

Implementation and monitoring

In late 2009, ministers met – at the Seventh Ministerial Conference – against the backdrop of the financial and economic crisis to review all areas of the WTO’s work. Many welcomed the WTO Secretariat’s recent series of reports monitoring governments’ trade measures during the crisis. Throughout the year, WTO councils and committees continued to monitor the implementation of WTO agreements and to provide a forum for discussion on various issues.

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Background

The Ministerial Conference of the WTO consists of representatives of all WTO members. It is the highest decision-making body of the organization, and usually meets every two years. Ministerial Conferences review ongoing work, give political guidance and direction to that work, and set the agenda for further work.



The Seventh Ministerial Conference was held in Geneva from 30 November to 2 December 2009.



Background

The General Council is entrusted with carrying out the functions of the WTO and taking actions necessary to this effect between meetings of the Ministerial Conference, in addition to carrying out the specific tasks assigned to it by the Agreement Establishing the WTO.

Ministerial Conference and General Council

Ministerial Conference

The Seventh Ministerial Conference was held in Geneva from 30 November to 2 December 2009, the first formal gathering of ministers since the Hong Kong Ministerial Conference in December 2005. Though not a negotiating meeting, the Conference was an opportunity for ministers to discuss progress in the Doha Round as well as review other areas of the WTO's work (see page 12).

Ministers reaffirmed the goal of concluding the Doha talks in 2010, with a 'stocktaking' meeting in the first quarter of the year. The aim of the stocktaking, set for late March 2010, would be to assess the state of play concerning the 'modalities' that will provide the formulas and other aspects of the blueprint for final agreement on opening trade for agricultural and industrial goods. To complete the Round in 2010, there would need to be an early decision on modalities to leave time for drawing up detailed schedules of tariff and other commitments, and concluding other areas of the negotiations.

The Ministerial Conference took two decisions, on electronic commerce and on disputes under the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS) (see below). WTO members also agreed to hold the next Ministerial Conference in 2011.

General Council

In 2009 the General Council continued to oversee the progress of the Doha Round negotiations on the basis of reports from the Director-General in his capacity as Chair of the Trade Negotiations Committee. The General Council also reviewed the various accession negotiations and heard reports by the Director-General on cotton and on the Second Global Review of Aid for Trade in July 2009 (see page 112). Reports were received from subsidiary bodies on small economies and 'special and differential treatment' (special rights for developing countries). Some of the other matters considered by the General Council in 2009 are listed below.

Seventh WTO Ministerial Conference

In November the General Council agreed to forward to the Ministerial Conference (see page 12) the draft texts for decisions on electronic commerce and on disputes under the Trade-related Aspects of Intellectual Property Rights (TRIPS) Agreement.

The decision on electronic commerce extends to the Eighth Ministerial Conference, to be held in 2011, a moratorium on the imposition of customs duties on online transactions. The TRIPS decision extends a moratorium, also until the next Ministerial Conference, on bringing so-called 'non-violation' disputes to the Dispute Settlement Mechanism. Non-violation disputes involve claims that expected benefits under the TRIPS Agreement have been nullified rather than that the rules themselves have been broken (see page 49).

The General Council granted a request by Palestine for observer status at the Seventh Ministerial Conference and considered a proposal by India, co-sponsored by 17 other members, on 'Strengthening the WTO'.

Reappointment of Director-General

In April the General Council reappointed Pascal Lamy as Director-General of the WTO for a second four-year term from 1 September 2009.



Non-recognition of rights under Articles XXIV and XXVIII of GATT 1994

This issue, which has been on the General Council agenda since December 2004, relates to the European Union's refusal of a claim by Honduras and Guatemala, both banana-exporting countries, to be included in consultations and negotiations on changes to the EU's trade regime following the accession of ten new EU member states in May 2004. The European Union similarly refused to recognize the claim of Honduras and Guatemala to be included in consultations and negotiations over the entry into force of an EU-wide tariff-only trade regime for bananas from January 2006.

The European Union has argued that neither country satisfies the criterion of 'substantial supplying interest' set out in WTO rules. However, the rules also state that WTO members whose claims of interest are rejected can bring the matter to the General Council.

In 2009 the Chair of the General Council continued to pursue consultations to bring about a satisfactory resolution of the issue. At the December Council meeting, Honduras and Guatemala requested the temporary suspension of the agenda item relating to non-recognition of rights in the light of the Geneva Agreement on Trade in Bananas. This agreement between the European Union and Latin American banana exporters, reached on 15 December 2009 and reported to the General Council at its December meeting, has effectively put an end to the long-standing dispute over the EU's tariff regime for bananas (see page 84).

Review under China's protocol of accession

In December 2009 the General Council conducted its eighth review of China's implementation of its WTO commitments. China's protocol of accession requires an annual review by the General Council and 16 subsidiary bodies for the first eight years following accession in 2001, with a final review in the tenth year (2011), or earlier if decided by the General Council. The Council discussed the various reports of the subsidiary bodies, development of China's trade with WTO members and other trading partners, and recent developments regarding China's trade regime.

Waivers under Article IX of the WTO Agreement

In 2009 the General Council considered and granted several requests for waivers from obligations under the WTO Agreement, as set out in Table 1 below. It also reviewed the following multi-year waivers:

- Least-developed countries – Extension of the transition period for implementing the TRIPS Agreement with respect to patents on pharmaceutical products, granted on 8 July 2002 until 1 January 2016.
- European Union – Trade preferences for Albania, Bosnia and Herzegovina, Croatia, Serbia and Montenegro, and the Former Yugoslav Republic of Macedonia, granted on 28 July 2006 until 31 December 2011.
- United States – Duty-free access for products of the former Trust Territory of the Pacific Islands (the Republic of the Marshall Islands, the Federated States of Micronesia, the Commonwealth of the Northern Mariana Islands, and the Republic of Palau), granted on 27 July 2007 until 31 December 2016.
- Mongolia – Export duties on raw cashmere, granted on 27 July 2007 until 29 January 2012.
- European Union – Application of autonomous preferential treatment to Moldova, granted on 7 May 2008 until 31 December 2013.
- Kimberley Process Certification Scheme for rough diamonds, granted on 15 December 2006, from 1 January 2007 until 31 December 2012.
- Canada – CARIBCAN (Caribbean-Canada trade agreement), granted on 15 December 2006 until 31 December 2011.
- Cuba – Waiver from a General Agreement on Tariffs and Trade (GATT) provision which provides that a member which ceases to be a member of the International Monetary Fund shall enter into a special exchange agreement with the WTO, granted on 15 December 2006 until 31 December 2011.

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Mario Matus (Chile), Chair of the General Council in 2009.

Transparency for preferential and regional trade agreements

In July the Council heard a report from the Chair of the Committee on Trade and Development on transparency for preferential trade agreements. That report indicated that the committee needed more time to come to a decision. In December the General Council agreed to postpone to July 2010 the deadline for the committee's consideration of the matter and its report to the Council.

Also in December the General Council heard a report by the Chair of the Negotiating Group on Rules regarding the initial review of the transparency mechanism for regional trade agreements. That report stated that there was still no consensus on the best time to undertake the review of the mechanism, which was a necessary condition to making it permanent.

TRIPS-related matters

In December the General Council received a report from the Council on Trade-Related Aspects of Intellectual Property Rights (TRIPS) on its review of the implementation of Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health (see page 50). This relates to special provisions, currently contained in a waiver to the TRIPS Agreement, permitting generic versions of patented medicines to be exported to developing countries with no manufacturing capacity of their own, which cannot otherwise use TRIPS flexibilities to issue compulsory licences on public health grounds. The General Council agreed a second extension, until December 2011, of the period for acceptance by members of the protocol amending the TRIPS Agreement that is supposed to replace the waiver.

Other issues

The General Council considered a proposal by Argentina and Ecuador that called on the WTO Secretariat to conduct a systematic and comprehensive analysis of the effects of fiscal and stimulus packages taken in response to the economic crisis. The Council also discussed a communication by Norway on possible further action by WTO members in response to the financial crisis, the aim of which was to build on the London Declaration of the 'Group of 20' committing G-20 members to reject protectionism.

The Council considered a proposal on accessions put forward by Gabon on behalf of the informal group of developing countries, which called for an improvement in the existing institutional mechanisms and greater transparency in the process. At its October meeting, the Council also heard a statement by Cambodia on the accession of least-developed countries.

Also brought to the General Council for consideration was a statement by Brazil and India on the seizure in the Netherlands of generic medicines in transit from India to Brazil, which the two countries said had been based on a claim by a third party (a pharmaceutical company) that patent rights had been violated. The Council also heard a statement by Brazil on behalf of developing agricultural exporting countries (also known in the WTO as the Group of 20) on the reintroduction of dairy export subsidies by the United States.

The Council reviewed the exemption provided to the United States under Paragraph 3 of the GATT 1994, which permits the United States to keep long-standing rules (the Jones Act) that require all goods transported by water between US ports to be carried in US-flag ships that are constructed in the United States, and owned and crewed by US citizens. This review is mandated to be held every two years for as long as the exemption is in force.

As part of its overall oversight function, the General Council also conducted a year-end review of WTO activities on the basis of annual reports from all its subsidiary bodies. In addition, it reviewed matters relating to the WTO budget, the building renovation project for the Centre William Rappard and the WTO pension plan, and considered a report from the Joint Advisory Group of the International Trade Centre (ITC). The Joint Advisory Group is the policy-making body of the ITC, the trade promotion agency for developing countries jointly sponsored by the WTO and the United Nations Conference on Trade and Development.



Table 1: Waivers under Article IX (Decision-Making) of the WTO Agreement

In 2009 the General Council granted the following waivers from obligations under the WTO Agreements.

| Member | Type | Decision of | Expiry | Document |
|--|--|------------------|-------------------|----------|
| Argentina | Extension of time limit for introduction of Harmonized System 1996 changes into WTO tariff schedules | 27 May 2009 | 30 April 2010 | WT/L/757 |
| Panama | Extension of time limit for introduction of Harmonized System 1996 changes into WTO tariff schedules | 27 May 2009 | 30 April 2010 | WT/L/758 |
| Angola; Antigua and Barbuda; Bahrain; Bangladesh; Barbados; Belize; Benin; Botswana; Burkina Faso; Burundi; Cameroon; Central African Republic; Chad; Chile; Congo; Côte d'Ivoire; Democratic Republic of the Congo; Djibouti; Dominica; Dominican Republic; Ecuador; Fiji; Gabon; Gambia; Ghana; Grenada; Guinea; Guinea-Bissau; Guyana; Haiti; Jamaica; Kenya; Kuwait; Lesotho; Madagascar; Malawi; Maldives; Mali; Mauritania; Mozambique; Union of Myanmar; Namibia; Niger; Nigeria; Papua New Guinea; Peru; Rwanda; Saint Kitts and Nevis; Saint Lucia; Saint Vincent and the Grenadines; Senegal; Sierra Leone; Solomon Islands; South Africa; Sri Lanka; Suriname; Swaziland; Tanzania; Togo; Trinidad and Tobago; Uganda; United Arab Emirates; Zambia; Zimbabwe | Procedures for verifying and certifying Harmonized System 1996 changes relating to the schedules of 64 members | 27 May 2009 | | WT/L/756 |
| Least-developed countries | Preferential tariff treatment for least-developed countries | 27 May 2009 | 30 June 2019 | WT/L/759 |
| United States | African Growth and Opportunity Act | 27 May 2009 | 30 September 2015 | WT/L/754 |
| United States | Andean Trade Preference Act | 27 May 2009 | 31 December 2014 | WT/L/755 |
| Cape Verde | Implementation of the schedule of concessions | 28 July 2009 | 1 January 2010 | WT/L/768 |
| Argentina; Australia; Brazil; China; Costa Rica; Croatia; El Salvador; European Union; Iceland; India; Rep. of Korea; Mexico; New Zealand; Norway; Thailand; United States; Uruguay | Introduction of Harmonized System 2002 changes into WTO tariff schedules | 17 December 2009 | 31 December 2010 | WT/L/786 |
| Argentina; Australia; Brazil; Canada; China; Costa Rica; Croatia; El Salvador; European Union; Guatemala; Honduras; Hong Kong, China; India; Israel; Rep. Of Korea; Macao, China; Malaysia; Mexico; New Zealand; Nicaragua; Norway; Pakistan; Singapore; Switzerland; Thailand; United States; Uruguay | Introduction of Harmonized System 2007 changes into WTO tariff schedules | 17 December 2009 | 31 December 2010 | WT/L/787 |

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Background

The Council for Trade in Goods is responsible for the workings of all WTO agreements dealing with trade in goods. It consists of the full WTO membership and reports to the WTO General Council. The Goods Council has 13 committees dealing with specific subjects (such as agriculture, market access and subsidies). These also include all WTO members.

Trade in goods

During its five formal sessions in 2009, the Council for Trade in Goods made progress on the consideration of requests from WTO members for waivers, further discussed what role, if any, it should play in the textiles and clothing sector following the termination of the Agreement on Textiles and Clothing, and dealt with other routine tasks.

The Goods Council approved and recommended for adoption by the General Council a number of waiver requests from members. These included three waiver requests by the United States for three preferential trade programmes that are designed to promote economic development by offering broader access to the US market: the African Growth and Opportunity Act; the Andean Trade Preference Act; and the Caribbean Basin Economic Recovery Act.

The council approved a request by Brazil, China, India and the Republic of Korea for the extension of a waiver that would allow developing countries to provide preferential tariff treatment to least-developed countries. The waiver, first adopted on 15 June 1999 and due to expire in June 2009, was extended for another 10 years. Finally, the council approved a waiver for Cape Verde to delay implementation of the first stage of its concessions and commitments for one year, and extended waivers for Argentina and Panama related to the introduction of certain changes in their schedules under the Harmonized System (the global classification system for traded goods).

Turkey circulated its fourth proposal aimed at finding consensus on work concerning the textile sector. This submission contained a compilation of recent international studies which look at developments following termination of the Agreement on Textiles and Clothing on 1 January 2005. Several members remained opposed to singling out textiles and clothing for in-depth work and analysis. Nevertheless, a number of countries believe there is a role for the WTO in assisting those members who are finding it difficult to adjust to the new economic situation in the sector. The council remains open to continue this discussion in 2010.

The council took note of the reports of the Committee on Market Access, and approved procedures leading to the verification and certification of HS96 (Harmonized System 1996) changes related to the tariff schedules of 64 members. In accordance with China's protocol of accession, the council also carried out a review of its implementation of accession commitments in the area of trade in goods.

In 2009 the Goods Council agreed to extend further the time allowed for trading partners to rebalance their trade commitments with the European Union following the addition of 10 new EU member states in 2004 and two in 2007. WTO members are entitled to withdraw 'substantially equivalent trade concessions' to take account of trade losses stemming from adoption of the common external tariff by acceding EU countries. Ten such extensions have now been agreed by the council for the 2004 EU enlargement and four for the 2007 enlargement.



Market access

Much of the work of the Committee on Market Access is related to the updating of schedules of concessions to reflect changes in the Harmonized System (HS), which aims to ensure that all WTO members classify goods in the same way for tariff purposes. This work continued to be the main focus of the committee's activities in 2009, including the approval of waivers extending the time period for making the changes. The committee also discussed compliance with notification obligations and took steps to allow public access (with certain conditions) to the WTO's tariff databases.

The committee is undertaking three concurrent exercises to update the tariff classifications used in WTO members' schedules of concessions, based on HS 1996, HS 2002 and HS 2007. In respect of the HS 1996 exercise, to date only 36 schedules have been updated and their changes certified. In 2009, the committee approved a decision which is expected to expedite and conclude the HS 1996 transposition exercise on the remaining schedules.

Concerning HS 2002 changes, while the bulk of the work has been completed, with just three schedules remaining to be prepared by the WTO Secretariat, the situation remains unsatisfactory from a legal point of view. This is because only 32 schedules incorporating HS 2002 changes have been certified, which is the final legal step in this process. Regarding HS 2007 changes, partly because of concerns about how these might be affected by the results of the ongoing Doha Round negotiations, the committee decided to put this exercise on hold and review the situation in 2010.

The committee examined requests for extensions of the waivers allowing members to introduce the HS changes into their national tariffs and to undertake the WTO legal procedures at a later date. It approved two individual requests by Argentina and Panama for waiver extensions in respect of the HS 1996 changes and extended the 'collective' waivers for the HS 2002 and HS 2007 changes. Discussions were also held on the format to use for the new version of the Consolidated Tariff Schedule (CTS) in HS 2002 nomenclature.

In July the committee took steps to allow public access (with certain access conditions) to the Integrated Database (IDB) and the CTS database as of January 2010. Within the WTO, information from the IDB, which is compiled from member notifications on tariffs and trade, and the CTS, which consolidates members' schedules of concessions, is used for several purposes. These include calculation of *ad valorem* equivalents (duties expressed as a percentage of the value of an item) of tariffs based on quantity or weight; preparation of members' electronic schedules for goods; responding to requests arising out of the Doha negotiations; and compiling the *World Tariff Profiles* publication produced in cooperation with the International Trade Centre and the United Nations Conference on Trade and Development (see page 132).

During the year the committee discussed notifications and how to improve compliance with notification obligations. In July it adopted a framework intended to enhance compliance in respect of IDB notifications. The committee also agreed to send a letter reminding members that they can notify non-tariff barriers maintained by others if the measures are not covered by existing notification obligations. Resulting notifications would be reviewed six months thereafter. The committee also discussed notification procedures for quantitative restrictions on imports but will need to pursue these discussions further in 2010.

Among its other activities, the committee conducted the eighth transitional review of China in accordance with its protocol of accession. The committee also took note of two WTO Secretariat documents, one detailing the most recent information available in the tariff library and giving the web addresses where more up-to-date national tariffs can be found, and the other summarizing the current situation regarding members' schedules.

