

General Council sends 30 reports to the Singapore Ministerial

The General Council has completed its work for the Ministerial Conference after noting and agreeing to forward to Singapore the reports of some 30 WTO bodies in a meeting held on 7-8 and 13 November. These reports summarize WTO activities this year with respect to the implementation of various agreements. Several contained conclusions and recommendations for action by the Ministers, including the following:

- » A draft WTO Plan of Action for Least-Developed Countries, submitted by the Committee on Trade and Development;
- » A draft Ministerial Decision, submitted by the Committee on Agriculture, to assist net-food importing developing countries during the period of reform in agriculture;
- » Commitments to complete negotiations, as scheduled, on basic telecommunications, financial services and the accountancy sector by February, April and December next year, respectively; and
- » Initial conclusions and a future work programme for the WTO on the trade-environment-sustainable development interface, submitted by the Committee on Trade and Environment.

Regarding preparations for the Ministerial Conference, the General Council agreed a planned conduct of business (*see schedule of meetings on page 2*). It elected the following officers of the Conference: Chairman: Trade and Industry Minister Yeo Cheow Tong (Singapore); and Vice-Chairmen: Tourism and Trade Minister Enda Kenny (Ireland), Foreign Affairs Minister Alvaro Ramos (Uruguay) and Trade Minister Mondher Zenaidi (Tunisia).

Reports

The Chairman of the Dispute Settlement Body, Ambassador Celso Lafer (Brazil), in submitting the DSB report said that "the effective operation of the dispute settlement system during the first two years of its existence has fostered greater cooperation among members, reflecting their growing trust in the system."

The Chairperson of the Council for Trade in Services, Ambassador Lilia Bautista (Philippines) said that her mem-

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LLDC Ministers hold their first WTO meeting.

Least developed countries prepare for Singapore

Ministers from 29 least developed countries (LLDCs) have called on the Singapore Ministerial Conference to ensure that special WTO provisions in favour of LLDCs are implemented fully and expeditiously. The Ministers were attending a meeting, organized by the WTO Secretariat with financial sup-

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New offers boost telecoms negotiations

Negotiations on liberalizing the \$500-billion world trade in telecommunications received a boost on 14 November when the two largest markets - the European Union and the United States - tabled improved offers in the WTO Negotiating Group on Basic Telecommunications.

The Slovak Republic also submitted a revised offer while South Africa, Singapore, Korea, Poland, India,

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GENERAL COUNCIL



The WTO General Council completes groundwork for the Singapore Ministerial. (Tania Tang/WTO)

Preparations

(Continued from page 1)

bers have agreed to forward to Singapore specific recommendations regarding the Council's future work programme.

The Chairman of the Council for Trade in Goods (CTG), Ambassador Srinivasan Narayanan, presented the CTG report together with reports from its subsidiary bodies. The CTG report contained, among other things, a summary of discussions on divergent views regarding the implementation of the Agreement on Textiles and Clothing (ATC). Among the reports appended to it was that of the Textiles Monitoring Body.

Several delegations reiterated concerns raised at previous CTG meetings (see *WTO FOCUS No. 12*) regarding the implementation of the ATC. Hong Kong said that time constraints had not allowed agreement on CTG recommendations on textiles for Singapore but noted that along with several delegations, it had submitted to the CTG a proposal for conclusions, recommendations as well as a draft Ministerial Declaration in this regard. Pakistan said that without action on the concerns of developing country textile exporters, the Singapore outcome would be far from balanced.

Ministerial Declaration

Regarding the the Ministerial Declaration, Director-General Renato Ruggiero said work on a draft as well on other issues was still continuing in the informal meetings of Heads of Delegation (HOD) he is chairing. He called on delegations to make every effort to arrive at the best compromise on the Declaration and related issues.

In his report to the General Council, Mr. Ruggiero said that he had detected a strong desire from members to treat the Singapore Conference as part of continuum in WTO's work—not a single "defining moment" but with a forward-looking and balanced agenda. He said there was also a recognition that the main focus of the Conference should be to assess the implementation of the Uruguay Round results and to take decisions that would be required in this regard.

The Director-General said in eight HOD meetings held

First WTO Ministerial Conference 9-13 December 1996, Singapore

December	Morning	Afternoon
9 Monday	Opening ceremony with the Prime Minister of Singapore Plenary Session: Report by the Chairman of the General Council Overview of developments in international trade and trading system by the Director-General	Plenary Session
10 Tuesday	Plenary Session	Informal meeting among Ministers: "Implementation" and "Future Work of the WTO"
11 Wednesday	Plenary Session	Informal meeting among Ministers: "Other Matters"
12 Thursday	Plenary Session	Reserved
13 Friday	Plenary Session	Adoption of the Ministerial Declaration Closing Ceremony

so far, delegations have introduced many proposals regarding the future work programme of the WTO. Of these, proposals on four subjects—competition, investment, government procurement and labour standards—had been retained with the others referred to the relevant WTO bodies for consideration. Mr. Ruggiero said that from his consultations, he was able to circulate a draft Declaration, which was discussed at the most recent HOD meeting held on 2 November.

Other matters

The General Council also:

- » Granted the request by Laos for observer status at the Ministerial Conference;
- » Approved WTO agreements with the IMF and the World Bank;
- » Established a working party to review the implementation of the Agreement on Preshipment Inspection;
- » Adopted reports by the BOP Committee on its consultations with Hungary and Nigeria;
- » Granted the United States an extension on its waiver regarding imports of automotive products from Canada, as recommended by the Council for Trade in Goods; and
- » Agreed to continue discussions on the conditions of service applicable to the staff until June 1997, with a number of delegations expressing regret over the delay in the establishment of an independent WTO Secretariat.

