, planned future work, discussed their differences, and issued reports.

Some WTO members have yet to implement all the commitments created by the UR agreements. Accordingly, the ministerial declaration exhorts members “to complete their domestic legislative process without further delay.” Also, WTO committee reports prepared before Singapore, including those on market access and customs valuation, discuss how often members take advantage of waivers allowing them to delay implementation. Some members, including the United States, are concerned about the number of members that have not yet amended their domestic laws and have exercised their waiver rights with regard to various agreements, according to USTR officials.

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## Notifications

The WTO committee reports indicate that a number of members are still struggling to fulfill their commitments and implement various agreements. The UR agreements require each member to submit various notifications; this information provides the transparency necessary for the members to monitor each other's progress. The ministerial declaration states that "compliance with notification requirements has not been fully satisfactory." Earlier reports from the Committees on Technical Barriers to Trade, Subsidies and Countervailing Measures, Antidumping Practices, Rules of Origin, Import Licensing, Trade Related Investment Measures (TRIMS), and Safeguards all recognized delays and/or deficiencies in members' notifications. A WTO working group on notifications issued a report and made recommendations to facilitate members' compliance.

Some of our past work on state trading enterprises (STE) illustrates the importance of seemingly mundane notification requirements.<sup>5</sup> While STEs are recognized in the General Agreement on Tariffs and Trade (GATT) as legitimate trading entities, their activities are subject to GATT disciplines. In order to provide some transparency over STE activities, members must report regularly about their STEs' structures and functions. However, as we noted in August 1995, compliance with this reporting requirement has been poor, and information about STE activities has been limited. U.S. officials are working within the WTO's working party to develop a modified questionnaire that would help make STE activities more transparent. U.S. government and agricultural industry officials hope to negotiate additional disciplines on STEs when agricultural negotiations resume in 1999. The importance of STE issues may increase as countries with historically state-run economies, like China, Russia, and Ukraine, are considered for WTO membership.

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## Agriculture

Leading up to Singapore, the WTO Committee on Agriculture studied the implementation of the UR Agreement on Agriculture, including aspects needing additional attention or review. The committee's report concluded that overall, the review process had been conducted in an efficient and effective manner. However, it also recognized that some instances of apparent noncompliance with commitments had not yet been resolved. U.S. officials were concerned that some countries were balking at carrying out their commitments or implementing new, disguised, trade-distorting measures. At the end of the ministerial, Ambassador Barshefsky and

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<sup>5</sup>In our work, we define STEs as governmental or nongovernmental enterprises that are authorized to engage in trade and are owned, sanctioned, or otherwise supported by the government. For example, the Australian government has notified the WTO that the Australian Wheat Board meets the criteria for being considered an STE. See GAO/GGD-95-208 noted in the related GAO products list.

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Deputy Secretary of Agriculture Richard Rominger stressed that implementation issues were of particular importance to U.S. agriculture. They also stated that the results of the ministerial will allow the members to attack problems like import barriers, STES, export subsidies, and unjustifiable sanitary and phytosanitary regulations.

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## Dispute Settlement

When members have particular concerns about other members fulfilling their WTO commitments, they can use the WTO's dispute settlement mechanism. For example, the United States has initiated proceedings regarding the EU's measures concerning hormones and imports of meat and meat products. At Singapore, members reaffirmed the fundamental importance of this process in fostering the implementation and application of the UR agreements. They also noted the role the mechanism plays in avoiding disputes through procedures that include consultation between the parties.

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## Review of Regional Trade Agreements

Related to implementation, WTO members took steps, which were affirmed by the ministers in Singapore, to better address questions about the integration of regional trade policies with the multilateral trading system. In February 1996, the WTO General Council established a Committee on Regional Trade Agreements that would examine agreements upon notification by members and would consider the implications of these agreements. Over 100 regional trade agreements and customs unions like the North American Free Trade Agreement (NAFTA), the Mercado Común del Sur (MERCOSUR), and the Asia-Pacific Economic Cooperation forum (APEC), were established by early 1996 throughout the world. Their proliferation has raised many apprehensions about their relationship with the multilateral trading system, according to the WTO's 1996 annual report. For example, there have been fears that these agreements could create incompatible obligations or fragment efforts to establish a rule-based system for trade that would conflict with the principles of most-favored-nation (MFN) treatment.