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Background

Market access for goods refers to the tariff and non-tariff measures individual WTO members agree to be bound by. Maximum permitted tariffs (known as 'bound' rates) are set out in each member's 'schedule(s) of concessions' on goods. The Committee on Market Access supervises the implementation of concessions relating to tariffs and non-tariff measures and provides a forum for consultation on these issues. One of its tasks is to oversee the Harmonized System (HS), which allows countries to classify goods on a common basis.

Implementation and monitoring



Background

The Agreement on Agriculture aims to reform trade and to make WTO members' policies more market-oriented. The rules and commitments apply to the areas of market access, domestic support, export competition, as well as export restrictions and prohibitions.

Agriculture

At each of the four meetings held in 2009, the Committee on Agriculture reviewed progress in the implementation of WTO members' commitments, on the basis of their notifications and matters specifically raised under Article 18.6 of the Agreement on Agriculture.

Among the issues raised in the committee were:

- 'underfill' of certain tariff quotas (set import quantities allowed in at lower duty rates). If part of a tariff quota is unused, this may be due to supply and demand conditions or to alleged problems in administering the tariff quota
- recourse to special safeguard provisions (permitting a temporary increase in tariffs to deal with import surges or price falls) on certain products
- details of domestic support measures notified by various members
- details of certain programmes under the US Food, Conservation and Energy Act of 2008
- export subsidies and import measures on dairy products by Canada, the European Union and the United States
- clarifications concerning food aid operations by various members
- revised EU commitments due to enlargement with new EU member states.

The committee's eighth 'transitional review' of China's accession commitments in September 2009 focused on value-added tax exemptions, transparency in the administration of tariff quotas, domestic policies supporting the pork industry and increasing government involvement in wholesale agricultural markets. In addition, the committee undertook a multilateral review of the implementation of the Republic of Korea's commitments on minimum market access for rice, based on information covering the period 2005 to 2008.

In November 2009, the committee held its annual consultations on members' participation in the normal growth of world trade in agricultural products, which took place within the framework of the disciplines on export subsidies. It was noted that agricultural exports of some WTO members and observers had grown fast enough to warrant their inclusion in the list of top exporters of certain products in 2007 (for example, coarse grains, sugar, bovine meat, skimmed and whole milk powder, and fruit and vegetables). The committee decided to review and update the list of 'significant exporters' that had been established in 1995.

Throughout 2009 the committee maintained a focus on three implementation-related issues for which it has responsibility under the Doha Development Agenda. These are: developing disciplines on export credits and other export financing measures; improving the effectiveness of the decision taken at the 1994 Marrakesh Ministerial Conference; and ensuring transparency in the administration of tariff quotas. A *Compendium of Documents on Implementation-Related Issues*, consolidating relevant information pertaining to these three areas, was first circulated in March 2009 and updated in advance of each meeting of the committee.

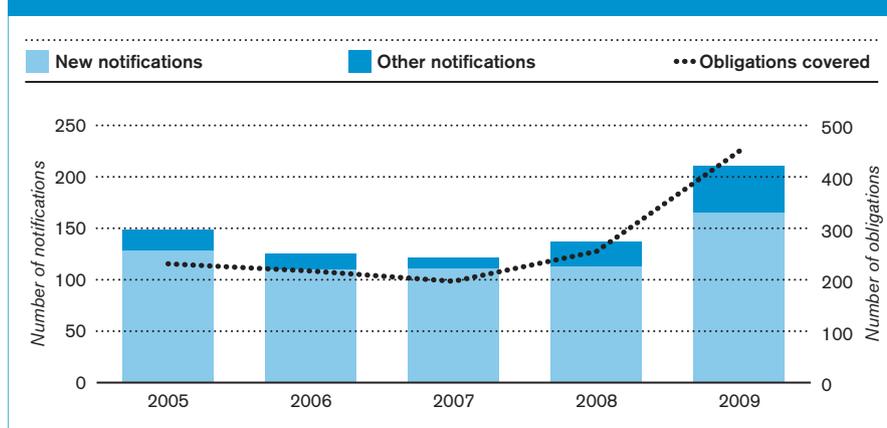
Timeliness and completeness of notifications

Since 1995, the committee has reviewed 2,615 notifications submitted by members. Of these, over 200 were submitted in 2009 but many notifications remain outstanding.

The question of overdue notifications has received increased attention in the past few years. There has been an overall deterioration of the situation over time, with adverse consequences on both transparency and the committee's core monitoring function. Individual members have started regularly to express concerns, raising a record number of specific concerns relating to outstanding notifications in 2009.

There was a significant increase in the number of *new* notifications issued in 2009, which rose to 165 from 111 in 2007. The number of obligations covered by these notifications more than doubled, from 197 to 450 (see Figure 1). Members have undoubtedly made an effort to 'catch up' with their outstanding notification obligations, in particular by forwarding submissions that often covered multiple implementation years.

Figure 1: Notifications 2005 to 2009



Note: 'Obligation' is defined as the fulfilling of a single notification requirement for any single implementation year.

The committee launched a number of initiatives in 2009 aimed at improving information flow and capacity building in preparing and reviewing notifications. These included:

- Improving user access, through non-restricted documents, to members' compliance status with their notification obligations, creating an electronic list of circulated notifications; and posting datasets on notified information (imports under tariff quotas, recourse to the special safeguard provisions, domestic support and export subsidies).
- Creating a Members' Transparency Toolkit on the WTO website to facilitate the preparation and review of notifications, as well as an electronic subscription facility for unrestricted documents and a specific e-mail contact at the WTO for notification-related queries.
- Organizing a workshop on agriculture notifications in Geneva in September 2009, back-to-back with the September regular session of the committee. The workshop focused on agriculture notification requirements and formats as well as related information needs. In view of the importance of technical and institutional capacity building, the organization of similar events has been included in the *Biennial Technical Assistance and Training Plan 2010–2011* (see page 17).

The committee will give priority in 2010 to: making public the compilations of written questions and written answers by members during the reviews of notifications; elaborating an *Agriculture Notifications Handbook*; and developing an e-learning module on agriculture notifications. It will also continue its discussion, begun in 2009, of 'best practices' with respect to the preparation and review of notifications and will undertake a review with a view to updating the list of 'significant exporters'.

There was a significant increase in the number of new notifications issued in 2009.

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Background

The Agreement on Sanitary and Phytosanitary (SPS) Measures establishes the rights and obligations of WTO members regarding measures taken to ensure food safety, to protect human health from plant- or animal-spread diseases, to protect plant and animal health from pests and diseases, or to prevent other damage from pests. Governments must ensure that their SPS measures are based on scientific principles.

Sanitary and phytosanitary measures

In 2009 the Committee on Sanitary and Phytosanitary (SPS) Measures adopted an important decision on 'special and differential treatment' for developing countries, and undertook its third review of the operation and implementation of the Agreement on the Application of Sanitary and Phytosanitary Measures. A workshop in October 2009 focused on strengthening the relationship between the SPS Committee and the relevant international standard-setting bodies. Members used the three meetings of the SPS Committee to seek to resolve a number of specific trade concerns, some concerning notifications of proposed new measures.

In October 2009 the SPS Committee adopted a revised procedure to enhance the transparency of special and differential treatment in favour of developing countries. The procedure clarifies the steps to be taken by developing countries in requesting special and differential treatment with respect to specific SPS measures, and the steps to be taken in response by the member maintaining the measures. The procedure suggests that such requests should normally be made during the comment period provided following notification of a proposed new SPS measure, although requests following the adoption or entry into force of a measure should also be considered.

The committee undertook its third periodic review of the operation and implementation of the SPS Agreement. The experiences of members with the implementation of all provisions of the Agreement were examined, and the work of the committee reviewed. The committee also discussed proposals for future work.

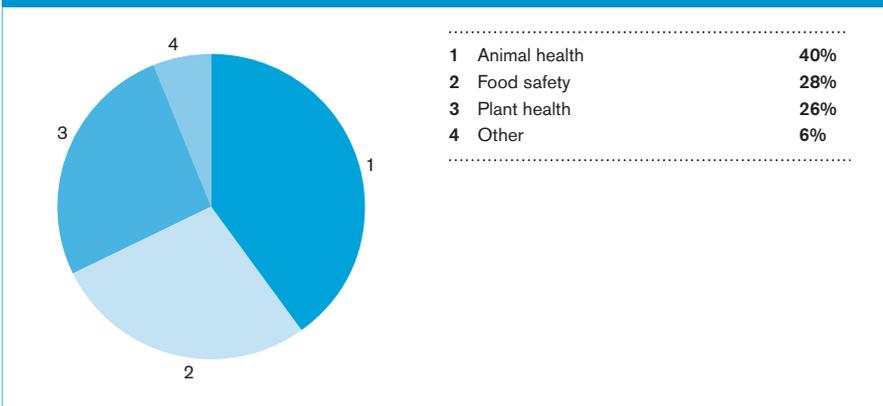
At a workshop in October, the committee considered its relationship with the various international standard-setting bodies – the Codex Alimentarius Commission of the United Nations Food and Agriculture Organization (FAO) and the World Health Organization, the FAO International Plant Protection Convention and the World Organization for Animal Health (OIE). The standard-setting procedures of each organization were reviewed, with a focus on how to enhance the participation of developing countries. The committee identified areas for future collaboration between the four bodies, and stressed the need for more effective coordination of positions at the national level.

The SPS Committee also considered a wide range of specific trade concerns, including some related to individual notifications. These included trade measures imposed in response to the outbreak of 'swine flu' (influenza A/H1N1), restrictions relating to avian influenza and 'mad cow' disease (bovine spongiform encephalopathy or BSE), maximum levels of pesticide residues in various products, the EU's regulation on novel foods, and restrictions related to plant health protection.

In 2009, 12 new specific trade concerns were raised, 18 previously raised concerns were again discussed, and three were reported to have been resolved. A total of 290 specific trade concerns were raised between 1995 and the end of 2009 (see Figure 2).



Figure 2: SPS trade concerns by subject 1995 to end 2009

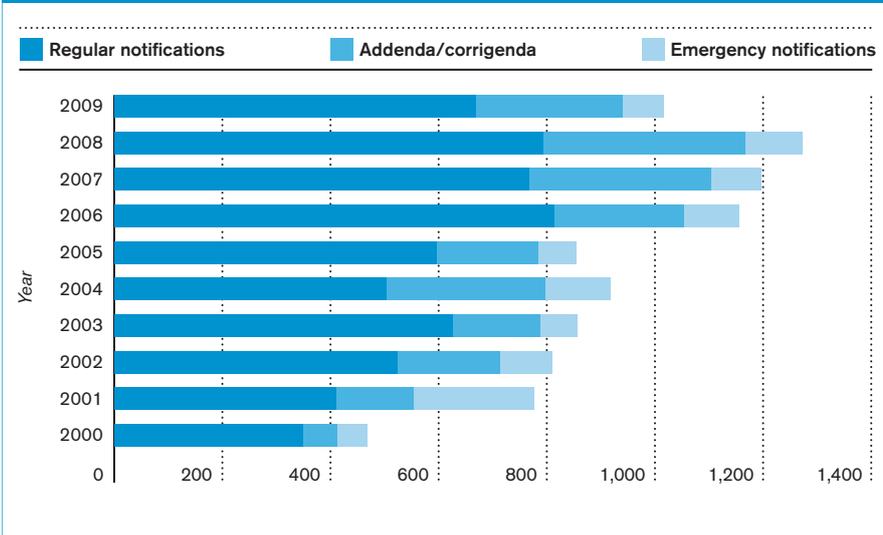


Source: G/SPS/GEN/204/Rev.10.

The committee continued to discuss the effects of commercial and private SPS standards on trade and the appropriate role of the SPS Committee. Members provided examples of specific products whose access into certain markets was affected by private standards, and considered possible actions that could be taken by the committee and/or members to address their concerns.

In accordance with the transparency provisions of the SPS Agreement, 1,016 notifications (including corrections and revisions) were submitted during 2009 (see Figure 3), bringing the total number of SPS notifications submitted since the entry into force of the Agreement in 1995 to 10,851.

Figure 3: Notifications submitted per year



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Background

In recent years, the number of technical regulations and standards adopted by countries has grown significantly in response to consumers' demand for safe, high-quality products and the need to curb pollution and environmental degradation. The Agreement on Technical Barriers to Trade (TBT) tries to ensure that regulations, standards, testing and certification procedures followed by WTO members do not create unnecessary obstacles to trade.

Technical barriers to trade

The Committee on Technical Barriers to Trade (TBT) held three meetings in 2009, at which experts on standards and regulations discussed ways of refining governments' implementation of the TBT Agreement. This is seen as increasingly important in view of the growing number of notifications provided by WTO members concerning draft TBT measures and the lengthening discussions of trade concerns in the committee. The subject of standards was addressed both at a workshop held in March and in the context of the committee's triennial review of the TBT Agreement.

Workshop on international standards

The TBT Committee has regularly discussed the importance of using international standards in trade and in 2000 it adopted a decision containing a set of principles for international standards development (see below). A two-day workshop on the role of international standards in economic development was held in March, attended by over 200 TBT experts. Of these, some 70 developing country capital-based officials were sponsored by the WTO through the Global Trust Fund of the Doha Development Agenda.

The workshop provided an opportunity for delegations to share experiences on the development and use of international standards, including the economic benefits derived from them. One key message was that standards are a crucial link between research, innovation and markets, and an efficient tool for the transfer of technology.

Triennial review – looking ahead

At its November 2009 meeting, the TBT Committee adopted its fifth triennial review report. The report sets out significant work in five areas:

- **Good regulatory practice:** The committee will study the various regulatory systems used by members, with a view to identifying possible avenues for achieving more convergence on regulatory practices. A first step will be the preparation of an illustrative list of mechanisms used to implement good regulatory practice.
- **Conformity assessment procedures:** The committee agreed to start developing practical guidelines on how to choose and design efficient and effective conformity assessment procedures that do not pose unnecessary obstacles to trade. Conformity assessment procedures are technical procedures, such as testing, verification, inspection and certification, which confirm that products fulfil the requirements laid down in regulations and standards. Members will exchange information on several aspects of conformity assessment, including the role of risk in the choice of conformity assessment procedure.
- **Standards:** Members stressed the importance of the full application of the six principles set out in the committee's 2000 decision on the development of international standards – transparency, openness, impartiality and consensus, relevance and effectiveness, coherence, and the development dimension. Future work will focus on the development and use of standards in general, including standards developed by non-governmental bodies.
- **Transparency:** The committee stressed that transparency is a fundamental pillar in the implementation of the TBT Agreement and emphasized the need for full implementation of the existing (and extensive) body of decisions and recommendations in this area. The committee agreed on a number of refinements to procedures aimed at implementing the Agreement's transparency provisions, particularly in the area of notifications.
- **Technical assistance:** The committee agreed that members and relevant bodies involved in the provision of TBT technical assistance should start to identify 'good practices' in its delivery and receipt. In addition, members were encouraged to prioritize capacity building activities in the areas of good regulatory practice, improving technical infrastructure (such as metrology, testing, certification and accreditation services), standards development and reinforcing the operation of enquiry points to improve transparency.
- **Operation of the committee:** The increasing number of notifications and specific trade concerns raised in the TBT Committee prompted consideration of a more streamlined and effective process for the handling of specific trade concerns. The agreed procedure is aimed at improving preparation and follow-up of discussions at the committee.

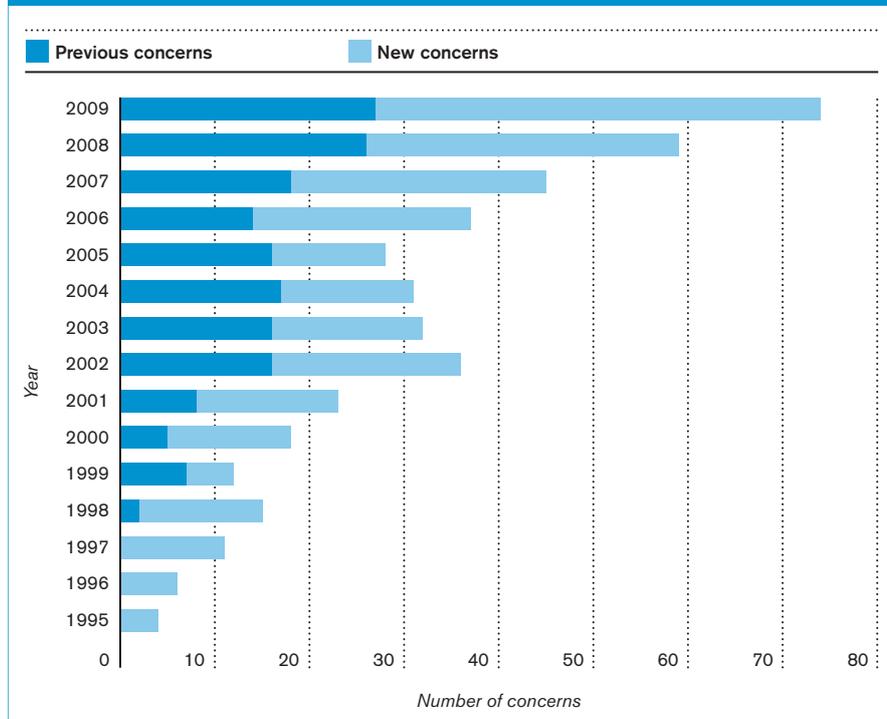


Implementation and monitoring

Trade concerns

In 2009 there was a further increase in the number of specific trade concerns brought to the attention of the TBT Committee (see Figure 4). These relate either to proposed measures notified to the TBT Committee or to measures currently in force. Committee meetings afforded members an opportunity to review trade concerns formally or informally in a bilateral or multilateral setting, and to seek further clarification.

Figure 4: Specific trade concerns raised in the TBT Committee



Subsidies and countervailing measures

In 2009 the SCM Committee reviewed WTO members' notifications of specific subsidies, notifications of countervailing duty legislation, semi-annual reports of countervailing duty investigations, measures and actions taken, and ad hoc notifications of preliminary and final countervailing actions taken. The committee also conducted the eighth transitional review of China's accession commitments in accordance with its protocol of accession. In October the committee extended for a further year the exemption of certain developing countries from the SCM Agreement's general prohibition on use of export subsidies.