Under "Other Business", Brazil expressed concerns over a recent World Bank study on MERCOSUR, which it said intruded on matters under WTO competence. □

GENERAL COUNCIL

The WTO bodies

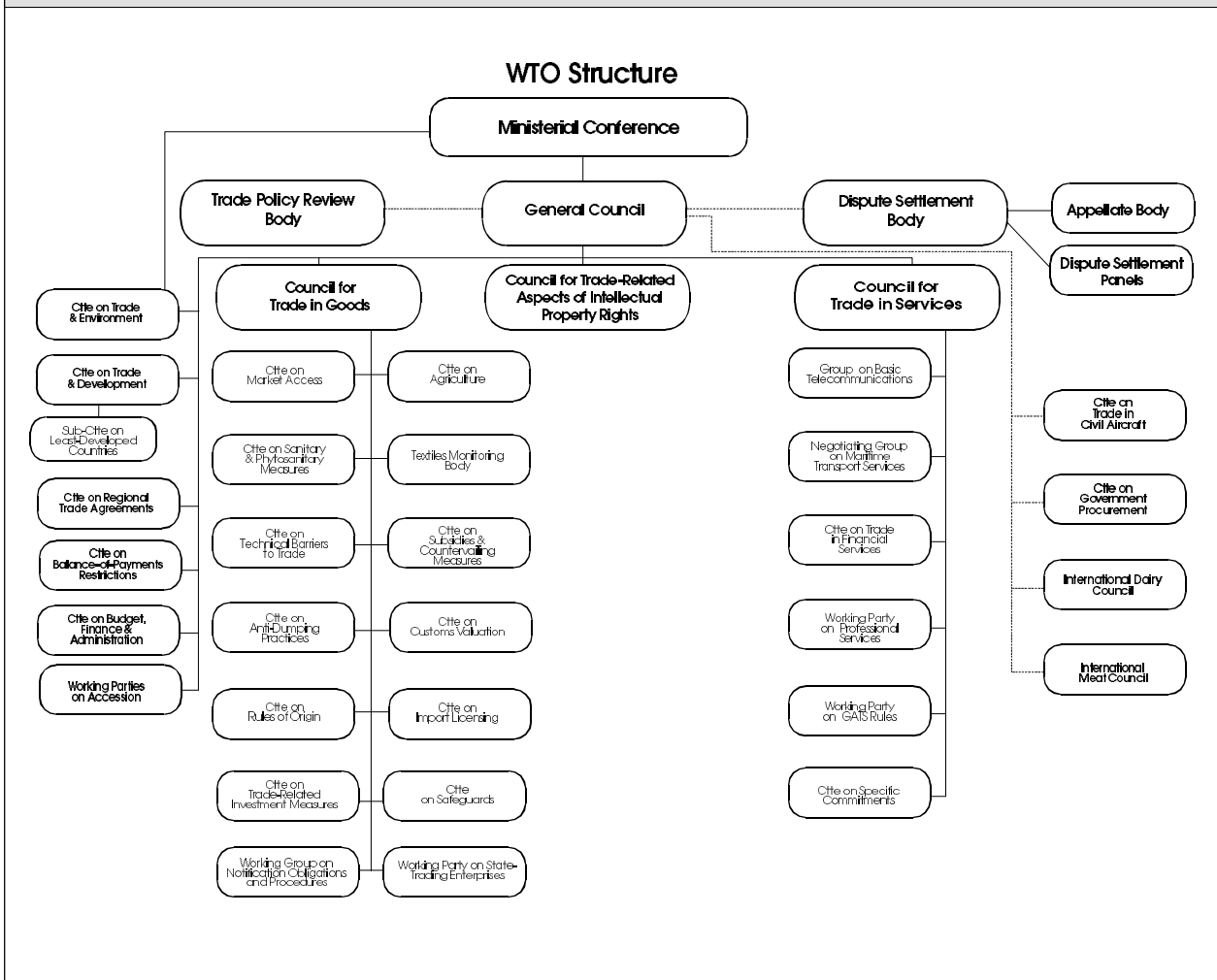
The WTO structure is dominated by its highest authority, the Ministerial Conference, composed of representatives of all WTO members, which is required to be held every two years and which can take decisions on all matters under any of the multilateral trade agreements. Singapore hosts the first Ministerial Conference on 9-13 December.

The day-to-day work of the WTO, however, falls to a number of subsidiary bodies; principally the General Council, also composed of all WTO members, which is required to report to the Ministerial Conference. The current Chairman, Ambassador William Rosier of Switzerland, will be presenting such a report to the Ministers in Singapore. As well as conducting its work on behalf of the Ministerial Conference, the General Council convenes in two particular forms—as the Dispute Settlement Body (currently chaired by Ambassador Celso Lafer of Brazil), to oversee the dispute settlement procedures and as the Trade Policy Review Body (chaired by Ambassador Anne Anderson of Ireland) to conduct regular review of the trade policies of individual WTO members.

The General Council oversees activities of three other major bodies—namely the Councils for Trade in Goods, Trade in Services and TRIPS, being chaired, respectively, by Ambassador Srinivasan Narayanan (India), Ambassador Lilia Bautista (Philippines) and Ambassador Wade Armstrong (New Zealand). The Goods Council oversees all agreements covering trade in goods, though many such agreements have their own specific overseeing bodies. The latter two Councils have responsibility for their respective WTO agreements.

Three other bodies are established by the Ministerial Conference and report to the General Council: the Committees on Trade and Development, on Balance-of-Payments Restrictions and on Budget, Finance and Administration, currently chaired by, respectively, Ambassador Nacer Benjelloun-Touimi (Morocco), Mr. Peter Witt (Germany) and Mr. Jun Yokota (Japan). The General Council, in January 1995, established the Committee on Trade and Environment (chaired by Ambassador Juan Sanchez Arnau of Argentina), pursuant to a Marrakesh Decision. In February 1996, it established the Committee on Regional Trade Agreements, currently chaired by Ambassador John Weekes of Canada.

Each of the four plurilateral agreements—on civil aircraft, government procurement, dairy products and bovine meat—have their own management bodies which report to the General Council. □



WTO trade and environment work to continue

The WTO Committee on Trade and Environment (CTE), on 8 November, adopted its report to the Singapore Ministerial Conference. The same day, the General Council took note of the report, and agreed to forward it to Singapore. "A salient aspect of this report is that it provides continuity in WTO's work in the trade and environmental field," said the CTE Chairman, Ambassador Juan Carlos Sanchez Arnau of Argentina.

The CTE recommends to Ministers that it continue as a regular WTO body reporting to the General Council as "work in the WTO on contributing to build a constructive policy relationship between trade, environment and sustainable development needs to continue." The Marrakesh Decision on Trade and Environment mandated the CTE to report to the first meeting of the WTO Ministerial Conference when the work and terms of reference of the CTE will be reviewed, in the light of the recommendations of the CTE.