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## Ongoing WTO Negotiations

Trade ministers affirmed the importance of completing the WTO's ongoing work program, including commitments regarding both future tariff reductions and planned negotiations. This program is often generically referred to as the WTO's "built-in agenda." The ministers' affirmation of the built-in agenda at Singapore, is significant — if undervalued — according to USTR officials. USTR has stated previously that the full and timely



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implementation of the built-in agenda is critical to the WTO's credibility. As such, confirmation of schedules and other technical details for future negotiations is a necessary component in assuring that liberalization may occur.

Some negotiations in the built-in agenda have been ongoing since the end of the UR. U.S. negotiators sought to take advantage of the ministerial meeting to build momentum for completing these negotiations within established deadlines. Progress in services has been difficult. At the end of the UR, four main areas under the General Agreement on Trade in Services (GATS) were left uncompleted: telecommunications, financial services, maritime services, and the movement of natural persons.<sup>6</sup> GATS set out a timetable for the completion of these negotiations, but negotiations in the first three areas had to be extended. (The negotiations for the movement of natural persons concluded in 1995.) The WTO ministerial declaration acknowledged the difficult nature of the negotiations while noting that results have been below expectations.

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## Telecommunications Services

WTO members recently concluded negotiations for substantial market opening in basic telecommunications services, taking advantage of the momentum established during meetings at Singapore, to reach an agreement on February 15, 1997. "Basic telecommunications" refers to voice telephone, data transmission, facsimile, and cellular mobile telephone services, among others. Although in April 1996 the WTO Council on Trade in Services had accepted a final report by the basic telecommunications negotiating group, the period to submit revised schedules was delayed, essentially extending the negotiating timetable. By the original deadline of April 1996, the United States was dissatisfied with the tabled offers of key trading partners and lack of offers from a number of important countries. However, the United States successfully obtained an extension of the negotiations until February 15, 1997, in hopes of developing a "critical mass" of offers. On that date, WTO members reached an agreement that should open up this important sector to global competition. The results are expected to replace the tradition of government monopolies on telecommunications, dramatically reduce the cost of telephone services, permit greater foreign investment, and promote the adoption of regulatory policies based on competition.

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<sup>6</sup>The "movement of natural persons" refers to foreigners entering a country to provide services.

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## Financial Services

WTO members face an upcoming deadline for completing difficult negotiations on another important service sector. The WTO financial services negotiations are currently suspended and they are to resume in April 1997. Financial services, including the banking, securities, and insurance sectors, are often subject to significant domestic regulation, making the negotiations quite complex. Dissatisfied with the commitments offered in the extended financial services negotiations in mid-1995, the United States committed to only protect existing investments of financial services providers; the United States exercised its right to take an MFN exemption with respect to new and expanded activities in this sector. As a result, WTO members agreed to an interim arrangement. They also agreed that during a 60-day period beginning November 1, 1997, members will have the opportunity to modify, improve, or withdraw all or part of their specific commitments and MFN exemptions under GATS in this sector. At Singapore, the ministerial declaration reiterated that WTO members must significantly improve their commitments with a broader level of participation to successfully conclude these talks.

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## Maritime Services

Negotiations on maritime services after the conclusion of the UR were unsuccessful and were suspended in June 1996 until the year 2000, when negotiations for all services sectors are to be reopened. This sector has proven very difficult to negotiate because it is organized in complex ways. For example, some service providers are STES, and some are highly protected with strong domestic lobbies and long-established labor union practices, according to the WTO Secretariat. When suspending the negotiations, participating members agreed to refrain from applying new measures that would affect trade in this area during this time (except in certain circumstances). The United States has said that other participating members to the negotiations did not offer "to remove restrictions so as to approach current U.S. openness in this area."