Some developing countries have been granted an extension of the eight-year phase-out period for their export subsidy programmes. In October the SCM Committee conducted its annual review of compliance by these countries with the transparency and other requirements contained in the procedures for extending the transition period. On the basis of the review, the committee agreed to renew the transition period for a further year to the end of 2010.

Certain developing countries are listed in the SCM Agreement as exempt from the general requirement to eliminate export subsidies as long as they remain low-income countries. In 2009 the WTO Secretariat circulated updated information on these countries. To qualify for exemption, a listed member must have a per capita gross national product (GNP) of less than US\$ 1,000, as reported by the World Bank, and countries do not cross this threshold until GNP per capita reaches US\$ 1,000 in constant 1990 dollars for three consecutive years. Listed countries remaining below the threshold in 2009 were Bolivia, Cameroon, Congo, Côte d'Ivoire, Egypt, Ghana, Guyana, Honduras, India, Indonesia, Kenya, Nicaragua,



Background

The Subsidies and Countervailing Measures (SCM) Agreement regulates the use of subsidies by WTO members in areas other than agriculture, as well as the use of countervailing measures (usually in the form of increased duties) by members where subsidized imports of a product are causing or threatening to cause injury to the domestic industry. The SCM Committee provides WTO members with the opportunity to discuss any matters relating to the SCM Agreement.

Implementation and monitoring



Background

WTO members are allowed to apply 'anti-dumping' measures on imports of a product where the exporting company exports the product at a price lower than the price it normally charges in its own home market and the dumped imports cause or threaten to cause injury to the domestic industry. The Committee on Anti-Dumping Practices provides WTO members with the opportunity to discuss any matters relating to the Anti-Dumping Agreement.



Background

For importers, the process of estimating the value of a product at customs can present problems that may be as much of a burden as the actual duty rate charged. The WTO Agreement on Customs Valuation aims to develop a fair, uniform and neutral system for the valuation of goods for customs purposes. Work on this issue in the WTO is carried out by the Committee on Customs Valuation.

Nigeria, Pakistan, the Philippines, Senegal, Sri Lanka and Zimbabwe. Least-developed countries are also exempt from the prohibition on export subsidies.

The SCM Agreement requires WTO members to notify their specific subsidies each year. Members are asked to give priority to submitting new and full notifications every two years while the committee gives less emphasis to the review of updated notifications. In 2009 the committee continued its review of 2007 new and full subsidy notifications and began its review of notifications for 2009.

The SCM Committee continued its ongoing review of notifications related to countervailing duty legislation. It took further steps to improve transparency by revising the format for semi-annual reports of countervailing actions and specifying the minimum information to be provided in connection with ad hoc notifications of preliminary and final countervailing actions. In addition, the committee agreed on a one-time notification format for members that do not have an investigating authority, have not initiated a countervailing duty investigation before and do not intend to initiate one in the foreseeable future. The submission of a one-time notification would relieve these countries of the obligation to submit semi-annual reports of countervailing actions until such time as they decide to set up an investigating authority and conduct investigations.

At its May meeting the committee elected one new member to the permanent group of experts established by the SCM Agreement. The function of the group, composed of five independent persons who are highly qualified in the fields of subsidies and trade relations, is to provide expert assistance to dispute panels considering whether a challenged subsidy is prohibited, and to give advisory opinions at the request of the SCM Committee or a WTO member.

Anti-dumping practices

The Committee on Anti-Dumping Practices held two regular meetings in the spring and autumn of 2009 to review notifications of anti-dumping legislation, semi-annual reports of anti-dumping investigations, measures and actions and ad hoc notifications of preliminary and final anti-dumping actions taken. It also undertook the eighth transitional review of China's accession commitments under its protocol of accession. At its October meeting, the committee adopted three decisions to enhance transparency and streamline the reporting process.

The first was a new one-time notification format for WTO members that have not established investigating authorities, have never taken any anti-dumping actions, and do not intend to take such actions in the foreseeable future. This notification, once submitted, will remain valid until further notice, relieving the countries concerned of their obligation to submit semi-annual reports. Second, the committee agreed that all notifications should be submitted electronically. Third, it added a paragraph to the 'minimum information' format members use for ad hoc notifications of preliminary and final anti-dumping actions. The new paragraph will encourage members to attach, in an electronic form and in their original language, publicly available documents containing the relevant decisions made by the competent authorities.

Customs valuation

In 2009 the Committee on Customs Valuation continued to review notifications by WTO members of their legislation implementing the Customs Valuation Agreement. It also completed China's eighth transitional review in accordance with its protocol of accession. However, the committee made little progress in its discussions on preventing customs fraud.

By the end of 2009, 80 members (the 27 European Union member states counting as one) had notified their national implementing legislation on customs valuation to the committee. However, notifications by 46 members remained outstanding. The Customs Valuation Agreement stipulates that members must ensure that their laws, regulations and administrative procedures comply with its provisions, and must notify the committee of any changes. Such notifications are subject to examination in the committee.

Moreover, 56 members had not yet notified their responses to a 'checklist of issues' concerning administration of the Agreement and working procedures of the committee, even though this is a requirement under the Agreement. Only 36 members had notified the date from which they were applying two committee decisions, one on how interest charges should be treated in customs value and the other on the valuation of 'carrier media-bearing software', such as CD-ROMs, which can be based on the cost of the carrier medium (the CD-ROM) itself rather than on the value of the data or instructions contained in it. After a spurt in recent years, notifications have slowed during the last year and this is a source of concern to the committee.

The committee made little progress in its discussions on preventing customs fraud by strengthening cooperation between members' customs administrations, as mandated by ministers at the Doha Ministerial Conference in 2001. While India maintained its view that the WTO should elaborate a binding mechanism for the exchange of export values between customs administrations, most other members considered that the establishment of such a mechanism was impeded by significant concerns, such as the preservation of confidentiality, accuracy of data, and the existence of similar mechanisms and arrangements in this area. Furthermore, several members noted that this matter is also being addressed in the Negotiating Group on Trade Facilitation, which is a more appropriate forum.

The committee adopted its 2009 report to the Council for Trade in Goods. However, adoption of the fourth to the fifteenth annual reviews of the Agreement, from 1998 to 2009, remains blocked by an unresolved issue concerning India's interpretation of a paragraph relating to the valuation of goods based on officially established minimum values. The Chair will consult on this matter in 2010.

The WTO Technical Committee – established under the auspices of the World Customs Organization to promote, on a technical level, uniformity of interpretation and application of the Customs Valuation Agreement – presented reports on its sessions during 2009.

Rules of origin

The Committee on Rules of Origin met twice in 2009 with the aim of resolving all technical issues relating to harmonization as soon as possible. The harmonization programme was due to end in 1998 but has missed several deadlines since then because of the complexity of the issues involved. A major stumbling block has been the implications for other WTO agreements of implementing the harmonized rules of origin. Work on the 'implications for other WTO agreements' and on the machinery sector remained suspended in 2009 pending guidance from the General Council.

The main focus of the committee's work was the drafting of a general procedural rule according to which a primary rule first applies in the last country of production of a good. Subsequently, if the primary rule is not satisfied in that country, the primary rule or a residual rule applies in countries other than the last country in order to determine the origin of the good. In this way, sequential rules apply in a consistent manner to products that, in a globalized trading system, are often made up of components and materials from a number of different countries. WTO members were fully agreed on the basic concepts and approaches but differed on the wording of some provisions. The committee also streamlined a number of chapter rules and clarified a number of product-specific rules.

The committee further conducted the eighth transitional review of China in accordance with its Protocol of Accession, and reviewed notifications by members. To date, 80 members have made notifications of non-preferential rules of origin and 114 members have made notifications of preferential rules of origin. Members that had not yet notified were urged to do so as early as possible.

Implementation and monitoring



Background

Rules of origin are the criteria used to determine the country in which a product was made. They are an essential part of trade rules because a number of policies discriminate between different originating countries. Rules of origin are used for many commercial policy instruments, including customs duties, trade remedy measures, origin marking, tariff quotas, bilateral and regional trade agreements, trade preferences and so on. The main objective of the Agreement on Rules of Origin is to harmonize the non-preferential rules of origin used for all commercial policy instruments except when determining whether goods qualify for preferential treatment, and to provide more certainty in the conduct of world trade. This work is conducted by a Committee on Rules of Origin in the WTO and a Technical Committee under the auspices of the World Customs Organization in Brussels.

Implementation and monitoring



Background

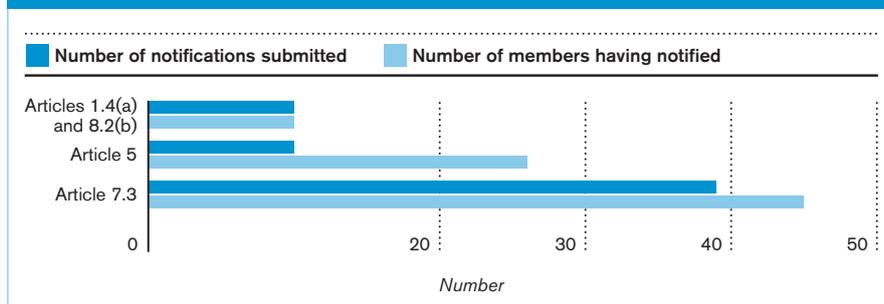
The Agreement on Import Licensing Procedures establishes disciplines on WTO members' import licensing systems, with the principal objective of ensuring that the procedures applied for granting import licences do not, themselves, restrict trade. By becoming members of the WTO, governments commit themselves to simplifying and bringing transparency to their import licensing procedures, and to administering them in a neutral and non-discriminatory manner.

Import licensing

In 2009 the Committee on Import Licensing reviewed over 80 notifications submitted by WTO members and dealt with an increased number of members' trade concerns on various aspects of import licensing. These included the fair and equitable application and administration of licensing regimes, the time limits for processing licence applications, the publication of information concerning licensing procedures and notification to the committee, as well as products subject to import licensing procedures.

At the two formal meetings held during 2009, the committee reviewed 81 notifications submitted by members: 10 of these notifications related to the publication of import licensing procedures (Articles 1.4(a) and 8.2(b)); 26 were on the institution of licensing procedures or changes in these procedures (Article 5); and 45 related to responses to the annual questionnaire on import licensing procedures (Article 7.3). Figure 5 shows members' compliance with transparency obligations, which has increased since last year, but the lack of notifications in some areas remains a source of concern for the committee.

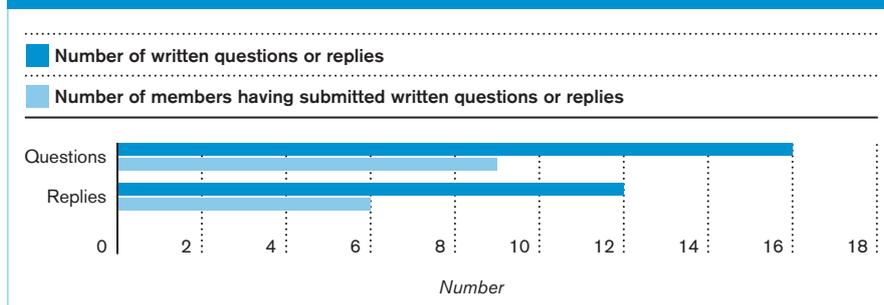
Figure 5: Number of members having notified and number of notifications submitted in 2009



Note: Articles 1.4(a) and 8.2(b) relate to the publication of import licensing procedures. Article 5 concerns the institution of licensing procedures or changes in these procedures. Article 7.3 concerns responses to the annual questionnaire on import licensing procedures.

The committee considered 16 written comments and questions from nine members on the notifications submitted and/or on import licensing procedures maintained by seven members, and 12 responses to these queries submitted by six members (see Figure 6). It also considered specific concerns and comments expressed orally regarding certain import licensing procedures applied by some members.

Figure 6: Written questions and replies submitted in 2009



The committee carried out its annual review of the implementation and operation of the Agreement and the eighth transitional review of China, in accordance with China's protocol of accession.



Implementation and monitoring



Background

WTO members may take 'safeguard' actions (temporarily restrict imports of a product) to protect a specific domestic industry from an increase in imports of any product which is causing, or threatening to cause, serious injury to the industry. In these circumstances, they have the right to restrict imports of the product from all sources (but not from a specific member or group of members). The Agreement on Safeguards provides detailed rules concerning the investigation that must be conducted and the application of safeguard measures.

Two technical assistance activities took place in 2009, with the aim of improving understanding of the aims, purposes and particularities of the Agreement. Training was also provided to help authorities in member countries to distinguish between import licences and other trade barriers whose legitimate objectives might be better served through less trade-restrictive or trade-distorting measures, such as technical regulations or sanitary and phytosanitary measures. These activities were attended by representatives of the various ministries and governmental institutions that deal with import licensing regimes, and enabled some participants to submit updated notifications to the committee.

Safeguards

The Safeguards Committee held two meetings in 2009, at which it reviewed notifications by WTO members of their safeguard rules and actions, and revised some notification formats to further improve transparency. The committee also conducted the eighth transitional review of China's accession commitments, in accordance with its protocol of accession.

In October 2009 the Safeguards Committee approved several new or improved notification formats. Members are now encouraged to notify the committee when they initiate a review to decide whether to extend an existing measure and when a measure has been terminated or has lapsed. They are also asked to attach to the notifications the original publicized documents containing the relevant decisions made by the competent authority. Existing formats have also been improved to ensure that certain information (such as the contact point for the investigation, the date of the hearing and other relevant procedures, the major exporters of the product, and so on) will be included in future notifications.

By October 2009, the committee had received and discussed notifications from 94 members regarding their domestic safeguards legislation and/or regulations. During the year, there were 25 notifications of new investigations, 12 notifications concerning the application of provisional measures, and 10 notifications concerning the application of final measures.

Table 2: Summary of safeguard investigations by year (for all members) for the period 1995 to 2009

| Year | Initiation | Final measures (for the reported initiations) | No final measures (for the reported initiations) |
|---------------|------------|--|---|
| 1995 | 2 | 0 | 2 |
| 1996 | 5 | 3 | 2 |
| 1997 | 3 | 3 | 0 |
| 1998 | 10 | 5 | 5 |
| 1999 | 15 | 10 | 5 |
| 2000 | 25 | 9 | 16 |
| 2001 | 12 | 8 | 4 |
| 2002 | 34 | 19 | 15 |
| 2003 | 15 | 8 | 7 |
| 2004 | 14 | 6 | 8 |
| 2005 | 7 | 2 | 5 |
| 2006 | 13 | 9 | 4 |
| 2007 | 8 | 5 | 3 |
| 2008 | 10 | 6 | 4 |
| 2009 | 25 | 4 | 21 |
| Totals | 198 | 97 | 101 |

Note: 'For the reported initiations' means that the measures are indicated in the year when the initiation was initiated, and not in the year of the actual imposition etc.



Implementation and monitoring



Background

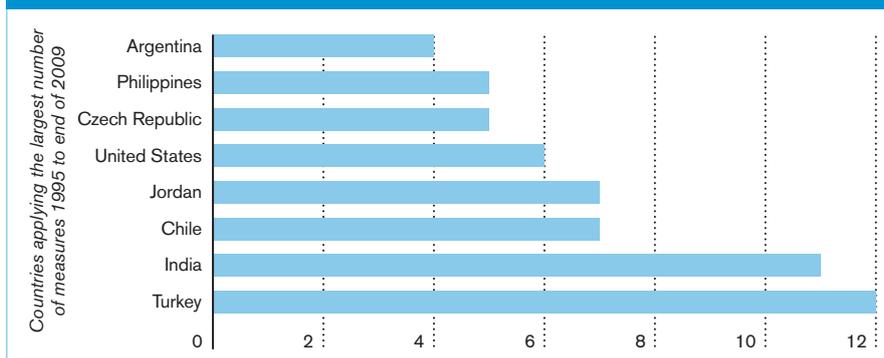
The Agreement on Trade-Related Investment Measures (TRIMs) recognizes that certain investment measures can restrict and distort trade. It states that WTO members may not apply any measure that discriminates against foreign products or that leads to quantitative restrictions, both of which violate basic WTO principles. A list of prohibited TRIMs, such as local content requirements, is part of the Agreement. The TRIMs Committee monitors the Agreement's operation and implementation and allows members the opportunity to consult on any matters relating to this.



Background

The aim of the Information Technology Agreement (ITA) is to eliminate tariffs on computers, telecommunication equipment, semiconductors, semiconductor manufacturing equipment, software and scientific instruments. On 1 January 2000 and 1 January 2005, most developed and developing participating members reduced tariffs for most of these products to zero, while certain tariff lines for some participants were granted longer implementation periods. The committee on the ITA oversees issues concerning the Agreement.

Figure 7: Safeguard measures by importing WTO member 1995 to year end 2009



Note: A total of 97 safeguard measures have been applied by all WTO members since 1995.

Trade-related investment measures

The Committee on Trade-Related Investment Measures (TRIMs) held two meetings in 2009, at which it discussed two communications from WTO members relating to Indonesia's investment policies in the telecommunications and minerals and mining sectors, and considered ways of improving the timeliness and completeness of notifications and other information flows.

In 2009 the TRIMs Committee discussed two joint communications from the European Union and the United States relating to investment policy in Indonesia, one relating to investment in telecommunications and the other concerning the mineral and coal mining sector. These essentially asked for more information and clarification by Indonesia. The committee also conducted the eighth transitional review of China, in accordance with its protocol of accession.

Members were reminded of their obligation under Article 6.2 of the Agreement to notify the committee of all publications in which TRIMs may be found, including those applied by the regional and local governments and authorities within their territories, notwithstanding the consistency of such TRIMs with the Agreement. The Secretariat, at the committee's request, is circulating detailed explanatory semi-annual reminders to members asking them to submit the required notification under this Article without delay and to provide updated information where warranted.

Information technology

The Committee of Participants on the Expansion of Trade in Information Technology Products did not meet in 2009. By the end of 2009, the number of ITA participants had risen to 72.