In its 70-page report, the CTE describes in detail its work on the ten items listed in the Marrakesh Decision—including the various positions taken by delegations on many issues.

Highlights

"Discussions have demonstrated the comprehensive and complex nature of the issues covered by the Ministerial work programme, which reflects WTO's interest in building a constructive relationship between trade and environment concerns," according to the "Conclusions and Recommendations" section of the report.

Among the highlights of the report:

- » A commitment not to undertake trade action to offset any real or perceived competitive disadvantage resulting from other countries' environmental policies;
- » Recognition of the right of governments to establish their national environmental standards, noting that it would be inappropriate for them to relax existing national environmental standards or their enforcement in order to promote their trade;
- » Endorsement of multilateral solutions based on international cooperation and consensus as the best and most effective way for governments to tackle environmental problems of a transboundary or global nature;
- » Confirmation of the need to preserve the valuable scope that already exists under WTO provisions for the use of trade-related measures needed for environmental purposes, including those taken pursuant to multilateral environmental agreements (MEAs);
- » Encouragement of greater cooperation between the WTO and relevant MEA institutions, and recognition of the positive role of granting observer status for the relevant MEAs in WTO bodies in creating clearer appreciation of the mutually supportive role of trade and environmental policies;
- » Recognition that eco-labelling schemes/programmes can be effective instruments of environmental policy to encourage the development of an environmentally conscious public, and a call for transparency for in their preparation, adoption and application and allowing participation of



Countering pollution: A Singapore decision will ensure that WTO continues its work in building a constructive relationship between trade and environmental concerns. (ILO Photo)

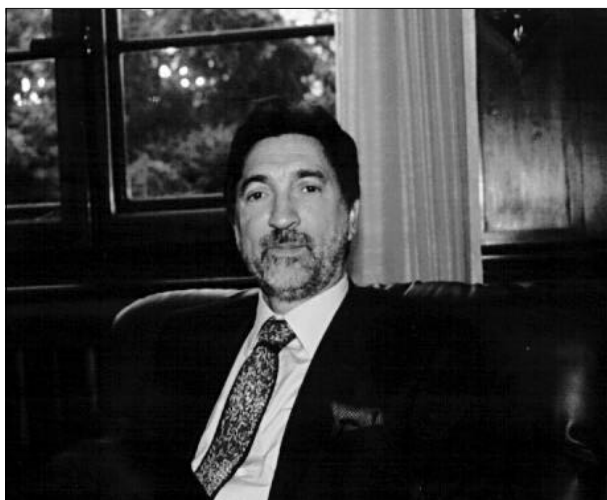
- interested parties from other countries;
- » Recommendation on the creation of a database, accessible to all members, of all WTO notifications of trade-related environmental measures.
- » Emphasis on the importance of market access opportunities in assisting developing countries obtain the resources to implement national developmental and environmental policies;
- » Encouragement to members to provide technical assistance and transfer of technology to help strengthen the technical capacity of developing countries in monitoring and controlling imports of domestically-prohibited goods;
- » Recognition of the need to respond to public interest in WTO activities in the area of trade and environment, and a recommendation of continued interaction of the WTO Secretariat with non-governmental organizations (NGOs) and the derestriction of all CTE documents.

Further work

The CTE report calls for further WTO work on the many complex issues in trade-environment field. One such issue is whether any modification to the WTO provisions are required in respect to trade measures taken under MEAs. Another is the relationship between the WTO and product environmental requirements such as packaging, labelling and recycling. On this, further work could involve cooperation with the WTO Committee on Technical Barriers to Trade, taking into account work of other international organizations such as UNEP, UNCTAD, OECD, ITC and ISO.

On the issue of environmental benefits that could arise from trade liberalization, the CTE agrees that future analysis should be extended from agriculture and energy to other sectors such as tropical and natural resource based products, textiles and clothing, fisheries, forest products, environmental services and non-ferrous metals.

Work will also continue with respect to the environmental provisions of the TRIPS and Services Agreements. On TRIPS, the CTE has already discussed a wide variety of



The CTE Chairman, Ambassador Juan Sanchez Arnau of Argentina: marathon meetings produced a balanced report. (Photo by Tania Tang/WTO)

issues relating to the generation, access to and transfer of environmentally sound technology and products.

One item targeted for particular attention in the future, as cited by the Chairman after the adoption of the CTE report, is the issue of domestically prohibited goods.

Reactions

After the adoption of the report, many delegations pointed to the “delicate balance” of the conclusions and recommendations section achieved after long discussions. They said that the report represented a good basis for future WTO work in the field, and underlined their intention to work for their respective proposals after Singapore.

Work of the CTE is reported in detail in the WTO Bulletin on Trade and Environment. For subscription requests, please write to the Information and Media Relations Division, WTO, Centre William Rappard, 154 rue de Lausanne, 1211 Geneva, Switzerland.

Nigeria said trade and environment was, at the start, “uncharted waters” for many WTO members but the report now indicated the early shape of a developing international consensus on the subject. It emphasized it would continue to seek consensus on the issue of domestically prohibited goods.

Singapore, on behalf of the ASEAN members, described the report as balanced, which represented substantial progress in clarifying trade-environment issues. It said in the future, they would work for enhancing the development aspect of CTE’s work, and ensure that environmental measures were not used as disguised protectionism.