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## Other Areas in the Built-in Agenda

Over the next several years, other built-in agenda items are to be implemented through the process of review and negotiation in a number of key sectors and rules. For example, the WTO Ministerial Conference is required to review the implementation of the Agreement on Preshipment Inspection in 1997. Also, WTO members must complete a 3-year work plan on harmonizing rules of origin by July 1998. Other negotiations will begin in upcoming years. For example, negotiations are scheduled to begin in 1998 to broaden and improve the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and in 1999 to improve and extend the

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Agreement on Government Procurement. Even though there was some discussion in Singapore on whether to accelerate agricultural reform negotiations, member countries reaffirmed their intention to begin these negotiations on schedule in 1999. USTR officials noted the importance of the WTO Committee on Agriculture's preparatory work to ensure these negotiations begin on schedule.

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## Emerging Trade Issues

At Singapore, members debated what the WTO should do regarding what many observers believe are the next generation of international trade issues: (1) transparency in government procurement, (2) investment policy, (3) competition (antitrust) policy, (4) environmental measures, and (5) labor standards. These issues have previously been outside the scope of detailed trade negotiations and have traditionally been seen as domestic concerns.

As tariff and nontariff barriers to trade are reduced, however, these areas have drawn attention, reflecting a broader concept of what factors may affect market access opportunities in a global economy. For example, although the United States has strict standards for ethics, accountability, and transparency in government procurement practices, many countries either lack or do not adequately enforce domestic laws prohibiting bribery and corruption in their procurement. Some observers argue that this inconsistency can put U.S. businesses at an economic disadvantage. Likewise, foreign investment restrictions can limit a firm's ability to establish a commercial presence and to conduct business operations, both of which greatly facilitate U.S. exports. Foreign anticompetitive private business practices, such as price-fixing and market sharing, raise costs to U.S. consumers, and government measures can restrict market access for U.S. exports. Finally, some U.S. interest groups argue that foreign firms should not gain a comparative advantage by failing to protect the environment or observe basic labor standards.

Ministers considered new initiatives involving (1) transparency in government procurement, (2) investment policy, (3) competition (antitrust) policy, and (4) labor standards. Specifically, the United States forwarded a proposal for the negotiation of an agreement on transparency in government procurement, and the ministers agreed to establish a working group that is to study transparency in government procurement practices. Ambassador Barshefsky said that this was a "first step" toward a transparency agreement. On the issue of investment and competition policy, several members, including the EU and Japan, proposed that

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working groups be established. The United States and other members agreed to support the establishment of working groups in both areas, after securing agreement that no negotiation would move forward in either area absent an affirmative action by all the parties. Finally, the United States sought the establishment of a working party to begin examining the relationship between trade and labor standards. The ministers did not agree to establish such a working party but instead affirmed their support for ongoing work on labor issues being conducted outside of the WTO. While the initiative on environment is not new, members also agreed that the WTO Committee on Trade and Environment, which had been characterized as being “disappointing” according to some observers, would continue under its existing mandate.

Bringing new issues into the WTO framework has been very controversial. Some developing countries were fiercely resistant to discussing these new issues at Singapore, preferring that ministers focus their attention on how the general implementation of the UR agreements was progressing. Some WTO members feared that the debate over whether to include some of the new issues might create a “North-South” divide during the ministerial. However, members managed to reach a compromise on language in the declaration in each area.

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## Procurement

Prior to Singapore, the United States proposed that the ministers endorse the negotiation of an agreement on procurement that would extend disciplines on transparency, openness, and due process in practices to all WTO members.<sup>7</sup> Ambassador Barshefsky testified, in September 1996, that under such an arrangement “suppliers from all WTO members would have equal access to information on procurement, the procurement process and to bid challenge mechanisms.” Some developing countries were skeptical of this initiative, questioning its scope and purpose. Nevertheless, at Singapore, WTO ministers agreed to establish a working party “to conduct a study on transparency in government procurement practices . . . and to develop elements for inclusion in an appropriate agreement.” Following the ministerial, Ambassador Barshefsky said that this WTO effort would serve to reduce the influence of corruption and create a fairer business environment. Other forums that are addressing issues related to bribery

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<sup>7</sup>The UR produced an Agreement on Government Procurement with broad coverage that sought to promote transparency and improve access in government procurement by requiring that countries not discriminate against foreign or foreign-owned suppliers or otherwise allow practices that would preclude competitive procurement. The agreement built on the 1979 GATT procurement code. However, the number of signatories to these agreements has been limited, and broadening membership, especially to developing countries, has been an unfulfilled objective.