State trading enterprises

The Working Party on State Trading Enterprises held informal consultations in early 2009 during which WTO members agreed a number of actions in an effort to improve the timeliness and completeness of notifications. These actions included a technical assistance session held in conjunction with the regular meeting of the Working Party in October 2009.

At the October meeting, the Working Party reviewed six updating notifications and 23 new and full notifications from 14 members, including the 27-member European Community.

Trade in civil aircraft

In 2009 the Trade in Civil Aircraft Committee held one meeting, where signatories reviewed and commented on a technical note prepared by the Secretariat related to the annex to the Agreement on product coverage. The note covered the revisions that may be necessary to bring the annex into conformity with the 2007 update of the Harmonized System, used for classifying goods for tariff purposes.

Currently, the Agreement has 31 signatories, 20 of which are member states of the European Union. Albania acceded to the Agreement in 2008, the most recent WTO member to do so.

Implementation and monitoring



Background

State trading enterprises are defined as governmental or non-governmental enterprises, such as marketing boards, that are granted exclusive or special rights to deal with goods for export and/or import. They are required to act in a manner consistent with the WTO principle of non-discriminatory treatment. The Working Party on State Trading Enterprises reviews notifications by WTO members on their state trading activities.



Background

The Trade in Civil Aircraft Agreement aims to achieve maximum freedom of world trade in civil aircraft, parts and related equipment by eliminating tariffs, promoting fair and equal competitive opportunities for civil aircraft manufacturers, and regulating government support for civil aircraft development, production and marketing. The Committee on Trade in Civil Aircraft provides signatories with an opportunity to consult on any matters relating to the operation of the Agreement.

Implementation and monitoring



Background

The function of the Council for Trade in Services, in its regular sessions, is to facilitate the operation of the General Agreement on Trade in Services (GATS) and to further its objectives. The Council consists of all WTO members and reports to the WTO's General Council.

The GATS defines trade in services as consisting of four types of transactions. These are: mode 1 – cross border supply (a supplier in one WTO member provides services to a consumer in another member's territory); mode 2 – consumption abroad (a consumer from one member consumes services in another member's territory); mode 3 – commercial presence (a foreign company establishes an operation in another member's territory); and mode 4 – presence of natural persons (individuals move to another member to supply services).

Trade in services

In 2009 the work in the Council for Trade in Services was reinvigorated by discussions of a number of services sectors and modes of supply, on the basis of new background notes produced by the WTO Secretariat. The notes are intended to capture the most relevant developments, from a trade perspective, that have occurred in key areas over the past decade. Seven such papers were discussed in 2009, and another 13 will offer a basis for continued deliberations in 2010.

The background notes circulated in 2009 covered tourism services, telecommunication services, computer and related services, construction and related engineering services, architectural services, presence of natural persons ('mode 4') and cross-border supply ('modes 1 and 2'). The following notes are scheduled for 2010: audiovisual services, energy services, financial services, accountancy services, commercial presence ('mode 3'), education services, maritime transport services, logistics services, legal services, distribution services, postal and courier services, environmental services, and road freight transport services.

The services sectors and modes of supply to be examined were selected based on the interests and priorities expressed by WTO members. The background notes are intended to stimulate the deliberations, but not necessarily be their sole focus. They represent research efforts by the Secretariat and aim to provide updated information and analysis of the main trade-related economic and regulatory developments in key areas. In light of the diversity of the topics under discussion, the notes follow slightly different structures. They do not claim to provide a comprehensive account of the different sectors and modes examined, but rather attempt to focus on those issues that are most relevant from a trade perspective. Given that the notes are produced for the Council for Trade in Services in its regular sessions, they do not seek to address issues related to the Doha Development Agenda negotiations.

In total, the Council for Trade in Services held four formal meetings during 2009. Its agenda for the year also included discussions on how to improve compliance with notification requirements under the General Agreement on Trade in Services (GATS) and the eighth transitional review under China's protocol of accession.



Trade-related aspects of intellectual property rights (TRIPS)

During 2009 the Council for TRIPS reviewed intellectual property legislation in individual countries and discussed the relationship between the TRIPS Agreement and the Convention on Biological Diversity, TRIPS and public health, technical cooperation and capacity building and a number of other matters, in addition to the issues reported in the section on negotiations (see page 21).

Promoting transparency

Transparency of national intellectual property systems is a key principle of TRIPS. This is important for reducing trade tensions, and building productive trading relations in knowledge products and technology.

The TRIPS Council has developed a unique body of information about diverse approaches to protecting intellectual property, based on the notifications of WTO members. This material is also emerging as an important resource for policymakers, as many seek a broader base of factual information about how intellectual property systems are designed and implemented so as to promote their important public policy goals.

In 2009 the TRIPS Council considered ways to improve the timeliness and completeness of notifications under the TRIPS Agreement and other relevant information flows, based on a background note prepared by the WTO Secretariat. The emphasis lies on the transformation of a paper-based registration system to an online information system, reducing red tape for members and making this useful information more readily accessible for policymakers and for the general public. It also reviewed the legislation of Tonga and Ukraine, both recently joined members, completed its review of the legislation of Saint Vincent and the Grenadines, and took note of the material still required to complete the pending reviews of five other members.

In October the council undertook the eighth annual transitional review of how China has implemented its intellectual property commitments, in accordance with its protocol of accession.

Plants, animals, biodiversity and traditional knowledge

In parallel with the Director-General's consultations on outstanding implementation issues (see page 22), the TRIPS Council continued to address a cluster of subjects related to biotechnology, biodiversity, genetic resources and traditional knowledge, as instructed by the 2005 Hong Kong Ministerial Declaration. These cover:

- the review of the TRIPS provisions dealing with the question of patentability of plant and animal inventions and the protection of plant varieties
- the relationship between the TRIPS Agreement and the Convention on Biological Diversity (CBD)
- the protection of traditional knowledge and folklore.

The discussion was based on members' papers, which concentrated on the relationship between the TRIPS Agreement and the CBD.

Implementation and monitoring



Background

Intellectual property rights have become an important element in international trade in recent years, with increasing concern as to how to ensure that the protection of intellectual property advances shared economic and social goals. The Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement is the most comprehensive international treaty governing the protection and enforcement of intellectual property rights. The Council for TRIPS, a body open to all WTO members, administers the TRIPS Agreement and reviews the intellectual property legislation of individual members.

Implementation and monitoring



The 'Paragraph 6' system gives poor countries additional flexibility under the TRIPS Agreement to gain access to affordable medicines.

TRIPS and public health

In October 2009 the TRIPS Council carried out its annual review of the functioning of the so-called 'Paragraph 6' system, which gives poor countries additional flexibility under the TRIPS Agreement to gain access to affordable medicines.

Agreed in August 2003, the 'Paragraph 6' system allows generic versions of patented medicines to be made under compulsory licence (that is, without the consent of the patent holder) for export to countries that cannot manufacture the medicines themselves. The TRIPS Agreement originally only permitted compulsory licensing predominantly to serve the domestic market, and not to be directed at such exports. The new system changes this, first through a waiver and then through an agreed amendment to the treaty, creating a new kind of compulsory licence for the export of medicines.

The system was first used in 2008 by Canada for the export of medicines to Rwanda, with a second shipment proceeding in 2009. This has been the only use of the system so far. The TRIPS Council undertakes an annual review of the system, but this relatively limited use led to calls for consultations on national experiences with the system, so as to identify any obstacles or impediments to its use. The council therefore requested that the Chair hold consultations on the operation of the system, supplementing the existing formal review process.

At the recommendation of the TRIPS Council, the General Council agreed at its meeting in December to extend for a second time, to the end of 2011, the deadline for members to accept conversion of the 'Paragraph 6' waiver into a permanent amendment to the TRIPS Agreement, as agreed in December 2005.

By the end of 2009, the number of members notifying acceptance of the amendment continued to grow, but still remained far from the required two-thirds of the membership. Those accepting the amendment were, in chronological order: the United States; Switzerland; El Salvador; Republic of Korea; Norway; India; the Philippines; Israel; Japan; Australia; Singapore; Hong Kong, China; the European Union; Mauritius; Egypt; Mexico; Jordan; Brazil; Morocco; Albania; Macao, China; Canada; Bahrain; Colombia; and Zambia.

Outside the 'Paragraph 6' annual review, the TRIPS Council considered other issues relating to the public health dimension of the TRIPS Agreement, including detentions of generic drug consignments transiting EU ports.



Technical cooperation and capacity building

At its October 2009 meeting, developed countries updated the council on their technical and financial cooperation under the TRIPS Agreement. Updated information was also received from the WTO Secretariat and a number of intergovernmental organizations that are observers to the council. The council continued its discussion of a communication from Brazil, entitled *Technical Cooperation and Capacity Building: 'Cluster' A of the Development Agenda*. Brazil provided additional information in relation to this paper, which was originally submitted in 2008.

The Council discussed the priority needs of least-developed countries (LDCs) for technical and financial cooperation to help them implement the TRIPS Agreement. Under a 2005 decision, extending to 2013 the transition period for LDCs to apply their TRIPS obligations, they were also requested to identify their priority assistance needs so that these could be effectively addressed.

By the end of 2009, Uganda and Sierra Leone had reported in detail on their needs assessment processes. At the request of the LDC Group, the Secretariat organized a workshop that brought together officials from LDCs and donor countries to promote practical dialogue and coordination on assessing priority needs.

Inter-agency cooperation

The TRIPS Council Secretariat continued to work closely with other relevant international agencies, such as the World Intellectual Property Organization (WIPO), the World Health Organization (WHO), the United Nations Development Programme (UNDP), the United Nations Conference on Trade and Development (UNCTAD), the International Telecommunication Union (ITU) and the United Nations Educational, Scientific and Cultural Organization (UNESCO).

Other issues

The TRIPS Council also had on its agenda the reviews, mandated under the TRIPS Agreement, of the Agreement as a whole (the '71.1 review') and of the application of the provisions on geographical indications (the '24.2 review') but no new proposals emerged. The council's work on the incentives for technology transfer to least-developed countries and on 'non-violation and situation complaints' is described on page 22.

Implementation and monitoring



Background

Sustainable development and protection and preservation of the environment are fundamental goals of the WTO. They are enshrined in the Marrakesh Agreement, which established the WTO. The Committee on Trade and Environment is responsible for studying the relationship between trade and the environment and making recommendations on changes that might be needed in WTO trade agreements.

Trade and environment

In 2009 the Committee on Trade and Environment – meeting in regular session – focused on the impact of environmental measures on market access, especially for developing countries. The committee paid particular attention to win-win-win situations where the elimination or reduction of trade restrictions and distortions would benefit trade, the environment and development. In June 2009 the Secretariats of the WTO and the United Nations Environment Programme (UNEP) issued a joint report entitled Trade and Climate Change. During the year the WTO Secretariat organized three regional workshops on trade and environment.

Committee on Trade and Environment

Private standards and carbon footprint labelling schemes were the main focus of discussion in the Committee on Trade and Environment in 2009. A number of developing countries reiterated their concerns about difficulties their exporters are facing due to the rapid proliferation of private environmental standards. They argued that these standards should conform to the Code of Good Practice for the Preparation, Adoption and Application of Standards under the WTO Agreement on Technical Barriers to Trade. A workshop on environment-related private standards, certification and labelling requirements was organized to inform WTO members about developments in this area.

On carbon footprint labelling schemes, a number of members raised concerns on their effectiveness, challenges and possible trade impacts. They suggested that the committee should look at recent initiatives at national and international levels, and invite relevant organizations and WTO members developing such schemes to share their experiences with the committee.

On environmental labelling, the European Union proposed that further discussions on environmental labelling should focus on assisting developing country producers to meet labelling requirements. This proposal attracted interest from a number of members, which requested the European Union to elaborate a work programme for the committee's consideration.

On trade and climate change, a representative from the Secretariat of the United Nations Framework Convention on Climate Change briefed the committee on the state of play in the climate negotiations ahead of the summit meeting in Copenhagen in December 2009. Many members, both developed and developing, were in favour of discussing trade and climate change at future meetings of the committee. Consultations were held on how the committee should deal with this subject.

On environmental provisions in regional trade agreements and on national policy coherence, members shared national experiences, including policies on climate change.

The WTO Secretariat presented the 2006 Environmental Database, which aims to improve the transparency of trade measures used for environmental purposes. The database lists the environment-related measures or provisions notified in 2006 under all WTO agreements, as well as the environment-related measures, provisions or programmes mentioned in the various 2006 trade policy reviews.

The committee was briefed on the outcome of the fifth World Water Forum, as well as on recent activities of the Convention on International Trade in Endangered Species and the International Conference on Chemicals Management.



Trade and environment workshops

In 2009 the WTO Secretariat organized three regional workshops on trade and environment, in Singapore for Asia and the Pacific (9–13 February), in Gaborone, Botswana, for English-speaking African Countries (24–26 March), and in Amman, Jordan, for Middle East and Arab Countries (20–22 October). Participants at the workshops were introduced to the relevant WTO rules on trade and the environment. They were also informed about the work of the committee and the status of the trade and environment negotiations in the Doha Round. The workshops provided WTO members with an opportunity to share experiences on trade and environment matters, and promoted greater dialogue between trade and environment officials.

WTO-UNEP Report on Trade and Climate Change

In June 2009 the Secretariats of the WTO and the United Nations Environment Programme (UNEP) issued a joint report entitled *Trade and Climate Change*. The report examines the intersections between trade and climate change from the four perspectives of science, economics, multilateral efforts to tackle climate change, and national climate change policies and their effect on trade. It shows that trade intersects with climate change in a multitude of ways. For example, governments may introduce a variety of policies, such as regulatory measures and economic incentives, to address climate change. This complex web of measures may have an impact on international trade and the multilateral trading system.

Implementation and monitoring



Launch of the WTO/UNEP Report on Trade and Climate Change in June 2009.

Implementation and monitoring



Background

The Committee on Regional Trade Agreements (CRTA) is responsible for monitoring regional trade agreements (RTAs) notified to the WTO. Its two principal duties are to examine individual RTAs and to consider their systemic implications for the multilateral trading system and the relationship between them. Since 2007 the CRTA has considered RTAs under new procedures established by the Transparency Mechanism for RTAs. The overall number of RTAs in force has been increasing steadily, and all WTO members except Mongolia are members of one or more (some belonging to as many as 20), creating what has been described as a tangled 'spaghetti bowl' of overlapping trade regulations.

Regional trade agreements

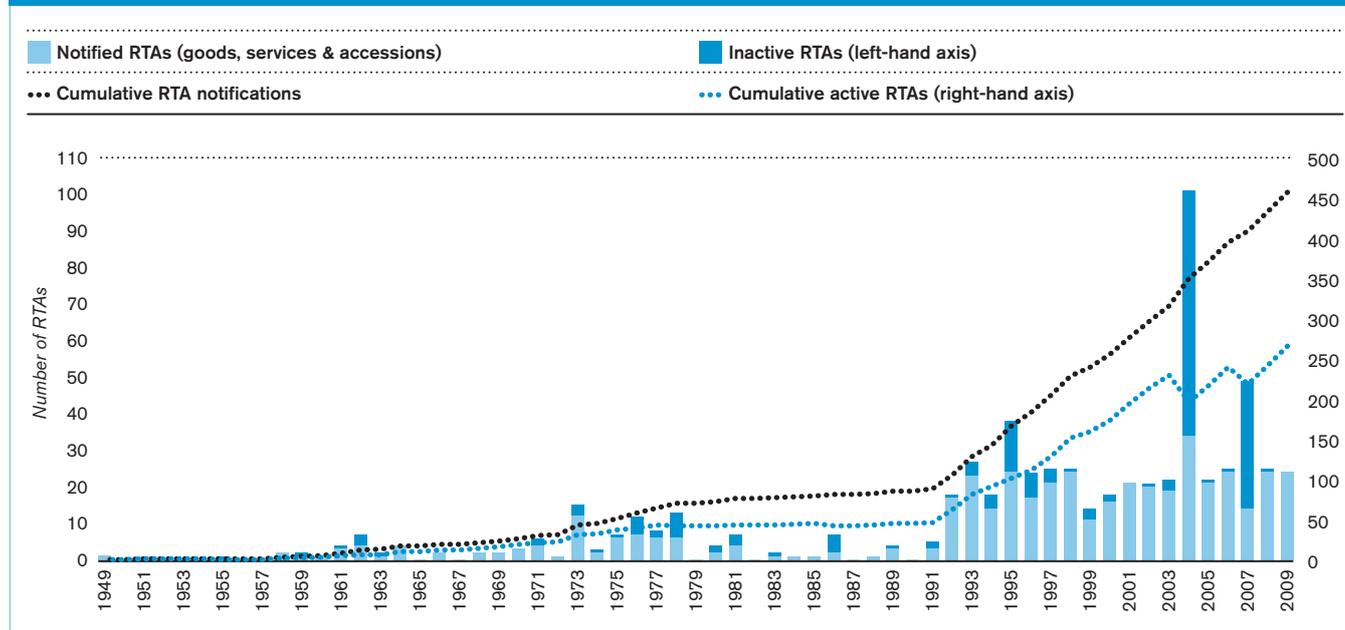
In 2009, 37 new notifications on regional trade agreements (RTAs) (which include bilateral and inter-regional free trade agreements) were received by the WTO. This is the largest number of RTA notifications in any single year since the WTO's establishment in 1995. Of the 457 RTAs notified to the WTO as of 31 December 2009, 266 were in force (see Figure 8).

Under WTO rules, the goods and services aspects of RTAs have to be notified separately, so they are counted separately. However, putting the two together, the 457 notifications to end-December 2009 involved 364 individual RTAs, of which 186 are currently in force.

The scope of RTAs varies considerably, ranging from agreements limited to reducing barriers to trade in goods to comprehensive agreements covering market opening in services and containing provisions in areas such as investment, competition policy, trade facilitation, government procurement, intellectual property, electronic commerce and, in some cases, labour and the environment. Critics argue that these overlapping regional trade regimes make international trade more complex and may undermine WTO non-discrimination principles. However, proponents of RTAs say they can lay the groundwork for future multilateral trade rules.