The European Communities said that it had worked on trying to create an “environmental window” in the WTO, and expressed disappointment that the CTE report had fallen short of its initial high ambitions. On the other hand, the EC said the report showed that the WTO was not closed to further exploration of the trade-environment interface. It said that the report constituted a clear basis for further work,

WTO’s work programme

The ten items in the CTE’s work programme, as set out in the Marrakesh Decision on Trade and Environment, are the following:

- » 1. The relationship between the provisions of the multilateral trading system and trade measures for environmental purposes, including those pursuant to multilateral environmental agreements.
- » 2. The relationship between environmental policies relevant to trade and environmental measures with significant trade effects and the provisions of the multilateral trading system.
- » 3. (A) The relationship between the provisions of the multilateral trading system and charges and taxes for environmental purposes. (B) The relationship between the provisions of the multilateral trading system and requirements for environmental purposes relating to products, including standards and technical regulations, packaging, labelling and recycling.
- » 4. The provisions of the multilateral trading system with respect to the transparency of trade measures used for environmental purposes and environmental measures and requirements which have significant trade effects.
- » 5. The relationship between the dispute settlement mechanisms in the multilateral trading system and those found in multilateral environmental agreements.
- » 6. The effect of environmental measures on market access, especially in relation to developing countries, in particular to the least-developed among them, and environmental benefits of removing trade restrictions and distortions.
- » 7. The issue of the export of domestically prohibited goods.
- » 8. The relevant provisions of the Agreement on Trade Related Aspects of Intellectual Property.
- » 9. The work programme envisaged in the Decision on Trade in Services and the Environment.
- » 10. Input to the relevant bodies in respect of appropriate arrangements for relations with intergovernmental and non-governmental organizations referred to in Article V of the WTO. □

and that controversial issues could be discussed further in the future.

Japan said the report would send a positive message to Singapore with initial results on the strengthening of cooperation between the WTO and MEAs and on eco-labelling. While not fully satisfied with the report’s content, Japan said it would work in the future for the avoidance of the rule of the jungle in the trade-environment field.

The United States said that the report had made valuable contributions, and, in particular, welcomed the agreement on greater transparency. However, it expressed reservations about certain conclusions in the report, adding that it was disappointed that the CTE was not yet ready to act with respect to trade provisions of MEAs. □

DSB adopts second appellate report

The Dispute Settlement Body (DSB) adopted, on 1 November, the Appellate Body report and the panel report as modified by the Appellate Body, which sustained complaints by the European Communities, Canada and the United States against Japan's taxes on alcoholic beverages.

Like the first reports adopted by the DSB—on complaints by Venezuela and Brazil against US standards on gasoline—the second set of reports concerned Article III of the GATT

Panels established on "Helms-Burton" and India's patent treatment

The DSB, on 20 November, established two panels to examine, respectively the EC complaint against the US Cuban Liberty and Democratic Solidarity Act, and the US complaint against alleged failure of India to provide interim patent protection for pharmaceutical and agricultural chemical products.

Japan said it would be consulting with the EC, Canada and the United States regarding the implementation of the reports on alcoholic beverages.

A full report on this meeting will be in the next *WTO FOCUS*.

1994 on national treatment. This provision requires that once goods have entered the domestic market, they must be treated no less favourably than the equivalent domestically-produced goods in respect of taxation and other regulations.

At the November 1 meeting, the EC, Canada and the United States welcomed the appellate report and requested that Japan implement its recommendations speedily.

Japan noted that the Appellate Body had accepted some of its arguments and had made important corrections to the panel report. However, it expressed regret that the rest of its arguments were not adopted, and that the Appellate Body had concluded that the measures in question were inconsistent with the GATT 1994. □

EC asks for panel on Helms-Burton; Panels established on film and hormones

The DSB, on 16 October, considered for the first time a request by the European Communities for the establishment of a panel to examine the United States' Cuban Liberty and Democratic Solidarity Act.

The European Communities said its problem with the US Cuban Liberty and Democratic Solidarity Act, commonly known as the Helms-Burton Act, was not with the US objectives but with the extraterritorial means chosen to meet these objectives. It said the United States had suspended some of the measures but that the provision on denial of visas was fully in force. It said that three rounds of bilateral consultations had failed to resolve the issue and was therefore seeking the establishment of a panel. The EC contended that the US measures violated GATT 1994 and the General Agreement on Trade in Services, and nullified and impaired EC benefits under the WTO. It said that



Two types of shochu: As "like product" to vodka, vodka should receive at least identical or better tax treatment. (Photo by Tania Tang/WTO)

should the United States object to the establishment of the panel, it would again present its request at the next formal meeting of the DSB, scheduled for 20 November.

The United States said that the Helms-Burton Act was signed into law by President Clinton in March after what it said was the Cuban shooting down of two US aircraft in violation of international law. It expressed surprise and concern that the EC had chosen to take what it believed to be diplomatic and security issues to the WTO. The United States said that the measures objected to by the EC had been in existence for decades, and that the only new element in the Helms-Burton Act was that on denial of visas. The United States said it could not agree to the establishment of a panel that meeting.

Cuba said it fully supported the EC position, adding that the UN General Assembly had approved overwhelmingly a resolution urging the United States to end its trade embargo on Cuba.

Mexico said it had been directly affected by the US law and reserved its WTO right with respect to future action. Australia, Bolivia speaking on behalf of the Group of Rio countries, Canada, India and Switzerland also expressed concern over Helms-Burton.

The DSB agreed to revert to the EC request at its next regular meeting.

Photo film and paper

The United States reiterated a request for a panel to examine Japan's measures affecting consumer photographic film and paper (see *WTO FOCUS No. 12*). It said it looked forward to presenting to the panel a broad array of measures by the government of Japan that restricted imports and were therefore inconsistent with GATT 1994.



DISPUTE SETTLEMENT

Japan said that the formal US complaint, which would be the basis of the panel's examination, was too broad and vague. It proposed that the panel limit itself only to the examination of specific measures mentioned in the US complaint.

The EC shared the US concerns over Japan's market for photo film and paper, in which it said it had a substantial trade interest. It said it intended to participate as a third party in the panel proceedings.

The DSB established a panel to examine the US complaint.

Livestock and meat (hormones)

Canada reiterated a request for a panel to examine its complaint against EC measures prohibiting the importation

of livestock and meat from livestock treated with hormones. It said it continued to view these measures as unjustified and inconsistent with WTO rules.

The EC said it would abide by the DSB decision. Argentina and Norway indicated their interest to participate as third parties in the panel's proceedings.

The DSB established a panel to examine Canada's complaint, with the standard terms of reference.