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and corruption in international business transactions include the Organization of American States, Organization for Economic Cooperation and Development (OECD), and the World Bank.

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## Investment and Competition Policy

Ministers also agreed at Singapore to form WTO working groups to study investment and competition policy issues. There was some resistance to forming these groups by some developing countries, which argued that investment and competition policy should be addressed as part of a scheduled review of the TRIMS agreement in the year 2000. However, the EU and Japan were strong advocates of creating working groups on both issues in the WTO. The administration stated the United States would support work programs that were modest in scope and educational in nature. Furthermore, the ministerial declaration states that work undertaken by these groups will not prejudge whether any negotiations will be initiated in the future.

On investment, the United States was concerned that any WTO work on investment not undermine negotiations currently underway in the OECD on a multilateral investment agreement (MAI). The MAI is intended to include high standards for foreign direct investment and is scheduled for completion in May 1997. Investment issues are also being addressed in other trade forums, including APEC and the Free Trade Area of the Americas (FTAA).

On competition, the United States was concerned that any working group not focus on antidumping rules, but instead on issues concerning cartels and other private anticompetitive practices. Some WTO members, including Japan, Korea, and Hong Kong, had proposed that any working group consider the relationship of trade remedies, especially antidumping measures, and competition. The ministerial declaration states that the working group will study "issues raised by Members relating to the interaction between trade and competition policy, including anti-competitive practices, in order to identify areas that may merit further consideration in the WTO framework." Following the ministerial, the EU and USTR issued a joint statement to clarify this language, which emphasized that the working group should not cover issues already dealt with in the WTO, including antidumping measures. However, members did not reach a clear consensus at Singapore on the future scope of the working group's mission, according to one WTO official. Some observers expect the debate over the terms of reference for this working group to continue until the next scheduled ministerial in 1998. Some WTO members, including the

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United States, are discussing and studying competition policy issues in several other forums including APEC, FTAA, NAFTA, OECD, and UNCTAD.

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## Environment

At Marrakesh in 1994, the WTO ministers decided to establish the Committee on Trade and Environment to identify the relationship between trade and environmental measures and make appropriate recommendations within the context of open and equitable trade. Some WTO members believe that enforcing certain environmental policies can be a disguise for imposing protectionist trade barriers. The United States had advocated the committee's establishment as a way to help ensure that multilateral trade and environmental policies are mutually supportive. During its first 2 years of operation, the committee has discussed several complex issues, including (1) the relationship between trade measures in multilateral environmental agreements (MEA) and the WTO; (2) the question of whether ecolabeling programs<sup>8</sup> need greater transparency; and (3) the effect of environmental measures on market access, particularly in relation to developing countries. The committee did not have recommendations for the ministers to consider at Singapore, because of a lack of consensus on the major issues discussed.

The work of the committee had received mixed reviews from members and other interested parties. For example, the United States found parts of the committee's final report useful, such as its recognition of the importance of transparency in ecolabeling and its emphasis on coordinating national trade and environmental policies, but U.S. officials stated that the committee has not done a great deal to advance the understanding of environmental concerns. On the other hand, environmental groups have been highly critical of the lack of progress made in the committee; as a result, some groups have called for its dissolution. Specifically, they were displeased with the report's statements that recognized that WTO members have the right to challenge MEA trade provisions within the WTO dispute settlement framework. Nevertheless, the committee urged parties to settle these disputes within the MEA process and recognized the important role that trade measures have played in some MEAs and may play in the future. Similarly, the EU voiced concerns over the committee's lack of concrete results thus far.

Because the committee did not have any major recommendations for ministers at Singapore, the ministerial declaration directed the committee

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<sup>8</sup>Ecolabeling programs, most of which are voluntary, allow businesses to obtain a label indicating a product is environmentally friendly or safe.