Certainly, the trend in recent years has been to negotiate more comprehensive RTAs. Of the 23 individual RTAs (counting goods and services components as one), 17 included both components. There has also been a discernable trend towards agreements between developing and developed trading partners. Just under half the RTAs notified in 2009 belong to the Asia-Pacific region, and the rest involved countries in Europe, the Commonwealth of Independent States, the Americas and Africa.

Figure 8: All RTAs notified to the GATT/WTO (1949 to 2009) by year of entry into force



Note: Since the goods and services aspects of RTAs are notified separately to the WTO, they are counted separately. Of the 266 RTAs in force at the end of 2009, 164 were notified under GATT Article XXIV and 27 under the Enabling Clause (between developing countries) dealing with trade in goods, and 75 were notified under GATS Article V dealing with trade in services.



Monitoring RTAs

In 2009 the CRTA held four meetings and considered 27 RTAs, counting goods and services separately, compared with 21 in 2008 (see Table 3). The committee's activities are guided by a December 2006 decision of the General Council on a Transparency Mechanism for RTAs, which has been applied provisionally since 2007. This mechanism provides specific guidelines on when a new RTA should be notified to the WTO Secretariat, and the related information and data to be provided.

All RTAs, regardless of whether they are notified under Article XXIV of the General Agreement on Tariffs and Trade (GATT) 1994, the Enabling Clause between developing countries (for trade in goods), or the General Agreement on Trade in Services (GATS) Article V (for trade in services), are subject to the provisions and procedures of the Transparency Mechanism.

Agreements notified under Article XXIV of the GATT 1994 and Article V of the GATS are considered by the CRTA, while agreements notified under the Enabling Clause are considered by a dedicated session of the Committee on Trade and Development. The General Council decision requires WTO members to inform the Secretariat in the event of any subsequent changes to a notified agreement. In the interests of transparency, WTO members are also encouraged to inform the Secretariat of any agreements currently being negotiated or that have been signed but are not yet in force.

Notified agreements already in force are considered by the CRTA, normally within a year of the date of notification. The consideration is based on a 'factual presentation' prepared by the WTO Secretariat, on the basis of information and data provided – as specified in the Annex to the Transparency Mechanism – by the parties to the agreement. The factual presentation describes the main provisions of the agreement and the degree of trade liberalization to be achieved between the parties during its implementation period.

Table 3: Regional trade agreements considered in 2009

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|--|--|
| Southern African Customs Union (goods) | Republic of Korea – Singapore (goods and services) |
| Enlargement of the EU to 25 member states (services) | Turkey – Albania (goods) |
| EFTA (European Free Trade Association) states – Republic of Korea (goods and services) | Brunei Darussalam – Japan (goods and services) |
| Japan – Malaysia (goods and services) | Japan – Indonesia (goods and services) |
| Pakistan – China (goods) | Armenia – Ukraine (goods) |
| Turkey – Tunisia (goods) | Georgia – Ukraine (goods) |
| Pakistan – Malaysia (services) | Kyrgyz Republic – Ukraine (goods) |
| Chile – Panama (goods and services) | Mexico – El Salvador (goods and services) |
| Mexico – Honduras (goods and services) | Mexico – Guatemala (goods and services) |

Note: The table refers to 18 individual agreements, nine of which covered both goods and services, and the others only goods or only services.

Implementation and monitoring

37 regional trade agreements were notified to the WTO in 2009.

Implementation and monitoring

The Transparency Mechanism also requires the Secretariat to prepare 'factual abstracts' on RTAs examined by the CRTA prior to the 2006 General Council decision. By the end of 2009, 47 factual abstracts of RTAs had been prepared, in consultation with the relevant RTA parties, and posted on the RTA database.

In addition, a total of 11 'early announcements' were received from members in 2009, seven for RTAs under negotiation and four for newly signed RTAs not yet in force. As of December 2009, the CRTA had received 51 'early announcements', 15 involving RTAs that had been signed but were not yet in force and 36 involving RTAs under negotiation. Seventeen of these 'early announcements' have subsequently been notified following entry into force.

As called for by the General Council decision on transparency, all the information on RTAs notified to the WTO is contained in a publicly accessible RTA database, which can be consulted at <http://rtais.wto.org>. The database, which became available to the public in January 2009, contains textual information on all RTAs notified to the WTO, including links to the official texts and annexes of each agreement, as well as information on the examination or consideration process in the WTO. For those RTAs that have already been the subject of a factual presentation, the database also contains the relevant trade and tariff data.

In order for the Transparency Mechanism to be adopted on a permanent basis, WTO members need to review, and if necessary modify, it as part of the overall results of the Doha Round. Members are also required to review the legal relationship between the mechanism and relevant WTO provisions on RTAs. These two tasks remain to be completed.



Trade policy reviews

During 2009 the Trade Policy Review Body (TPRB) reviewed 21 WTO members: Guatemala, Japan, Brazil, Fiji, the 27-member European Union, Mozambique, Solomon Islands, New Zealand, Morocco, Guyana, Zambia, Chile, the Maldives, the members of the Southern African Customs Union (Botswana, Lesotho, Namibia, South Africa and Swaziland), Niger and Senegal (joint review), and Georgia. The Chair's concluding remarks for these reviews are reproduced below.

Under the Trade Policy Review Mechanism (TPRM), the four largest trading entities (at present, the European Union, the United States, China and Japan) are reviewed every two years. The next 16 largest trading partners undergo reviews every four years, and the remaining WTO members every six years, with a longer interval envisaged for least-developed countries (LDCs). These intervals may, if necessary, be extended by up to six months. Reviews take place against the background of the member's wider economic and developmental needs, policies and objectives, as well as the external trading environment. They are not intended to serve as a basis for the enforcement of obligations, for dispute settlement procedures, or to impose new policy commitments.

By the end of 2009, 305 Trade Policy Reviews had been conducted, covering 136 of the 153 WTO members. Japan, the European Union and the United States had been reviewed nine times; Canada eight times; nine members (Australia; Brazil; Hong Kong, China; Indonesia; Republic of Korea; Norway; Singapore; Switzerland and Thailand) five times; eight members (Chile, India, Malaysia, Mexico, Morocco, New Zealand, South Africa and Turkey) four times; 28 members three times; and 38 members twice.

The programme for 2010 includes 17 review meetings of 19 members, including four LDCs, and the United States for the tenth time. Over the past few years, greater focus has been placed on reviews of LDCs. By the end of 2009, reviews had covered 27 of the 32 LDCs that are WTO members, with six LDCs undergoing a second or third review in 2009.

Transparency

Documents distributed for reviews are made available in electronic format to all WTO members. The summary observations of the Secretariat report, the WTO press release, the concluding remarks by the Chair, and the Trade Policy Review (TPR) reports (by the member under review and the Secretariat) are available immediately on the WTO website. TPR reports are published on behalf of the WTO by Bernan Associates, a commercial arrangement that aims to ensure a wide and efficient distribution. Press briefings are occasionally held by the Chair, senior Secretariat staff and/or the member under review.

Implementation and monitoring



Background

The objective of the Trade Policy Review Mechanism (TPRM) is to encourage all WTO members to adhere to the WTO's rules, disciplines and commitments, and thus to contribute to the smoother functioning of the multilateral trading system. Through its regular Trade Policy Reviews (TPRs), the mechanism enables WTO members to examine collectively the trade policies and practices of individual members in all areas covered by the WTO agreements. Reviews are carried out by the Trade Policy Review Body (TPRB), a full-membership body of equal ranking to the General Council and the Dispute Settlement Body.

The Trade Policy Review Body reviewed the trade policies and practices of 21 WTO members in 2009.

The TPRB reviewed the trade policies and practices of 21 members (counting the European Union as one) in 2009. The concluding remarks by the Chair are provided below.

Guatemala

'The second Trade Policy Review of Guatemala has allowed this Body to appraise in detail the evolution of its trade policies since 2002. I thank Vice-Minister Morales, Ambassador Sperisen-Yurt and their team for engaging so constructively in this Trade Policy Review exercise. I would also like to thank the discussant, Ambassador Matus, and members who participated in the discussion as part of this exercise.

This has been a very positive review. We have heard widespread acknowledgement by members of Guatemala's macroeconomic stability, its sustained growth during the period of the Review, and its commitment to trade liberalization at multiple levels. Guatemala has also received well-deserved commendation for the reforms it has undertaken in customs procedures and for its advances in the protection of intellectual property rights. Through these and other reforms to liberalize and facilitate trade, Guatemala has advanced its significance as a trading partner and its attractiveness as a destination for investors.

Our discussion has also highlighted the fact that a country's trade policies, like the multilateral trading system itself, cannot be seen in isolation from the broader economic environment. Noting that the global financial crisis poses serious challenges for all countries, several members welcomed Guatemala's sustained commitment to open markets. Members also observed that the liberalization of trade policy in Guatemala has been one component in a broader reform effort leading to the strengthening of both Guatemala's market economy and its institutional framework. Although some improvements have been made, it was, nevertheless, observed that poverty and inequality remain high.

Members commended Guatemala for its support for and active participation in the multilateral trading system and the Doha Development Agenda. They also pointed out that Guatemala has not used anti-dumping, countervailing duties, or safeguard measures.

On the other hand, members expressed concerns in relation to transparency and to the ability of some agencies to carry out their functions effectively in several areas. In response, Guatemala provided updated information on the status of institutions that have been established or are in the process of formation, including their composition and procedures. Guatemala also clarified numerous aspects of the government procurement process, including the terms under which foreign providers may participate, and provided additional information on the country's SPS [sanitary and phytosanitary] and TBT [technical barriers to trade] procedures. Members also pointed to the wide gap between Guatemala's bound and applied tariff rates, noting that reducing this gap would improve the predictability of Guatemala's regime.

In response to questions regarding the export subsidies included in its free-zones regimes, Guatemala reiterated its commitment to meet the 2015 deadline for the elimination of these measures. Some members welcomed and acknowledged the importance of the ongoing efforts to adopt competition policy legislation to help address anti-competitive practices in the domestic market. Guatemala also explained several aspects of the procedures by which rights are granted and enforced, in response to requests by some members for additional information regarding its protection of intellectual property rights.

Members also raised questions about the regulatory framework in the electricity, telecommunications, and insurance sectors. In this context, Guatemala provided updated information on the status of service sector reforms that have been enacted recently or are still pending action in the legislature. Observing that Guatemala has already undertaken, on an autonomous basis, significant liberalization in its services sector in the years since the conclusion of the Uruguay Round, members invited it to bind these reforms in the GATS [General Agreement on Trade in Services] to enhance legal certainty.

In conclusion, we have, through this Review, gained a first-hand appreciation of Guatemala's significant progress since its first Review, and the challenges that lie ahead. Members very much appreciated Guatemala's trade liberalization and other modernization efforts, which

have gone hand-in-hand with economic growth. Members thus encouraged Guatemala to continue down this road, in order to help its economy face the current world financial crisis, and further its prospects for sustainable economic growth and social development.

I would like to close this meeting by thanking, once again, the discussant and the members for contributing to an informative review. I should also thank the interpreters for their usual hard work. I would also like to thank the delegation of Guatemala for addressing the various issues that members have raised both in writing and orally. We look forward to receiving responses to the follow-up questions within the next month.'

Japan

'This ninth Trade Policy Review of Japan has greatly enhanced members' understanding of its trade and related policies as well as the challenges Japan faces owing to the present global financial crisis. Our discussions have benefited from the active participation of the Japanese delegation led by Ambassador Yokota, from the insightful and thought-provoking contributions by the discussant, Ambassador Gero of Canada, and from the many interventions by members. Japan's response to the large number of questions, made available at the beginning of this meeting, was much appreciated.

Members looked forward to a quick and complete recovery of Japan's economy. In this context, members considered that such a recovery, led by domestic demand, was important for the prosperity of the world economy and the expansion of international trade. Members were encouraged that Japan had refrained from introducing new protective trade-policy measures since the onset of the financial crisis in September 2008. Members also recognized that the multilateral trading system, by keeping markets open to Japan's exports, had contributed positively to its economy in the recent years; this openness should be maintained notwithstanding the current difficult economic environment. Members encouraged Japan to continue its reform process and improve its market access, particularly in agriculture and services, whose productivity, and thus competitiveness, is relatively low.

Members welcomed Japan's active role in the multilateral trading system, particularly its strong support for the early conclusion of the Doha Development Agenda. Members commended Japan for its financial and technical assistance, including Official Development Aid, as well as various development initiatives related to trade and investment, particularly its contribution to Aid for Trade. Members also commended Japan's support for the process of accession by future members. Furthermore, members expressed their appreciation of the improved preferential market access provided by Japan to developing and least-developed countries, and its decision to expand the duty-free and quota-free market access accorded to LDCs [least-developed countries]; they encouraged Japan to open further its market to these countries' exports. Members also noted Japan's increasing involvement in bilateral/regional trading arrangements; they urged Japan to ensure that these arrangements are compatible with the multilateral system (by, for example, covering "substantially all trade").

Members expressed their appreciation of Japan's steps to liberalize further its trade regime. Most applied MFN [most-favoured nation] rates coincide with the bound rates, imparting a high degree of predictability to the tariff. However, Japan's tariff remains complex. Applied MFN rates for industrial products are generally low. Nonetheless, products of export interest to developing members, such as agricultural products, textiles and clothing, leather products and footwear, encounter significant tariff peaks (somewhat concealed by non-*ad valorem* rates), tariff escalation, tariff quotas (and their intricacies) and/or state trading. Members expressed their concern about the recent drop in foreign suppliers' share of Japan's government procurement and encouraged Japan to facilitate greater foreign participation.

While generally appreciating Japan's moves to harmonize its standards and technical regulations with international norms, many members expressed concern over the complexity, and thus lack of transparency, of Japan's sanitary and phytosanitary (SPS) measures, technical regulations and standards. Some members questioned the appropriateness of risk assessment regarding SPS measures, which they encouraged Japan to employ in the least trade-restrictive manner.

Implementation and monitoring



Members expressed their appreciation of Japan's steps to liberalize further its trade regime.

Members noted Japan's continued enhancement of transparency and progress in regulatory reforms; members hoped for further reforms to enhance competition and thereby improve productivity. Members looked forward to measures to facilitate inward foreign direct investment (FDI), which remains relatively low; in this context, members looked to measures (e.g. those related to mergers and acquisitions and to corporate governance) to improve Japan's business environment. Members appreciated the progress in privatizing public corporations, particularly the establishment of the new Japan Post companies; they encouraged Japan to ensure a level playing field in the markets concerned (e.g. banking, insurance, and express delivery services).

On agriculture, members welcomed Japan's move away from price to income support; nonetheless, they expressed concern about border measures and the relatively high level of overall domestic support for agriculture. Many members were concerned about Japan's use of import quotas for fish and marine products. On manufacturing, members were interested in plans to promote particular sectors. Members encouraged Japan to continue reforms to enhance competition in services.

In closing, I would like to thank the Japanese delegation for its active participation in this Review, including its written responses provided before and during the meeting; we all look forward to receiving answers on outstanding questions. The keen interest shown by members in this Review, as reflected in the large number of advance written questions, numerous interventions and high attendance, indicates the importance they attach to Japan's role in the multilateral trading system. This Review has clearly indicated that the TPRM [Trade Policy Review Mechanism] is an important element in ensuring a transparent multilateral trading system.

I am encouraged by the statement by Japan that, despite current difficulties, it has maintained the openness of its economy and continued to adhere strictly to WTO rules. Nevertheless, I do hope that Japan will take to heart the concerns expressed by members, particularly with regard to its policies regarding agriculture, tariff and non-tariff measures, SPS measures, government procurement, and FDI.'

Brazil

'The fifth Trade Policy Review of Brazil has allowed this Body to appraise in detail the evolution of its trade policies since 2004. I thank His Excellency Ambassador Roberto Azevedo, Mr Carlos Cozendey and their team for engaging so constructively in this Trade Policy Review exercise. I would also like to thank the discussant, Ambassador Noor, and the numerous members who participated in the discussion as part of this exercise.

This has been a very constructive review. We have heard widespread praise of Brazil's sound macroeconomic policies. Brazil's good economic performance has been linked to the expansion and diversification of trade, and thus to Brazil's liberalization efforts. Moreover, Brazil's economic growth had become more socially inclusive. While growth was slowing down amidst the global economic turmoil, it was the members' sense that Brazil would weather the crisis better than most. However, members also noted that Brazil continued to face important economic and social challenges and that, hence, further efforts were needed to meet these challenges.

Brazil has received well-deserved commendation for its support of the multilateral trading system and its leadership role in all areas of the Doha Development Agenda. Members acknowledged Brazil's active participation in the development of the Aid for Trade process, and its twofold role both as recipient and as donor. Brazil was encouraged to grant duty-free quota-free access to LDCs [least-developed countries].

Widespread appreciation was also expressed for Brazil's decision to resist protectionist pressures seeking to expand the scope of non-automatic import licensing. Nevertheless, some members expressed concern with respect to Brazil's existing non-automatic licensing regime, noting that it affected just over one-third of all tariff lines. Brazil indicated that it was taking steps to minimize the impact of licences on imports, and that it did not intend to impose new licensing requirements on a broader list of goods. Concerns were also raised on the use of import prohibitions, with Brazil indicating that prohibition on used consumer goods was in place mainly for environmental and safety reasons. Some members urged Brazil to enhance the transparency of its technical regulations, and sanitary and phytosanitary measures.

Implementation and monitoring

In response to questions regarding the increase in the average applied tariff during the review period, Brazil explained that the tariff increases did not reflect its general trade policy, and that they had been concentrated in sectors that were particularly sensitive due to their labour-intensive nature. In this respect, members encouraged Brazil to reduce bound tariff rates to give its import regime greater predictability. Replying to questions on the complexity of its taxation system, Brazil informed that a tax reform bill that seeks to reduce the number of taxes, improve tax neutrality and eliminate distortions was under discussion in Congress.