Panel requests held in abeyance

The United States and Canada said they would not be pursuing, for the time being, their respective panel requests on Pakistan's patent protection for pharmaceuticals and agricultural chemical products, and on Brazil's export financing programme for aircraft. □

WTO Dispute Settlement File No. 2

Canada, EC, US/Japan - Taxes on alcoholic beverages

PANEL REPORT

Panel established: 27 September 1995; **Report issued to parties:** 21 June 1996; **Report circulated to Members:** 11 July 1996; **Adopted as modified by the Appellate Body:** 1 November 1996

Background: The Japanese Liquor Tax Law (Shuzeiho), Law No. 6 of 1953 as amended ("Liquor Tax Law"), lays down a system of internal taxes applicable to all alcoholic beverages. The Liquor Tax Law currently classifies the various types of alcoholic beverages into ten categories and additional sub-categories: sake, sake compound, *shochu* (group A, group B), *mirin*, beer, wine (wine, sweet wine), whisky/brandy, spirits, liqueurs, miscellaneous (various sub-categories).

A GATT panel, established upon the request of the EC, concluded in 1987 that some aspects of the Liquor Tax Law were inconsistent with Japan's obligations under Article III:2.

The current dispute concerns the specific taxes imposed under the Liquor Tax Law: the EC, US and Canada claimed that substantial differences still exist with respect to the taxation of "like" and "directly competitive or substitutable" domestic and foreign products, which were in violation of Article III:2. Japan rejected the claim arguing that its legislation does not have any protective aim or effect.

Legal analysis: The panel noted that the complainants had requested a finding that some of the products in the dispute were "like" and some "directly competitive or substitutable" products. It concluded that whether goods are "like products" should be interpreted on a case-by-case basis according to the product's properties, nature and quality, and its end-uses, consumers' tastes and habits and the product's classification in tariff nomenclatures. Goods are "directly competitive" based on their substitutability as a result of their respective prices, their availability through trade and their other competitive interrelationship.

Using Japan's marketplace as the test, the panel concluded that *shochu* and vodka are like products and Japan, by taxing the latter in excess of the former, is in violation of its obligation under GATT Article III:2, first sentence.

Shochu, whisky, brandy, rum, gin, genever, liqueurs and other "directly competitive or substitutable products" are not taxed similarly, and Japan is therefore in violation of its obligation under Article III:2, second sentence.

Conclusion and recommendation. The panel concluded that Japan was in violation of its obligations under Article III:2, first and second sentences and recommended that Japan bring its measures into compliance with its obligations under the GATT 1994.

APPELLATE BODY REPORT

Panel report appealed by Japan and the United States: August 1996; **Appellate Body Report circulated to Members:** 4 October 1996; **Adopted:** 1 November 1996. The Appellate Body upheld the panel's conclusions that *shochu* and vodka were like products and that Japan, by taxing imported products in excess of like domestic products, was in violation of its obligations under Article III:2, first sentence. It agreed with the traditional GATT approach taken by the panel in determining "like" products and rejected the "aims-and-effects" approach pleaded by Japan, and the "purpose" approach pleaded by the United States. The Appellate Body, however, found that the panel had erred in law in failing to take Article III:1 into account in interpreting Article III:2.

The Appellate Body stated that in addition to its conclusion that *shochu* and the other distilled spirits were directly competitive to *shochu* and not similarly taxed, the panel should have examined whether the taxation in effect was so as to afford protection.

The Appellate Body upheld the panel's conclusions that the Japanese Liquor Tax Law violated Article III:2, first and second sentences, and it recommended that Japan bring its measures into conformity with the GATT 1994. □

Membership talks step into high gear

Work on accession in the WTO has stepped up in the second half of the year. The Working Party on Jordan held its first meeting. The Working Party on China met again after a number of months. The Working Parties on Albania, the Russian Federation and Saudi Arabia are now involved in detailed examination of specific trade measures and practices. Brief reports on the recent meetings:

China pledges "standstill"

China announced to the Working Party examining its membership application to the WTO, on 1 November, its decision to not promulgate new laws and policies inconsistent with WTO rules during the rest of the accession negotiations. At the same time, it expected WTO members not to erect or increase trade restrictions against China.

Many WTO members welcomed the announcement as an indication of the sincerity of China's intention to conclude the negotiations successfully.

China's Assistant Minister of Foreign Trade and Economic Cooperation, Mr. Long Yongtu, reported in detail reform measures taken by his country since the last Working Party meeting held in March. He said China had lowered tariffs on nearly 5,000 products, eliminated non-tariff measures on more than 100 products and unified the foreign currency market to ensure national treatment for foreign investors. He also announced that the Chinese currency would be freely convertible by the end of the year.

The Chairman of the Working Party, Ambassador Pierre-Louis Girard of Switzerland, said progress had been made in informal consultations between China and WTO members. He said further work would focus on notification requirements, subsidies and products subject to statutory inspection. He stressed the importance of continuing bilateral consultations between members and China, and hoped that the Working Party would be able to meet again in February 1997, and possibly at more frequent intervals thereafter.



China's Assistant Minister Long Yongtu announces tariff cuts on nearly 5,000 products. (T. Tang/WTO)

Legislative developments in Russia

The Working Party on the Russian Federation, at its fourth meeting held on 15 October, examined non-tariff measures on industrial products, customs valuation and recent legislative developments.

Trade Vice-Minister Georgi Gabounia said that government efforts to integrate the economy into the international trading system were starting to show results, as exports' share in GDP had jumped from 7 per cent in 1991-93 to 20 per cent in 1995. A major part of these efforts, he said, was improving the legal basis for external economic relations.

First Deputy Minister of the Economy I.S. Materov said that the original intention to make 1996 the final year of transition to a market economy had been affected by the difficult economic situation as well as the recent elections. However, he stressed that only market reforms could bring

Joining the WTO

Any state or customs territory having full autonomy in the conduct of its trade policies may accede to the WTO on terms agreed with WTO members. In the first stage of the accession procedures the applicant is required to provide the WTO with a memorandum covering all aspects of its trade and economic policies having a bearing on WTO agreements. This memorandum becomes the basis for a detailed examination of the accession request in a working party.

Alongside the working party's efforts, the applying government engages in bilateral negotiations with interested member governments to establish its schedule and commitments on goods and its schedule of specific commitments on services. This bilateral process determines the specific commitments to be undertaken by the acceding government as well as any transitory arrangement acceptable to the working party. Once both the examination of the applicant's trade regime and market access negotiations are complete, the working party approves a report, a draft decision and protocol of accession, including the agreed schedules resulting from the bilateral market-access negotiations.