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to continue its work under its existing terms of reference. USTR plans to work with the U.S. Trade and Environment Policy Advisory Committee, among others, to develop the U.S. agenda for the next round of discussions. The WTO committee's future work, particularly with respect to ecolabeling issues, could take into account the work of other multilateral forums, such as the United Nations and OECD, according to its report.

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## Labor Standards

Discussions about the relationship between trade and international labor standards proved to be very contentious at Singapore. The UR implementing legislation<sup>9</sup> directed that the President seek the establishment of a working party, which would examine the relationship between trade and internationally recognized worker rights.<sup>10</sup> In order to build consensus for WTO work in the face of strong opposition, the administration proposed a modest work program that would not entail (1) an agreement on minimum wages, (2) changes that would take away the comparative advantage of low-wage producers, or (3) the use of protectionist measures to enforce labor standards. However, because many WTO member countries in both the developed and developing world feared that the creation of a work program in the WTO would lead to mandated international labor standards that could inhibit their economic development or serve as protectionist barriers, they opposed having a trade-labor standards link through the WTO.

USTR was not successful in having a labor standards working party established at Singapore, but members did renew their commitment to the observance of internationally recognized core labor standards in the ministerial declaration. Members reached a compromise, and the declaration recognized that the International Labor Organization (ILO)<sup>11</sup> is the competent body to set and deal with internationally recognized core labor standards. The declaration also stated that the WTO and ILO Secretariats will continue their existing collaboration. In statements following the ministerial, U.S. and EU officials argued that the declaration

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<sup>9</sup>Section 131 of Public Law 103-465, Dec. 8, 1994.

<sup>10</sup>Congress provided guidance for U.S. negotiators in section 131 of the UR Agreements Act by specific reference to section 502 (a) (4) of the Trade Act of 1974, as amended by section 503 of Public Law 98-573, Oct. 30, 1984. This legislation defined internationally recognized worker rights to include (1) the right of association; (2) the right to organize and bargain collectively; (3) a prohibition on the use of any form of forced or compulsory labor; (4) a minimum age for the employment of children; and (5) acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health.

<sup>11</sup>ILO is a specialized agency of the United Nations that traditionally has addressed labor issues. Created in 1919, ILO has a mandate to improve working conditions and living standards for workers throughout the world.

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is a breakthrough, signaling an opportunity to work toward further discussions about labor issues in the WTO. However, other members have rejected the idea that such an opportunity was created. Future progress on labor issues may emerge from work ILO undertakes: since Singapore, the ILO Director-General announced his intention to intensify ILO's work aimed at protecting basic worker rights. Labor issues are also being discussed in the OECD and under various NAFTA-related organizations.

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Thank you Mr. Chairman, this concludes my prepared remarks. I will be happy to answer any question you or Members of the Subcommittee may have.



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# Related GAO Products

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International Trade: The World Trade Organization's Ministerial Meeting in Singapore (GAO/T-NSIAD-96-243, Sept. 27, 1996).

International Trade: Implementation Issues Concerning the World Trade Organization (GAO/T-NSIAD-96-122, Mar. 13, 1996).

State Trading Enterprises: Compliance With the General Agreement on Tariffs and Trade (GAO/GGD-95-208, Aug. 30, 1995).

International Trade: Long-Term Viability of U.S.-European Union Aircraft Agreement Uncertain (GAO/GGD-95-45, Dec. 19, 1994).

International Trade: Impact of the Uruguay Round Agreement on the Export Enhancement Program (GAO/GGD-94-180BR, Aug. 5, 1994).

The General Agreement on Tariffs and Trade: Uruguay Round Final Act Should Produce Overall U.S. Economic Gains (GAO/GGD-94-83A&B, July 29, 1994).

General Agreement on Tariffs and Trade: Agriculture Department's Projected Benefits Are Subject to Some Uncertainty (GAO/GGD/RCED-94-272, July 22, 1994).

International Trade: Efforts to Open Foreign Procurement Markets (GAO/T-GGD-94-155, May 19, 1994).

International Trade: Observations on Issues in the Uruguay Round Agreement (GAO/T-GGD-94-98, Feb. 22, 1994).

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