Brazil was invited to consider joining the GPA [Agreement on Government Procurement], as this would reduce procurement costs and give domestic producers improved access to GPA member markets. Brazil responded that it was not currently considering joining or becoming an observer to the GPA.

Some members noted with satisfaction that Brazil had passed new IPR [intellectual property rights] legislation and enhanced the effectiveness of enforcement but encouraged Brazil to further strengthen IPR protection.

Some members noted the use Brazil makes of preferential credit and other support schemes in sectors like agriculture and manufacturing, and expressed concern about domestic content and other requirements for accessing some of them. In this respect, Brazil considered that the management of its rural credit support did not cause major market distortions.

Members encouraged Brazil to close the gap between its relatively liberal services regime and its GATS [General Agreement on Trade in Services] commitments. Brazil noted that although the ratification process of the Fifth Protocol on financial services was ongoing, it could not specify a timeframe for its completion. With regards to telecommunication services, Brazil indicated that it was not considering adopting the Fourth Protocol, nor relaxing commercial presence requirements, but that its revised conditional GATS offer included commitments in the telecom sector. Certain members invited Brazil to remove foreign ownership restrictions in maritime and air transport services. Brazil noted that draft legislation changing investment restrictions in air transport was under examination in Congress.

In conclusion, this Review has highlighted the key roles that sound economic policies, continued reform efforts and a growing integration in the global economy have played in Brazil's economic success in recent years. As a result, Brazil finds itself relatively well prepared to face the current global financial crisis, in which it has set an example by resisting protectionist pressures. Additional domestic reforms would further help Brazil overcome the crisis, and enable it to continue reaping the benefits of trade. Binding these and earlier reforms in the WTO would enhance the predictability of Brazil's trade and investment regime, as well as contribute to its efforts to achieve a successful completion of the DDA [Doha Development Agenda].

I would like to close this meeting by thanking, once again, the discussant and the members who took part in this meeting for contributing to an informative review. I would also like to thank the delegation of Brazil for addressing the large number of questions posed by members both in writing and orally.'

Fiji

'This second Trade Policy Review of Fiji has provided us with a much better understanding of Fiji's trade and trade-related policies and of the challenges it faces. Our dialogue has been thorough and comprehensive, stimulated by the full and open engagement of the high-level Fijian delegation, as well as the insightful comments made by the discussant, and the thoughtful interventions by many members. Fiji's response to the large number of questions is very much appreciated.

Members commended Fiji for its efforts to improve its customs procedures and to liberalize its foreign investment regime, as well as for other measures taken to create a business-friendly environment, notably the establishment of the Financial Intelligence Unit and the creation of an independent regulatory authority in the telecommunications sector. They welcomed the Government's commitment to the continuation of these and other trade and trade-related reforms as well as to a return to Parliamentary democracy.



Members emphasized the importance of trade as a tool of development and underlined the importance of Aid for Trade and other technical cooperation initiatives.

Implementation and monitoring



Members encouraged the EC to consider the benefits of a more open agriculture sector for consumers and food processors, as well as for exporters.

Members expressed concern, however, about the upward trend in the average applied MFN [most-favoured nation] tariff rate, contrary to the Government's stated intention of reducing tariffs, one of the main instruments of Fiji's trade policy. They were concerned about the fact that only half of all tariff lines are bound and the large gap between bound and applied MFN tariff rates, both of which impart a degree of unpredictability to the tariff. Members urged Fiji to make improvements in these and other areas (including its GATS [General Agreement on Trade in Services] commitments, for example) so as to render its trade regime more transparent and predictable. Although, members noted the absence of notifications in several areas, they took note of Fiji's commitment to provide the necessary notifications before the end of this year. At the same time, some members urged Fiji to ensure that its regional trade agreements were complementary to the multilateral trading system.

Certain members sought clarification on some aspects of Fiji's SPS [sanitary and phytosanitary] practices; at the same time, reference was made to non-tariff barriers faced by Fiji's products (including fish) in export markets. Some members encouraged Fiji to strengthen further its protection of intellectual property rights and expressed interest in related developments in this regard.

Certain members acknowledged the common problems faced by small and vulnerable economies, such as their relatively heavy reliance on tariffs as a source of tax revenue and the erosion of their trade preferences, including tariffs. Members emphasized the importance of trade as a tool of development and underlined the importance of Aid for Trade and other technical cooperation initiatives. Some members felt that Fiji does not benefit fully from its WTO membership as its own institutional capacity constraints (including lack of representation in Geneva) do not always allow it to identify and/or exploit trade opportunities. Many members underlined their commitment to continuing to provide trade-related assistance to Fiji.

To conclude, I would again like to thank Fiji's delegation for enabling us to understand better its trade and trade-related policies as well as its technical assistance needs. I would also like to thank the discussant, for his insightful observations and questions, and members for contributing to what has been a very fruitful two days of discussions. We look forward to receiving Fiji's responses to the remaining questions within the next month.'

European Communities

'The ninth Trade Policy Review of the European Communities has given us all a better understanding of its trade and related policies and their developments since its previous Review in 2007. Our dialogue has been thorough and comprehensive, stimulated by the full and open participation of Deputy Director-General for Trade, Dr Peter Balas, and his delegation. We have also greatly benefited from the perceptive remarks by our discussant, Ambassador Peter Grey, and the active engagement of many members.

Members commended the EC on its positive economic performance in recent years supported by the continuation of its trade reform. Members appreciated the EC's strong commitment to the multilateral trading system, including the DDA [Doha Development Agenda] negotiations where the EC was recognized as having played a leadership role in pressing for an ambitious conclusion. The EC was also praised for its technical assistance efforts and for its non-reciprocal preferences to developing countries.

The EC's tariff structure has remained largely unchanged since its last Review, with the average applied MFN [most-favoured nation] tariff rate having decreased slightly from 6.9 per cent in 2006 to 6.7 per cent in 2008. Members commended the EC for maintaining generally low tariff protection for non-agricultural products. With regard to agriculture, members welcomed the fact that the EC was implementing the 2003 Common Agricultural Policy centred on the move towards the Single Payment Scheme. However, members observed that agriculture remains protected by a complex tariff structure, with high rates and tariff quotas, and benefits from high levels of domestic support and export subsidies, including the recent reintroduction of export refunds on dairy products which some members said had sent out a discouraging signal at a time of economic crisis and contraction of world trade. They encouraged the EC to consider the benefits of a more open agriculture sector for consumers and food processors, as well as for exporters, especially from developing countries. The EC referred to its agricultural offer under the DDA, the implementation of which would provide solution to these concerns.



Some delegations raised concerns about the EC's regime on technical barriers to trade in products such as chemicals (REACH [registration, evaluation, authorisation and restriction of chemicals]), and SPS [sanitary and phytosanitary] measures; its state aid and export incentive programmes; and about the lack of harmonization within the EC in areas such as customs procedures and internal tax rates. It was noted that the EC remains an important user of contingency trade remedies. Other issues of interest to members included economic prospects and planned reforms in the light of the global economic crisis; competition regime; protection of intellectual property rights; the dismantling of the remaining trade barriers in services at the intra-EC level and further liberalization vis-à-vis third countries; and the EC regime on, *inter alia*, fisheries, energy, financial services, telecommunications and postal services, and transport.

Some delegations noted that the EC has continued to build upon its wide network of preferential trade agreements (PTAs); the EC was exhorted to ensure that its PTAs were complementary to the multilateral trading system.

Members appreciated the comprehensive responses provided by the EC delegation, and looked forward to receiving written replies to any unanswered questions within one month.

In conclusion, the wide interest shown by members, through the depth of the interventions and the large number of advance written questions, are commensurate with the role played by the EC in the multilateral trading system. Members recognized the EC's liberal trade regime for non-agricultural products, and stressed that further reforms, in particular greater liberalization of agriculture, would help it to better allocate resources. Furthermore, members urged the EC to continue to resist protectionist pressures in this context of the global economic downturn. I invite all members to abide by this principle.'

Mozambique

'This second Trade Policy Review of Mozambique has provided us with a much better understanding of its trade and trade-related policies and of the challenges it faces. Our dialogue has been thorough and comprehensive, stimulated by the full and open engagement of his Excellency António Fernando, Minister of Industry and Trade, and his delegation, as well as the insightful comments made by the discussant, and the pertinent interventions by many members.

Members congratulated Mozambique on its positive economic performance since its last Review in 2001, which has been supported by its reforms. Nevertheless, members noted that despite its continuous economic growth and potential, Mozambique remained among the poorest least-developed countries (LDCs), due mainly to supply-side constraints including poor access and high costs of utilities. In this regard, members highlighted the measures taken by Mozambique to simplify its investment regime, but noted that the existing administrative hurdles still inhibit the business environment and competitiveness. The same members urged Mozambique to continue its reform process with a view to enhancing the development of the private sector and improving the functioning of the public sector.

While noting that Mozambique had made some progress on the implementation of its WTO commitments, some delegations raised concerns about the absence of notifications in several areas.

Members commended Mozambique for its efforts to improve its customs procedures and for the unilateral reduction of its tariff. They were concerned about the low level of bindings, especially in regard to non-agricultural goods and the gap between bound and applied MFN [most-favoured nation] tariff rates, both of which impart a degree of unpredictability to the tariff. Members urged Mozambique to make improvements in this area, and to ensure that its regional trade agreements were complementary to the multilateral trading system.

Some members acknowledged the common problems faced by LDCs, such as institutional capacity constraints, which do not always allow them to exploit trade opportunities. They noted that, although trade had become more important in Mozambique, it remained concentrated both in terms of its composition and direction, with a high percentage of exports under preferential agreements. Members enquired about the prospects of trade

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Members urged Solomon Islands to strengthen natural resource governance, particularly in the forestry sector.

diversification by Mozambique, and underlined the importance of Aid for Trade and other technical cooperation initiatives. Some members reiterated their commitment to continuing to provide trade-related assistance to Mozambique. Other issues of interest to members include PSI [preshipment inspection], SPS [sanitary and phytosanitary], customs valuation, and sustainable development.

Members appreciated the comprehensive responses by the delegation of Mozambique, and looked forward to receiving written replies to any unanswered question within one month.

In conclusion, members congratulated Mozambique on the positive economic results it had achieved during the last years. They encouraged Mozambique to pursue the planned reforms, including of its trade regime, and to improve its multilateral commitments and meet its notification obligations, with a view to enhancing the transparency and predictability of its regime, and adherence to WTO principles. Members could help by keeping their markets open for products and services of interest to Mozambique.'

Solomon Islands

'This second Trade Policy Review of Solomon Islands has shed light on Solomon Islands' trade and investment policies, and the context in which these policies have been formulated and implemented since its previous Review in 1998. We owe this to the constructive participation of the Solomon Islands delegation, led by Minister Haomae and Ambassador Ma'ahanua, our discussant Mr Ho, and members who took part in the discussion.

This has been an enlightening Review. At the outset, allow me to underline members' unqualified support for Solomon Islands' ongoing reform efforts. Members have particularly commended efforts to liberalize the investment regime, reduce tariffs, and undertake customs reform. These were considered key steps towards decreasing Solomon Islands' heavy dependence on the forestry sector as the principal engine of growth. However, members urged Solomon Islands to accelerate the pace of macroeconomic and structural reforms to achieve fiscal sustainability, diversify its economy, and improve living standards. In this regard, Solomon Islands noted that, although it did not have the institutional capacity to implement broad economic reform, it was committed to targeted liberalization programmes to reap economic benefits in areas of comparative advantage.

Members highlighted the need to strengthen institutional capacity, especially for trade policy formulation and implementation. Solomon Islands noted that, as a result of earlier civil unrest, rebuilding institutional capacity would be a lengthy process and would require continued and concerted support from members. Solomon Islands was encouraged to enhance its participation in the multilateral trading system, including by making regular notifications to the WTO. Solomon Islands reaffirmed its commitment to the multilateral trading system, and stated that it would make every possible effort to submit outstanding notifications.

Members congratulated Solomon Islands for the unilateral reduction of the level and dispersion of MFN [most-favoured nation] applied tariffs, and the binding of its entire tariff schedule. However, some members stressed the need to comply fully with WTO binding commitments. Some members underscored the need to address the discriminatory application of certain internal taxes. Solomon Islands reiterated that it is working to bring several aspects of its tariff and tax regimes in line with WTO disciplines. Members expressed appreciation for the recent improvements in the administration of customs procedures. Replying to members' enquiries, Solomon Islands noted that it would need additional technical and financial assistance to comply with its multilateral commitments on customs valuation, SPS [sanitary and phytosanitary] and TBTs [technical barriers to trade].

Members welcomed the liberalization and simplification of Solomon Islands' investment regime, but highlighted the need to continue efforts to improve the business environment, including through the reform of business licensing and registration requirements. Solomon Islands noted that the recent adoption of the Company Act and other legislation was an important step in this direction.



Members urged Solomon Islands to strengthen natural resource governance, particularly in the forestry sector, where harvesting rates were well above sustainable levels. Solomon Islands indicated that it was fully committed to reforming forestry legislation and strengthening institutional capacity to promote sustainable practices. Members commended Solomon Islands for adopting new legislation on civil aviation, a key step to foster tourism and other sectors. In response to queries about progress in liberalizing telecommunications services, Solomon Islands noted that it was engaged in active negotiations to end the incumbent's exclusive licence. We thank the delegation of Solomon Islands for their timely responses to written questions.

I would like to close this meeting by thanking the delegation of Solomon Islands for their constructive participation in this Review. The personal engagement of Minister Haomae in this exercise reflects Solomon Islands' commitment to the multilateral trading system and is highly appreciated by us all. We now have a much clearer picture of your trade policies and practices, and the challenges before you to advance trade and investment liberalization. I encourage members to assist Solomon Islands in every way they can. I also hope that the widespread appreciation and support voiced by members during your second Trade Policy Review will provide added impetus to consolidate and deepen the reform process launched in 2003.'

New Zealand

'The fourth Trade Policy Review of New Zealand has given us a much clearer understanding of New Zealand's trade policies and practices and of the challenges that it faces. I thank Dr David Walker, New Zealand's Permanent Representative to the WTO, and his delegation, as well as the discussant, Mr Martin Glass of Hong Kong, China, and members of the TPRB [Trade Policy Review Board] for contributing to our informative and constructive exchange of views during these two days. New Zealand's responses to the large number of questions are also very much appreciated.

Members praised New Zealand for being amongst the most open economies in the world and commended it for its prudent macroeconomic policies, liberalization and restructuring. These have contributed to its becoming an economy which enjoys stable growth, declining unemployment, higher living standards and contained inflation. In the midst of the present financial upheaval, several members praised New Zealand's policy initiatives, particularly the fact that it has not resorted to any trade protectionist measures. At the same time, other members sought further information on the government's response to the crisis.

Some members noted the relatively low level of productivity growth in the economy and inquired about steps New Zealand was taking to improve it. Several members inquired about changes made to New Zealand's Overseas Investment Act and hoped that this would further promote and encourage inward FDI [foreign direct investment]. Some members raised concerns about investment restrictions in the telecommunications sector. Certain members also enquired about the rationale behind renationalization.

Members noted New Zealand's priority of developing a free trade agreement network to complement the multilateral trading system's regime overseen by the WTO. Members also praised New Zealand's active and constructive participation and leadership role in the Doha Round of trade negotiations mainly in the areas of agriculture and fisheries subsidies. Members also acknowledged New Zealand's support for the WTO's technical assistance activities and its Aid for Trade initiatives. Certain members noted New Zealand's interest in promoting the TPRM [Trade Policy Review Mechanism] to highlight the relationship between trade and development.

New Zealand was commended for unilaterally lowering its applied MFN [most-favoured nation] tariffs and the low average rates on agricultural as well as industrial products. However, members expressed concern about the gap between applied MFN rates and bound rates and the relatively high tariffs on textile, clothing and leather products. Members also expressed concerns about New Zealand's relatively strict SPS [sanitary and phytosanitary] regime and urged New Zealand to align these with international benchmarks. Members appreciated the particularly low level of domestic support provided to agriculture; however, aspects of state trading activities of two major enterprises dealing with dairy and kiwi fruit exports were questioned.

Members welcomed New Zealand becoming an observer to the WTO Plurilateral Agreement on Government Procurement and urged New Zealand to become a member as soon as possible. Intellectual property rights protection issues, including GI protection, were also of concern to certain members.

To conclude, I would again like to thank New Zealand's delegation for enabling us to understand better its trade and trade-related policies and the domestic and international contexts in which they are formulated and implemented. I would also like to thank the discussant for his insightful comments, and members for contributing to what has been a very enlightening two days of discussions. We look forward to receiving responses to the remaining outstanding questions within the next month.'

Morocco

'This fourth Trade Policy Review of Morocco has given us an opportunity to considerably improve our understanding of its trade and related policies, and of the challenges it faces. Our discussions have greatly benefited from the active and open engagement of Morocco's high level delegation, led by H.E. Mr Abdellatif Mazouz, Minister of External Trade, the insightful and thought-provoking contributions by the discussant, H.E. Dr Luzius Wasescha, and the active involvement of many members. I would like to thank all of you.

Members praised Morocco for its macroeconomic and structural reforms, including trade reforms, which have contributed to the overall positive performance of its economy, with GDP [gross domestic product] growth of nearly 5 per cent per year and a considerable increase in its per capita GDP since 2002. Morocco has taken steps to liberalize its economic sectors, in particular key services, and has reduced the level of its average tariff protection by 13.2 percentage points to 20.2 per cent. The reforms have helped to turn its public deficit into a surplus, reduce its external debt, and keep inflation under control. The strong inflow of FDI [foreign direct investment] that resulted from the enhancement of the business climate reflects the confidence of foreign companies in the economy.