These are then presented to the General Council or the Ministerial Conference for adoption. Adoption requires a two-thirds majority of WTO member (under a recent decision the General Council may take this decision through consensus). Following the adoption of the decision, the applying government accepts the protocol of accession to the WTO Agreement or when necessary, after ratification by its national parliament. □

ACCESSIONS



Saudi Arabia's Minister of Commerce Osama J. Faquih (at left) is welcomed by Director-General Renato Ruggiero before the Working Party meeting. (T. Tang/WTO)

the Federation to a new level of economic well-being. Mr. Materov added that future growth depended on investment.

Saudi Arabia: maintaining momentum

At the second meeting of the Working Party on Saudi Arabia, held on 6-8 November, the country presented detailed information on aspects of its trade regime and held bilateral consultations with several WTO members. The Working Party discussed the following: TRIPS, TRIMS, services, agriculture and regional agreements.

Saudi Arabia's Minister of Commerce Osama J. Faquih said that his delegation's primary task would be to respond to the additional questions raised by members and to intensify the market-access negotiations in goods and services in order to ensure that the momentum of accession work be maintained throughout 1997.

First meeting on Jordan

At the first meeting of the Working Party on Jordan, on 28 October, Industry and Trade Minister Eng. Ali Abu-Ragheb said that his country placed great importance on linking with the global economy through membership in the WTO. He said a comprehensive programme of economic reform was underway, including the abolition of import licenses and quantitative restrictions. Laws and regulations were being drafted, such as on customs procedures, safeguards and intellectual property rights, all of which would be compatible with the WTO Agreements.

Mr. Abu-Ragheb said his country hoped to help steer developments in the Middle East towards a more constructive course. This, he stressed, could not be achieved and maintained by sticking to the economic status quo.

Many delegations welcomed the start of work on Jordan's accession.

Albania starts bilateral talks

Albania continued to pursue economic reform and trade liberalization, its Minister of Industry Trade and Transport Suzana Panariti said at the second meeting, on 29 October, of the Working Party on Albania. This direction, she added, has been bolstered by recent elections—parlia-

WTO Members

(128 as of 13 December 1996)

Angola, Antigua and Barbuda, Argentina, Australia, Austria, Bahrain, Bangladesh, Barbados, Belgium, Belize, Benin, Bolivia, Botswana, Brazil, Brunei Darussalam, Bulgaria, Burkina Faso, Burundi, Cameroon, Canada, Central African Republic, Chad, Chile, Colombia, Costa Rica, Côte d'Ivoire, Cuba, Cyprus, Czech Republic, Denmark, Djibouti, Dominica, Dominican Republic, European Communities, Ecuador, Egypt, El Salvador, Fiji, Finland, France, Gabon, Gambia, Germany, Ghana, Greece, Grenada, Guatemala, Guinea Bissau, Rep. of Guinea, Guyana, Haiti, Honduras, Hong Kong, Hungary, Iceland, India, Indonesia, Ireland, Israel, Italy, Jamaica, Japan, Kenya, Korea, Kuwait, Lesotho, Liechtenstein, Luxembourg, Macau, Madagascar, Malawi, Malaysia, Maldives, Mali, Malta, Mauritania, Mauritius, Mexico, Morocco, Mozambique, Myanmar, Namibia, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Pakistan, Papua New Guinea, Paraguay, Peru, Philippines, Poland, Portugal, Qatar, Romania, Rwanda, Saint Kitts and Nevis, Saint Lucia, Saint Vincent & Gren., Senegal, Sierra Leone, Singapore, Slovak Republic, Slovenia, Solomon Islands, South Africa, Spain, Sri Lanka, Suriname, Swaziland, Sweden, Switzerland, Tanzania, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, United Arab Emirates, United Kingdom, United States, Uruguay, Venezuela, Zambia, Zimbabwe. □

Accession Working Parties

(28 as of 15 November 1996)

Albania, Algeria, Armenia, Belarus, Cambodia, China, Croatia, Estonia, Former Yugoslav Rep. of Macedonia, Georgia, Jordan, Kazakhstan, Kyrgyz Rep., Latvia, Lithuania, Moldova, Mongolia*, Nepal, Panama*, Oman, Russian Federation, Saudi Arabia, Seychelles, Sudan, Chinese Tonga, Taipei, Ukraine, Uzbekistan, Vanuatu, Viet Nam. □

**Protocols of Accession adopted.*

mentary in May and local in October, which had been resounding victories for democracy and economic reform.

Mrs. Panariti listed major legislative developments since the last meeting: further liberalization in customs tariffs, a law on securities in financial services and the creation of an independent Securities Commission, a law on insurance on reinsurance, the setting of general conditions for certified public accountants, and a Presidential Decree on the privatization of companies in "strategic" sectors.

The Working Party Chairman, Mr. Pinto de Lemos, announced that market-access negotiations in goods and services had been scheduled by Albania with the European Communities, the United States, Japan, Mexico, Poland and Turkey. □

New report by the WTO Secretariat

Trade and foreign direct investment

To assist the trade community in its evaluation of how the WTO should respond to the growing importance of foreign direct investment (FDI), the WTO Secretariat in October launched a 60-page report on **Trade and Foreign Direct Investment** (available on the WTO Website) focusing on the economic, institutional and legal interlinkages between FDI and world trade. The report examines the interaction of trade and FDI, including the impact of FDI on trade of home and host countries. It reviews the perceived costs and benefits of FDI, and considers the implications of competition for FDI among host countries. The report also contains a review of the regulations governing foreign investment, together with a brief discussion of existing investment-related WTO rules and disciplines.

The report's summary and conclusions:

There can be no question that foreign direct investment and international trade generally are mutually supportive, and that together they are playing the central role in the ongoing integration of the world economy. Through investment and trade, firms in each country are able to specialize in producing what they can produce most efficiently. Trade facilitates this process by allowing an economy to specialize in production, and then to exchange part of that output abroad in order to achieve the particular mix of goods and services its citizens want to consume. FDI facilitates this process by increasing the international mobility of—and thus the efficient use of—the world's supplies of capital and technology, including organizational, managerial and marketing skills. This joint process is central to development strategies and, more generally, to world-wide efforts to increase wealth and raise living standards.