Members commended Morocco on its commitment to the multilateral trading system, and recalled that the WTO Agreement was concluded in Morocco. They encouraged Morocco to keep up its liberalization efforts, and to further improve the transparency of its trade regime by making key notifications. Members mentioned that Morocco could further improve its business environment by strengthening its commitments under the GATS [General Agreement on Trade in Services], especially in the areas of tourism and telecommunications where its commitments fall short of the liberalization efforts already achieved.

Members noted that Morocco's MFN [most-favoured nation] tariff remains complex, with applied rates exceeding bound levels on some 1,300 lines. They urged Morocco to simplify its MFN tariff structure by eliminating non-*ad valorem* duties and reducing rates, notably with a view to bringing its applied tariff into line with its WTO commitments. Its trade regime would also further gain in predictability if the gaps between applied and bound rates on the other products were reduced. Members also noted with concern that Morocco had two different VAT [value-added tax] regimes – one for locally produced goods and the other for imports; this does not guarantee respect for the national treatment principle.

Clarification was sought on Morocco's incentive schemes, including its regime on subsidies. Other issues of interest to members included customs procedures; technical regulations and SPS [sanitary and phytosanitary] measures; trade remedies; import and export controls and licensing; government procurement; protection of intellectual property; high tariff protection of agriculture; and certain services.

Some members noted Morocco's participation in overlapping preferential trade agreements and encouraged it to ensure that its preferential and MFN regimes were complementary. Members appreciated the role played by Morocco in the promotion of South-South trade and its initiative for active participation by African and Latin American countries in the DDA [Doha Development Agenda] negotiations.

Members appreciated the responses provided by the delegation of Morocco, and looked forward to further written replies.

In conclusion, this meeting has confirmed Morocco's progress towards the liberalization of its economy, including its trade and investment regimes. Members were appreciative of Morocco's efforts and encouraged it to pursue the reforms, notably of its taxation system, with a view to enhancing the transparency and predictability of its trade regime. The extension and improvement of its multilateral binding commitments on services would also help. I advocate that members support Morocco in its continued efforts by providing further market access for its goods and services, and by being attentive to its requests for technical assistance.'

Guyana

'I should like to sincerely thank Minister Nadir and his team for their constructive engagement in this second Trade Policy Review of Guyana. The discussions on Wednesday and today have been most informative and interesting. We now have a much better understanding of Guyana's trade policies and practices, its future priorities and key economic challenges. I should also like to thank the discussant, Ambassador Norman Harris, for his perceptive observations and reflections and members of the TPRB for their valuable contributions during these two days.

The efforts of Guyana to maintain economic growth and attract investment have been widely commended by members, as have the numerous reforms that Guyana has undertaken in areas such as fiscal policy, government procurement, investment and competition policy. It has been highlighted, however, that important challenges remain, among them the development of the country's infrastructure to trade as well as improvements to the regulatory environment. Members encouraged Guyana to continue along the path of further liberalization and trade-related reforms.

Members acknowledged the financial and institutional constraints that Guyana faces, its vulnerability to external shocks and its reliance on the export of a narrow range of commodities. Members applauded Guyana's efforts to diversify production and exports into non-traditional areas and to reform its sugar sector to cope with changing market access conditions. However, they also pointed out that there were areas where improvements were still needed. In this respect, Guyana noted that a review of customs and trade facilitation measures was already in progress, and that resources were being dedicated to establishing an agency that would upgrade SPS [sanitary and phytosanitary] regulations.

Members recognized that Guyana's non-resident status made its participation in the WTO challenging, but urged Guyana to give greater priority to fully implementing its WTO commitments. Notifications were outstanding in a large number of areas and the resulting lack of transparency was neither in the interest of Guyana nor of its trading partners. Some members underscored the need to address any discriminatory elements in the application of the value-added and environmental taxes. Concern was also expressed about Guyana's licensing system, and broken tariff bindings. In addition, members indicated their strong desire for Guyana to implement its commitments under the TRIPS [Trade-related Intellectual Property Rights] Agreement. Guyana engaged to review the application of internal taxes in light of its WTO obligations, and to correct the tariff discrepancies and complete all outstanding notifications in 2010.

In response to questions regarding the telecommunication sector, Guyana explained that it intended to enhance competition in the sector, including by granting multiple licences for international traffic, and introducing new legislation that would conform to the WTO Reference Paper on telecommunications. Replying to questions on professional services, Guyana informed that CARICOM [Caribbean Community] is currently developing model legislations to harmonize the provision of professional services in the region.

Minister Nadir, both in his opening statement and this morning, highlighted Guyana's firm commitment to a rules-based and fair multilateral trading system, as well as to an early conclusion to the Doha Development Agenda. Minister Nadir, WTO members very much appreciate this firm expression of support. I hope that you will convey to your Government the equally strong messages of encouragement and support, including offers of technical assistance, to Guyana that have been repeated by members during the course of this meeting.

Implementation and monitoring



Members applauded Guyana's efforts to diversify production and exports into non-traditional areas and to reform its sugar sector.

Implementation and monitoring



Members noted that Zambia's renewed emphasis on developing its agriculture could contribute significantly to economic diversification and poverty reduction.

This morning Minister Nadir recalled two of the cornerstones of this institution, firstly the principle of non-discrimination, and secondly the fact that trade has been, is, and will continue to be an essential element of development and growth.

I would like to close this meeting by thanking, once again, the discussant and the members who took part in this meeting for contributing to an informative review. I would also like to thank the Guyanese delegation for addressing all the written questions posed by members.

We hope Guyana will continue to improve in the struggle for development to fulfil its motto: "one people, one nation, one destiny".

Zambia

'Zambia's third Trade Policy Review has been thorough and informative; it has given us a much better understanding of the trade and related policies and practices of Zambia, together with the challenges it faces. I thank Minister Mutati and his delegation as well as the discussant, Ambassador Feyder of Luxembourg, and members of the TPRB [Trade Policy Review Body] for contributing to our useful exchange of views. The reports by the Zambian authorities and the Secretariat, as well as the detailed responses of the delegation of Zambia to the many questions posed, have provided a valuable resource for transparency both within Zambia and as far as the WTO membership is concerned.

Members commended Zambia's commitment to openness in trade and foreign investment as well as to further economic liberalization. Since its last TPR [Trade Policy Review] and up to mid-2008, the economy of Zambia has grown rapidly as a result of sound economic policies, including ongoing structural reforms, debt reduction, and a favourable external environment. However, members also noted that, as the current global economic crisis was demonstrating, Zambia needed to reduce its dependence on copper mining and develop a more diversified economy in which trade and trade policies play a significant role.

Members noted that Zambia's renewed emphasis on developing its agriculture, where labour productivity and thus incomes are relatively low, could contribute significantly to economic diversification and poverty reduction. Members also observed that there were positive signs that diversification was taking place. These signs included impressive growth in non-traditional exports together with essential reforms – including in the fields of customs procedures, business licensing, financial regulation, and private sector development – to stabilize the economy, reduce the cost of doing business and improve the investment climate. Members noted that these efforts have helped somewhat to reduce Zambia's dependence on mining for growth and exports. However, high-cost and inefficient services in transport, electricity and fixed-line telecommunications, still constitute obstacles to improved productivity, international competitiveness and, therefore, Zambia's growth.

Members stressed that Zambia, like many other developing countries, is struggling with how best to integrate into the world economy. They recognized the importance of Zambia's leadership role in the Doha Development Agenda negotiations, particularly with respect to duty-free and quota-free access to LDCs [least-developed countries]. Zambia, like other LDCs that are dependent on foreign trade, had a lot to gain from duty- and quota-free market access and the accompanying provision of financial and technical assistance to address supply-side constraints, notably SPS [sanitary and phytosanitary] and TBT [technical barriers to trade]-related requirements. In addition to commending Zambia's overall commitment to the WTO and the multilateral trading system, members underlined that Zambia remained steadfast in its support for trade liberalization and expansion of markets, at the bilateral and regional levels. Although members recognized the importance of regional integration in expanding trade, they also expressed concern about Zambia's membership in several overlapping trade agreements, including the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC).

Members encouraged Zambia to improve its binding commitments in tariffs by increasing their coverage and reducing the gap between bound and applied rates. Members welcomed reforms and regulatory changes in areas such as government procurement, standards and business procedures. They expressed keen interest in the announced review of intellectual property legislation to establish a TRIPS [trade-related intellectual



Implementation and monitoring

property rights]-compliant regime, noting that protection of intellectual property rights could help to attract foreign investment.

Members noted that Aid for Trade features prominently in Zambia's Trade Policy Review and several underlined the need for donors to continue to provide such aid and other assistance, notwithstanding their current difficult fiscal circumstances. They noted that Zambia's Trade Policy Review was a very instructive example of one of the many countries that, aided by donors, have undertaken major economic reforms aimed, *inter alia*, at opening up their economies and at facilitating trade in the context of being a land-locked country.

This successfully concludes our Review of Zambia and demonstrates the strong interest shown by members in Zambia's trade and related policies and its participation in the WTO. In this context, I encourage Zambia to take to heart members' concerns and I hope that it will continue with its reform process. At the same time, I invite members to assist Zambia by providing adequate technical assistance, including in trade capacity building, and by further opening their markets to Zambia's exports.'

Chile

'This fourth Trade Policy Review of Chile has been highly informative, and has afforded this Body the opportunity to appraise in detail the evolution of the country's trade policies since 2003. This was made possible largely by the constructive engagement of Ms Ana Novik, Ambassador Mario Matus, and the rest of the Chilean team. I would also like to acknowledge the valuable contribution of the discussant, Ambassador Eckart Guth, and thank members for their participation in this exercise.

At the outset, I would like to highlight that this has been a particularly positive Review. Members praised Chile for its solid economic performance during most of the review period, which was largely due to sound macroeconomic policies and an open trade regime. Members noted that an effective administration of fiscal surpluses has allowed Chile to apply aggressive counter-cyclical policies to respond to the current global economic crisis. This makes Chile a good example of how outward-oriented policies, economic specialization and prudent macroeconomic management can result in rapid growth and offer the means to face external shocks. Members also commended Chile on its significant progress in reducing poverty levels, but encouraged it to continue its efforts to improve income distribution.

Chile has continued to use multiple avenues to enhance its integration into the global economy. During the review period, Chile eliminated unilaterally the tariffs on a range of capital goods and information technology products. Chile has also continued to play a leadership role in the multilateral trading system, where it is one of the most active participants in the DDA [Doha Development Agenda] negotiations. RTAs [regional trade agreements] are also an important component of Chile's trade policy agenda. In this respect, members exhorted Chile to multilateralize the trade liberalization resulting from the numerous agreements it maintains.

Members commended Chile's open, transparent and predictable trade regime. Noting that it maintains an almost uniform MFN [most-favoured nation] tariff rate of 6 per cent, members urged Chile to reduce its bound rates to increase the certainty of its import regime. Chile was also asked to reconsider the tariff surcharge on used goods, and the import prohibition on used motor vehicles. A number of members questioned Chile's price band system, and sought clarification on the steps being taken to bring it into compliance with WTO obligations. Chile stated that a draft law that would replace the system with fixed specific tariffs for wheat and wheat flour was awaiting Senate approval.

Members acknowledged the measures taken by Chile to facilitate trade and modernize customs, including the creation of customs tribunals. However, some concerns were expressed regarding customs appeal procedures. Chile's safeguards regime gave rise to a number of questions, with concerns expressed about recent safeguard measures affecting certain dairy products.

Members welcomed Chile's strengthening of its legal and institutional frameworks in the areas of competition policy, government procurement and intellectual property rights. Several members exhorted Chile to join the GPA [Agreement on Government Procurement];

Chile stated that, for the time being, it was not seeking accession although its procurement system met GPA standards. Chile replied to several queries regarding intellectual property, including on undisclosed test data protection and copyright enforcement.

In addition, Chile replied to numerous questions posed by members concerning specific aspects of its services regime. Noting that Chile's services regime is generally open, members encouraged Chile to expand its GATS [General Agreement on Trade in Services] commitments, and to reflect in its services offer the depth of commitments it has made under preferential agreements.

In conclusion, members widely commended Chile's trade regime, referring to it as a model for others to follow. I cannot think of higher praise than this. Using trade as a key component of its development strategy, Chile has attained one of the highest income and social development indicators in Latin America. These achievements constitute solid foundations for Chile to continue raising the living standards of its population. This will require not only further attention to border measures, but also the often more complex task of streamlining behind the border regulations. Chile's past success bodes well for its ability to face this challenge.

I would like to close this Review by thanking once again Ms Ana Novik, Ambassador Mario Matus and their delegation, as well as the discussant and the members that took part in this meeting. I would also like to express my appreciation to the delegation of Chile for the many responses provided and look forward to receiving responses to outstanding questions within one month.'

Maldives

'The second Trade Policy Review of the Maldives has given us a much clearer understanding of the Maldives' trade policies and practices and of the formidable challenges that it faces. I thank Mr Ahmed Inaz, Deputy Minister for Economic Development, and his delegation as well as the discussant, Mr Dennis Francis of Trinidad and Tobago, and members of the TPRB [Trade Policy Review Board] for contributing to our informative and constructive exchange of views during these two days. The Maldives' response to the large number of questions is also very much appreciated.

Members praised the Maldives for its robust economic growth and resilience, especially in light of the devastation caused by the 2004 tsunami. Members highlighted the risks to the Maldives posed by global warming and rising sea levels. They welcomed the plan to make the Maldives carbon neutral by 2019. However, members also emphasized that international cooperation and multilateral commitments would be needed to address the environmental risks of global warming.

Members commended the Maldives for its political and economic reforms, its impending graduation from LDC [least-developed country] status as well as the formation of the 'Working Group on Smooth Transition from LDC Status'. In addition, some members emphasized the need for international help to mitigate any adverse effects of the graduation. While welcoming economic reforms, some members sought further details on certain aspects, such as privatization and economic diversification plans.

Some members raised concerns about the large fiscal deficit and high inflation and urged the Maldives to implement tax reforms aimed at broadening its tax base and reducing reliance on tariffs for revenue. Members also encouraged the Maldives to make its tariff simpler and reduce, if not eliminate, the gap between applied and bound MFN [most-favoured nation] rates.

Certain members raised concerns about the lack of competition policy, IPR [intellectual property rights] legislation and non-implementation of the WTO's Customs Valuation Agreement; they encouraged the Maldives to implement these in a timely manner. At the same time, members welcomed the introduction of competitive tendering as regards government procurement. Members also encouraged the Maldives to implement an effective national standardization system. Additionally, members also called for further consolidation of economic integration in the SAARC [South Asian Association for Regional Cooperation] region so as to create regional markets and achieve economies of scale.

To conclude, I would again like to thank the Maldives delegation for enabling us to understand better its trade and trade-related policies and the domestic and international contexts in which they are formulated and implemented. I would also like to thank the discussant for his insightful comments, and members for contributing to what has been a very enlightening two days of discussions. We look forward to receiving responses to the remaining outstanding questions within the next month.'

Southern African Customs Union

'This third Trade Policy Review of the Southern African Customs Union (SACU) has given us the opportunity to appraise the evolution of SACU's trade policies since 2003. This was made possible largely by the constructive engagement of the high-level delegations of Botswana, Lesotho, Namibia, South Africa and Swaziland. I would also like to acknowledge the valuable contribution of the discussant, Ambassador Yonov Agah, and thank members for their participation in this exercise.

Members praised the SACU countries for their positive economic performance during the review period, which was largely due to their reform efforts. Nonetheless, SACU countries' GDP [gross domestic product] growth has been somewhat erratic, mainly reflecting infrastructure and other constraints, and has recently been affected by the global economic crisis. In this regard, SACU countries were encouraged to move ahead in implementing structural reforms to address these constraints and reduce unemployment, income inequality, and poverty.

Members commended the SACU countries on their commitment to the multilateral trading system, and their strong support for the DDA [Doha Development Agenda]. However, several members highlighted the complicated nature of SACU countries trade policies arising from overlapping preferential arrangements. Negotiation and implementation of such arrangements were not only difficult to manage, given the limited resources of the countries, but could also detract from multilateral efforts. Members encouraged SACU countries to take steps to fully implement their 2002 SACU Agreement with a view to enlarging the scope of their common regime away from customs-related issues. The revenue-sharing formula established under the 2002 SACU Agreement has contributed to an increase of public revenues in Botswana, Lesotho, Namibia, and Swaziland, with South Africa continuing to manage the Common Revenue Pool.

Members congratulated the SACU countries on their trade liberalization efforts. The structure of the common external tariff has been simplified and its simple average rate reduced from 11.4 per cent in 2002 to 8.1 per cent in 2009. Members indicated that the imposition of non-*ad valorem* rates on some tariff lines creates a risk of non-compliance by SACU members with their individual tariff binding commitments on *ad valorem* rates. Concerns were also expressed about the tariff lines on which the MFN [most-favoured nation] applied rates exceed the bound levels, and about the relatively large use of anti-dumping and other contingency trade remedies by South Africa on behalf of the customs union. Some members urged SACU countries to enhance compliance with WTO notification obligations.

SACU countries were encouraged to move ahead in terms of market and product diversification given that, with the exception of South Africa, they have a narrow export base; key exports are diamonds and other minerals in Botswana and Namibia, textiles in Lesotho, and sugar in Swaziland. On request, SACU countries provided clarifications on various issues, including export and investment incentives; standards, technical regulations, and SPS [sanitary and phytosanitary] measures; public procurement regimes; protection of intellectual property rights; agriculture, including food security; mining and energy; manufacturing, particularly the motor, textiles, and clothing industries; and services.

Members appreciated the replies provided by the delegations of SACU countries, and looked forward to further responses.

In conclusion, the numerous questions and active discussion indicate the importance members attach to this Review. I encourage SACU countries to improve their multilateral commitments, both in goods and services, and to pursue the implementation of their reform programmes, with a view to enhancing the transparency, predictability, and credibility of their trade regimes, and adherence to the WTO principles. Trading partners

Implementation and monitoring



SACU countries were encouraged to move ahead in terms of market and product diversification and beyond key exports such as diamonds.

Implementation and monitoring



Supported by investment in mining in Niger, the country's reforms have contributed to Niger's overall positive performance.

can help by ensuring that their markets are fully open, and by providing appropriate technical assistance to SACU countries.'