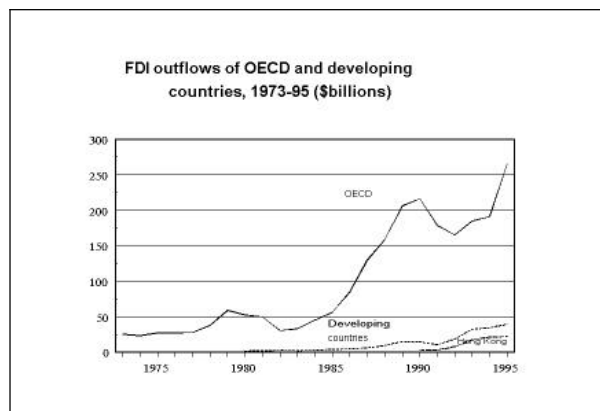
Selected highlights

The growing importance of FDI

- » During 1986-89 and again in 1995, outflows of FDI grew much more rapidly than world trade. Over the period 1973-95, the estimated value of annual FDI outflows multiplied twelve times (from \$25 billion to \$315 billion), while the value of merchandise exports multiplied eight and a half times (from \$575 billion to \$4,900 billion).
- » Sales of foreign affiliates of multinational corporations (MNCs) are estimated to exceed the value of world trade in goods and services (the latter was \$6,100 billion in 1995).
- » Intra-firm trade among MNCs is estimated to account for about one-third of world trade, and MNC exports to all other firms for another third, with the remaining one-third accounted for by trade among national (non-MNC) firms.

Geographical distribution

- » Developed countries account for most of the worldwide FDI outflows and inflows, but developing countries are becoming more important as host and home countries.
- » The share of the non-OECD countries in worldwide FDI inflows, which decreased in the 1980s, increased from



Recent trends in FDI. The above chart spans a little more than two decades. By the end of the 1970s, the annual outflow of FDI from OECD countries to all destinations (including one another) had doubled from around \$25 billion to nearly \$60 billion (the OECD countries currently are host to 73%, and home to 92% of the world's stock of FDI). These are nominal figures, however, and recalling that the OECD countries went through two periods of double-digit inflation in the 1970s, it is clear that in inflation-adjusted real terms there was little or no increase in the annual outflow. After declining sharply in the early 1980s, it began once again to increase. During the years 1986 to 1989 annual FDI flows increased at a phenomenal rate, multiplying fourfold in four years. In the second half of this four-year burst of activity, the global total was given a further boost, albeit a minor one, by a tripling (from a very low base) of FDI outflows from non-OECD economies, in particular from Hong Kong. More specifically, the share of non-OECD countries in worldwide outflows of FDI increased from 5% in 1983-87 to 15% in 1995. (Source: OECD)

nearly 20 to about 35 per cent between 1990 and 1995. However, these flows were highly concentrated, with 10 countries receiving nearly 80 per cent of the total (\$78 billion out of \$102 billion).

- » Nearly one-third of the 20 leading *host* economies for FDI during 1985-95 are developing economies. China is in fourth place, with Mexico, Singapore, Malaysia, Argentina, Brazil and Hong Kong also on the list.
- » Non-OECD countries accounted for 15 per cent of worldwide *outflows* of FDI in 1995, compared with only 5 per cent in the period 1983-87.

A wide range of interlinkages

- » Trade policies can affect FDI in many ways. A low level of import protection - especially if it is bound - can be a strong magnet for export-oriented FDI. High tariffs, in contrast, may induce tariff-jumping FDI to serve the local market, and so-called *quid pro quo* FDI may be undertaken for the purpose of defusing a protectionist threat.
- » The single market program of the European Union stimulated substantial investment activity, both within the Union and into the Union from third countries, and similar

What is FDI?

Foreign direct investment (FDI) occurs when an investor based in one country (the home country) acquires an asset in another country (the host country) *with the intent to manage that asset*. The management dimension is what distinguishes FDI from portfolio investment in foreign stocks, bonds and other financial instruments. In most instances, both the investor and the asset it manages abroad are business firms. In such cases, the investor is typically referred to as the “parent firm” and the asset as the “affiliate” or “subsidiary”. □

effects on FDI flows have been observed for other regional trade agreements.

- » *There is no serious empirical support for the view that FDI has an important negative effect on the overall level of exports from the home country.* Rather, the empirical evidence points to a modestly positive relationship between FDI and *home country* exports and imports. Similarly, the evidence indicates that FDI and *host country* exports are complementary, but that FDI and host country imports may be either substitutes or complements, depending on the details of the situation, including the policies pursued by the host country (FDI attracted by low costs of production and liberal trade regimes is likely to be complementary with imports, and vice versa for tariff-jumping FDI).
- » FDI can be a source not just of capital, but also of new technology and other intangibles such as organizational and managerial skills, and marketing networks. It can also boost trade, economic growth and employment in host countries by providing a stimulus to the production of locally produced inputs, as well as to competition, innovation, savings and capital formation. Furthermore, FDI gives the investor a stake in the future economic development of the host country. In short, it is a key element for promoting growth and progress in developing countries.

The reality of FDI incentives

- » Incentives to attract FDI are very high in some of the most industrialized countries. Such incentives not only bias FDI towards countries with “deep pockets”, but the reality of their operation - they are no different from any other kind of subsidy program - is a source of considerable concern. Very often there is little or no knowledge of a project’s true value to the host country (necessary for using incentives efficiently). Moreover, incentives are vulnerable to political capture by special interest groups; there is considerable scope for introducing new distortions; and competition among potential host countries in the granting of incentives can drive up the cost of attracting FDI, thereby reducing or even eliminating any *net* gain for the successful bidder.