Niger and Senegal

'This joint Trade Policy Review of Niger and Senegal has given us an opportunity to improve our understanding of the interaction between regional trade initiatives in West Africa and the WTO system. Our discussions have greatly benefited from the active and open engagement of the high-level delegations of Senegal and Niger, respectively led by H.E. Mr Amadou Niang, Minister of Trade of Senegal, and Mr Amadou Soumana Gouro, Secretary General of the Ministry of Trade, Industry and Standardization of Niger. I would also like to thank the discussant, H.E. Mr Abdelwaheb Jemal, for his insightful contributions, and members for their active involvement.

Members congratulated Niger and Senegal for their macroeconomic and structural, including trade, reform efforts. Supported by investment in mining in Niger, and in telecommunication and transport services in Senegal, the reforms have contributed to the overall positive performance of both economies, with average GDP growth of about 5 per cent per year. Members noted that the potential of Niger and Senegal to attract investment remains largely untapped, and urged them to pursue their reforms and improve their business environment by, *inter alia*, addressing governance issues, including corruption, facilitating trade, and strengthening commitments under the GATS [General Agreement on Trade in Services] to close the gap with liberalization already achieved. This would help to further attract the foreign investment needed to diversify their economies and further reduce poverty. Full operationalization of the Aid for Trade programme and the Enhanced Integrated Framework would help.

Members commended Niger and Senegal on their commitment to the WTO system. They acknowledged their severe resource constraints, and their need for technical assistance to support their participation in the WTO and to improve the transparency of their trade regimes, including through notifications. They praised Niger and Senegal for their progress in the reform of their government procurement regimes, and noted that further advance is needed to reach international best practices. Niger was urged to bring its domestic law on copyright and related rights into conformity with the TRIPS [trade-related intellectual property rights] Agreement, and both Niger and Senegal were encouraged to further protect intellectual property rights. Concerns were expressed about the use by Niger and Senegal of reference values for customs valuation of certain products.

Members welcomed the harmonization of elements of the common trade regimes of the West African Economic and Monetary Union (WAEMU) with those of the Economic Community of West African States (ECOWAS), of which all WAEMU countries, including Niger and Senegal, are also members. Referring to ECOWAS' plan to implement a fifth tariff band of 35 per cent on the top of WAEMU's maximum rate of 20 per cent, members invited both Niger and Senegal to reconsider this plan on competitiveness and effectiveness grounds; they stressed that, on five lines, WAEMU tariff rates already exceed the corresponding binding commitments by Senegal. Further clarification was sought on, *inter alia*, import bans on poultry products by Niger and Senegal; their incentive schemes; their other duties and taxes on imports; their regimes on trade in services; their utilization of non-reciprocal preferences; and the impact of the financial and economic crisis on their economies.

Members appreciated the responses provided by the delegations of Niger and Senegal, and looked forward to further written replies.

In conclusion, this meeting has confirmed the progress made by Niger and Senegal in achieving development goals through further trade reforms, including at the regional level. Niger and Senegal are encouraged to pursue their reforms, and to further adhere to WTO rules and improve their multilateral commitments on services. This would enhance the transparency and predictability of their trade regimes and contribute to attracting foreign investment. I advocate that members support Niger and Senegal in their continued efforts by providing further market access to their goods and services, and by being attentive to their requests for technical assistance.'



Implementation and monitoring

Georgia

'This first Trade Policy Review of Georgia has given us a much clearer understanding of the evolution of Georgia's trade policies since its accession to the WTO, together with the challenges it faces. I thank Ms Kovziridze and her delegation, and I would also like to acknowledge the valuable contribution of the discussant, Mr Krzysztof Januszek of Poland, and of members for their active and insightful participation in this exercise. The reports by the Georgian authorities and the Secretariat, as well as the detailed responses of the delegation of Georgia to the many questions posed, have contributed to transparency both within Georgia and as far as the WTO membership is concerned.

Members commended Georgia's commitment to openness in trade and foreign investment as well as recent progress in economic liberalization. Members praised Georgia for its impressive economic performance during most of the review period, with an average annual GDP growth rate of 9–10 per cent, in considerable part due to reforms, which have been widely recognized. In particular, important trade reforms have taken place in the areas of tariffs, improvement of Customs, business licensing and the adoption of trade legislation compatible with international standards. Nonetheless, Georgia has only partially succeeded in improving the external competitiveness of the private sector and, in this regard, Georgia was encouraged to continue its structural reforms to make its markets more flexible, attract investment into export activities, improve productivity and competitiveness, and thereby help sustain growth.

Members congratulated Georgia on its liberal trade regime with its simple tariff structure and one of the lowest average applied MFN [most-favoured nation] tariff rates in the world, whilst almost 85 per cent of imports enter Georgia duty free. It was also noted that Georgia had not resorted to any restrictive measures since the onset of the economic crisis. Georgia's commitment to the WTO system was emphasized and Georgia was urged to follow through on its readiness to join the Government Procurement Agreement. Georgia was also encouraged to enhance WTO notifications in a number of areas. Regarding alignment with international standards and practices, members noted that there is room for improvement in a number of areas such as SPS [sanitary and phytosanitary], technical regulations, competition policy and intellectual property rights enforcement, which point to the broader, more long-term problem of capacity building in general.

Members noted that exports, which account for about one-fifth of Georgia's GDP [gross domestic product], have not matched the strong overall economic growth rate in the review period. Georgia's main exports remain concentrated in a few low-value-added products, reflecting limited success in efforts to diversify exports. Members were interested to know from Georgia the policies and measures it proposes to take to enhance its exports in the coming years.

Members appreciated the replies provided by the delegation of Georgia and looked forward to further responses. In conclusion, the numerous questions and active discussion indicate the importance members attach to this Review. I encourage Georgia to take to heart members' concerns and I hope it will continue with its reform process which has resulted in strong economic performance and has helped the country to become a significant regional trade corridor. At the same time I invite members to assist Georgia by providing appropriate technical assistance, including trade capacity building, and by further opening their markets to Georgia's exports.'

Implementation and monitoring



Background

In 2009 the WTO began regular monitoring of global trade developments, covering all trade and trade-related measures implemented by WTO members and observers in the context of the global financial and economic crisis. The monitoring exercise further strengthens the transparency aims of the Trade Policy Review Mechanism by providing information on recent policy changes. It is overseen by the Trade Policy Review Body (TPRB), which also conducts detailed reviews of members individually (see page 57).

Four comprehensive reports were presented by the Director-General on global trade developments in 2009.

Trade monitoring reports

Four comprehensive reports were presented by the Director-General on global trade developments, in January, April, July and November 2009. These were discussed at various meetings of the Trade Policy Review Body (TPRB). The reports showed that, despite the depth of the crisis and rising unemployment, WTO members had, by and large, resisted domestic protectionist pressures and kept markets open. Nor was there any significant instance of trade retaliation. Nevertheless, there were aspects of countries' stimulus packages that threatened to distort trade, notably 'buy national' policies attached to some public spending programmes and the substantial help given by some governments to the banking and auto industries.

A consolidated report for the year was presented in the Director-General's Annual Overview of Developments in the International Trading Environment, which was submitted to ministers ahead of the Seventh Ministerial Conference in Geneva and discussed at the TPRB meeting in January 2010. In that report the Director-General called on members 'to devise and announce exit strategies to remove trade restrictions and production subsidies that they have introduced temporarily to counteract the effects of the crisis, and start implementing those strategies as soon as domestic economic recovery takes hold.'

Transparency and surveillance

Transparency and surveillance of national trade policies are one of the pillars of the multilateral trading system, in addition to trade negotiations and dispute settlement. The strengthened surveillance provided by regular monitoring of trade and trade-related measures during the crisis not only enhanced transparency but helped governments, faced with scrutiny by their peers, to resist domestic protectionist pressures. It thereby increased trust in the multilateral trading system.

The monitoring exercise during 2009 showed that no WTO member retreated into widespread trade restriction, nor was there any significant instance of trade retaliation. Governments appear to have learned lessons from the past, with political leaders firmly rejecting a return to the 'beggar-thy-neighbour' protectionism that had such disastrous consequences in the 1930s. Their response this time is a clear demonstration of the value and resilience of the rules-based multilateral trading system.

The role played by the WTO in helping to mitigate the impact of the crisis was recognized by WTO members and observers at the 2009 WTO Ministerial Conference in Geneva (see page 12) and welcomed by world leaders at their various summit meetings addressing the crisis. To aid their deliberations, the WTO Director-General and the respective heads of the Organisation for Economic Co-operation and Development (OECD) and the United Nations Conference on Trade and Development (UNCTAD) also submitted joint reports on trade and investment developments to the G-20, which brings together leading industrialized and developing countries.



Monitoring summary

The size, suddenness and impact of the global financial and economic crisis could have sparked a severe protectionist response around the world. Many economies went into recession and the volume of world trade flows in 2009 fell at an unprecedented rate of more than 12 per cent. During difficult times, governments are frequently tempted to give way to protectionist demands and shield domestic industries from international competition by raising barriers to trade.

Trade protectionism during the crisis in the 1930s contributed to the severity of what became known as the Great Depression, and it was feared that a similar reaction would aggravate the impact of the current global crisis. But, overall, this did not happen in 2009. Despite a number of 'slippages', in general terms the world economy is about as open to trade today as it was before the crisis started.

The WTO, with its set of multilaterally agreed trade rules and its legal enforcement mechanism, served as an 'insurance policy' against a resurgence of protectionism. In addition, the enhanced transparency generated by the newly instituted regular trade monitoring exercise provided an opportunity to exert peer pressure on governments and gave them arguments to resist protectionist demands at home. It also helped assess the extent to which governments of the major world economies respected the pledges by their leaders to keep markets open.

Indeed, many governments implemented measures to further open up their economies and encourage the expansion of trade and investment flows. Some did this as a deliberate policy response to help deal with the negative effects of the crisis, and others as a continuation of their national or regional trade liberalization programmes.

Nevertheless, there were instances of new trade-restricting measures. In some cases, import tariffs were increased and agriculture export subsidies reintroduced. In other cases, governments initiated trade remedy actions, such as anti-dumping and 'safeguard' measures, and put in place new non-tariff barriers to trade.

The numerous state aid and economic stimulus programmes constituted another important area of potential trade distortion. The fiscal stimulus packages were vital to stop the economic haemorrhage but they also gave rise to serious concerns about their 'unintended' impact on open and fair competition. The most frequently mentioned issue related to 'buy national' requirements attached to some programmes, such as spending on public infrastructure, but the bailouts of relatively large financial institutions and subsidies to aid the auto and other industries also prompted concern about the potential effect on global competition in these sectors.

Although a widespread and systemic escalation of protectionism has been prevented so far, the international community must remain vigilant. The longer-term impact of the global crisis will continue to be felt in 2010 and beyond, especially in labour markets. At times of rising unemployment, governments face increased pressure to protect domestic industries and domestic jobs. Thus the risk of protectionism will remain as long as the world economy is unable to generate job-led growth. The recent global economic recovery, in particular in emerging economies, may seem to be faster and stronger than expected but there are still significant risks for its sustainability.

Implementation and monitoring

The volume of world trade flows fell by more than 12 per cent in 2009.

Implementation and monitoring



Background

WTO ministers decided in Doha in 2001 to establish a Working Group on Trade, Debt and Finance to look at how trade-related measures could contribute to finding a durable solution to the external debt problems faced by many developing countries. Since then the Working Group has turned its attention to a range of financial issues with an impact on trade, including the provision of trade finance.

The Expert Group on Trade Finance met twice in 2009.

Trade, debt and finance

In 2009 the Working Group on Trade, Debt and Finance made a significant contribution towards mobilizing international efforts to remedy the dramatic shortage of trade finance, which resulted in the adoption by the G-20 Summit in London of a US\$ 250 billion support package. The Working Group improved members' understanding of the causes and location of the shortfalls, discussed national plans aimed at boosting the availability of trade credit and guarantees, and acted as a forum for discussion of – and providing support to – WTO Secretariat initiatives. In particular, it provided a forum for interaction between WTO members and the Expert Group on Trade Finance convened by the Director-General.

Expert Group on Trade Finance

Some 80–90 per cent of world trade relies on trade finance (trade credit and insurance/guarantees) and during the worst of the financial and economic crisis in late 2008 and early 2009 many companies, especially smaller enterprises in developing countries, found it impossible or prohibitively expensive to obtain the credit they needed to trade.

Against this backdrop, the Expert Group on Trade Finance met twice in 2009, once in March before the Group of 20 Summit in London and again in September before the G-20 Summit in Pittsburgh. Established in the wake of the Asian financial crisis in the late 1990s, the Expert Group brings together representatives of the main players in trade finance, including the World Bank's International Finance Corporation (IFC), regional development banks, export credit agencies and big commercial banks, as well as the International Chamber of Commerce (ICC) commercial banks and other international organizations.

Proposed measures to bridge the shortfall in financing – then estimated to be between US\$ 100 billion and US\$ 300 billion – and free up frozen credit lines were the focus of discussion by the Expert Group in March. At the London Summit, G-20 leaders endorsed measures aimed at supporting finance for some US\$ 250 billion of trade, largely aimed at developing countries and backed by the IFC and regional development banks.

In September the Expert Group met again, ahead of the Pittsburgh G-20 meeting, to review implementation of the support package. Although the availability of trade finance had undoubtedly improved significantly since the early part of 2009, the Expert Group noted that some countries were still experiencing difficulties, trade finance remained expensive, and rules governing short-term credit under the Basle II framework (widely followed recommendations on banking laws and regulations issued by the Bank of International Settlements in Basle) continued to pose a serious constraint on new lending despite the secure character of trade finance.



Working Group on Trade, Debt and Finance

In tandem with the Expert Group meetings, the WTO Working Group on Trade, Debt and Finance also met twice in 2009. In March, WTO members discussed the findings of surveys conducted by the ICC and the Bankers' Association for Finance and Trade on the adverse impact of the financial crisis on the supply of trade finance, especially for developing countries. They also looked at regulatory obstacles under Basle II, and considered the national and international initiatives aimed at boosting the supply of short-term finance that were on the agenda of the G-20 Summit in London. Members were briefed on the outcome of the earlier Expert Group meeting.

At its second meeting in September, the Working Group took stock of the implementation of the trade finance support package agreed at the G-20 Summit in London, and discussed the trade finance market situation, based on information provided by members and the Secretariat. The Working Group was again briefed on the initiatives of the Director-General and the Expert Group on Trade Finance, and on the work on the 'implementation group' that had assisted the G-20 leaders in implementing the trade finance measures decided in London. The Working Group continued to support these initiatives and recommended to the General Council that it confirm the focus on trade finance issues, at least for as long as these continue to be of major concern to WTO members.

Implementation and monitoring

WTO members discussed the impact of the financial crisis on the supply of trade finance.



Background

The procurement of goods and services by government agencies typically accounts for at least 15 per cent of gross domestic product (GDP) and is of growing importance in world trade, especially latterly through its key role in economic stimulus packages to combat recession. The WTO Agreement on Government Procurement (GPA) is designed to ensure that signatories do not protect domestic products, services or suppliers, or discriminate against foreign products, services or suppliers, in the sectors covered. The GPA is a plurilateral agreement, which means it only applies to WTO members that have separately agreed to be bound by it.

Agreement on Government Procurement

The GPA is administered by the Committee on Government Procurement. In 2009, it held three formal meetings and a series of informal meetings, focusing on negotiations and accession issues. These meetings also afforded the 14 parties to the Agreement (comprising a total of 41 WTO members) an opportunity to exchange information and perspectives on national procurement measures in relation to the economic crisis, reflecting the role of the GPA as a safeguard against protectionism.

The main features of 2009 were the completed accession of Chinese Taipei and a new application for accession by Armenia. Eight other WTO members continued the process of acceding to the GPA: Albania, China, Georgia, Jordan, the Kyrgyz Republic, Moldova, Oman and Panama. A further five WTO members have provisions on accession to the GPA in their Protocols of Accession: Croatia, the Former Yugoslav Republic of Macedonia, Mongolia, Saudi Arabia and Ukraine.

At the end of 2009, the parties to the GPA were: Canada; the European Union (including its 27 member states); Hong Kong, China; Iceland; Israel; Japan; Republic of Korea; Liechtenstein; the Netherlands with respect to Aruba; Norway; Singapore; Switzerland; Chinese Taipei; and the United States. The GPA therefore already covers a significant proportion of the global procurement market. In 2007 the US government procurement market fully open to international competition under GPA rules was valued at more than US\$ 1.3 trillion. The accession of Chinese Taipei has been estimated to create new market access opportunities worth up to US\$ 20 billion annually for GPA parties.

In 2009 the GPA Committee also considered modifications to the Appendices to the Agreement, statistical reports, notifications of changes in domestic legislation and notifications of the thresholds in national currencies of procurements covered by the Agreement.



Negotiations

The GPA contains a built-in commitment to further negotiations, with the following objectives: to improve and update the Agreement in the light of developments in information technology and in procurement methods; to extend the coverage of the Agreement; and to eliminate remaining discriminatory measures. A key related objective is to facilitate accession to the Agreement by other WTO members, and in particular developing countries. In 2009, GPA parties pursued negotiations on both coverage and text-related issues in informal sessions of the committee.

Technical cooperation and training

Demand from members for technical cooperation and capacity building, including in the context of the GPA accession process, has been rising, reflecting growing interest in this area of trade policy. In 2009 the WTO Secretariat organized four regional workshops (for English-speaking African countries, Arab and Middle East countries, Asia and Pacific economies, and countries in Central and Eastern Europe and Central Asia); and four national seminars (in Armenia; China; Macao, China; and Viet Nam).

Cooperation with other international organizations

In 2009 the WTO cooperated in the area of government procurement with the United Nations Commission on International Law (UNCITRAL), the Organisation for Economic Co-operation and Development (OECD), the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), the World Bank and the African Development Bank.

Implementation and monitoring