A multitude of rules

- » Since the early 1980s, there has been a widespread trend towards liberalization of national laws and regulations

Leading host economies for FDI based on cumulative inflows, 1985-95

Country	FDI billions \$	FDI per capita \$
1. United States	477.5	1820 (13)*
2. United Kingdom	199.6	3410 (7)
3. France	138.0	2380 (10)
4. China	130.2	110 (20)
5. Spain	90.9	2320 (11)
6. Belgium-Luxembourg	72.4	6900 (2)
7. Netherlands	68.1	4410 (3)
8. Australia	62.6	3470 (6)
9. Canada	60.9	2060 (12)
10. Mexico	44.1	470 (17)
11. Singapore	40.8	13650 (1)
12. Sweden	37.7	4270 (4)
13. Italy	36.3	630 (16)
14. Malaysia	30.7	1520 (14)
15. Germany	25.9	320 (18)
16. Switzerland	25.2	3580 (5)
17. Argentina	23.5	680 (15)
18. Brazil	20.3	130 (19)
19. Hong Kong	17.9	2890 (9)
20. Denmark	15.7	3000 (8)

*Figures in parentheses indicate the ranking of the leading host economies on per capita basis.

Note: Economies in bold are also among the 20 leading *home* economies for FDI (note that definitions of FDI vary considerably across the economies). Excluding Bermuda, for which cumulated FDI inflows, largely in the financial sector, amount to \$21.5 billion. *Source:* UNCTAD, FDI database for the top 20 host economies, and United Nations (1996) for the population figures used to derive the per capita figures.

- relating to foreign investment, especially in developing and transition countries. However, unilateral action has not been found sufficient as regards either the locking-in of reforms and their credibility in the eyes of investors, or the compatibility with other FDI regimes. In the absence of a multilateral regime, the liberalization of national FDI regimes has been accompanied by a rapid proliferation of intergovernmental arrangements dealing with foreign investment issues at the bilateral, regional (for example, NAFTA and MERCOSUR) and plurilateral levels. Some two-thirds of the nearly 1,160 bilateral investment treaties concluded up to June 1996 were signed during the 1990s.
- » In addition, OECD members - which currently account for about 85 per cent of world outflows of FDI - have been negotiating since May 1995, with the aim of concluding a Multilateral Agreement on Investment (MAI) in 1997. The objective is an independent international treaty, open to OECD members and the European Community and to accession by non-OECD countries.

The WTO also has FDI-related rules

- » While the original GATT rules put obligations on governments only in respect of the treatment of foreign

goods, the WTO - through the GATS and the TRIPS Agreement, as well as the plurilateral Government Procurement Agreement - places important obligations on governments with respect to the treatment of foreign nationals or companies within their territories. Through the inclusion of rules on "commercial presence" (defined as any type of business or professional establishment), the GATS recognizes that FDI is a prerequisite for exporting many services.

- » The TRIMs Agreement provides for a review within five years, in the context of which consideration will be given to whether the Agreement should be complemented with provisions on investment policy and competition policy.
- » The Agreement on Subsidies and Countervailing Measures defines as subsidies some types of measures in each of the three main categories of FDI incentives (fiscal incentives, financial incentives and indirect incentives).
- » WTO members are considering, in the context of preparations for the WTO Ministerial Meeting to be held in Singapore in December 1996, a proposal for the establishment of a work program on trade and investment aimed at clarifying the issues in this area.

Policy considerations

- » The WTO's investment-related rules are binding, as are the rules in nearly all the bilateral, regional and plurilateral agreements. In contrast, the various multilateral FDI instruments, none of which is comprehensive, are by and large non-binding. More generally, one of the striking characteristics of the present pattern of multi-layered investment rules is the diversity of approaches and legal architectures.
- » A key consideration at the present juncture, therefore, is that of *current and future policy coherence*. Governments face a choice between continuing to deal with FDI issues bilaterally or in small groups, supplemented by a patchwork of rules in the WTO, and exploring options for a comprehensive framework designed to ensure that investment and trade rules are compatible and mutually supportive. There is little doubt that investors have a strong preference for the second option.

The economic interlinkages

FDI and trade

The most obvious economic interlinkage between FDI and trade is the impact of FDI on the trade of the host and home countries, and thus on the level and pattern of world trade. For many services, the producer must have production facilities (bank branches, hotels, accounting offices) in foreign countries in order to export the service. Although not necessarily to the same extent, the same is increasingly true for firms producing goods. In a progressively more competitive global economy, an export-oriented firm might well have to acquire facilities in other countries in order to remain competitive - that is, in order to survive. This can include distribution networks that handle marketing, inventories and after-sales service. The result is likely to be not simply the maintenance of current trade levels, but expanded trade.

FDI and trade are also integral parts of firms' efforts to organize their production processes efficiently. By subdivid-

ing a production process into different stages, locating each stage in a country where that particular part of the process can be done efficiently, and then linking all the various stages through trade, firms can supply efficiently produced goods and services to buyers worldwide. Recalling that intra-firm trade among MNCs accounts for roughly one-third of world trade, and that MNC exports to non-affiliates accounts for roughly another one-third, it is clear that FDI can improve host country access to foreign markets. FDI also affects trade flows through the transfer of technology, as well as through its role as a stimulus to competition, innovation, productivity, savings and capital formation in host countries.

Interlinkages at the policy level

The reality of FDI thus is much more complex than is suggested by the traditional view that FDI and trade are alternative means of servicing a foreign market, and hence substitutes. *FDI and the trade of home and host countries are, as has been noted, generally complementary. In this connection, liberal trade and investment policies boost FDI and strengthen the positive relationship between FDI and trade.* In contrast, high tariffs, threats of contingent protection and financial or tax-based subsidies can create strong incentives to substitute investment for trade, including - in the case of countries with large domestic markets relative to their neighbours - for the diversion of investment by neighbouring firms into the protecting country. As is true of all tariff-jumping FDI, such beggar-thy-neighbour investment diversion not only harms other countries, but also adds to the stock of internationally uncompetitive firms in the new host country.

True, a country's trade policy is only one of a number of factors that determine FDI inflows. However, a critically important dimension of any investment decision is the degree of uncertainty and risk over the (frequently long) time horizon of the proposed investment. It follows that the structure and stability of current and possible future trade policies, both of potential host countries and of potential foreign markets, will be important influences on the willingness of firms to seek customers in foreign markets, locate production processes in host countries, or separate the production processes into stages located in different host countries. This "trade policy dimension" of programs to attract FDI is important not only for the vast majority of countries that lack a large domestic market, but increasingly for all markets as more and more firms "think globally" and often see even large markets as potential export bases.

Investment policy, in turn, is an important factor in the extent to which a country can benefit from the international distribution systems of MNCs, intra-corporate international trade and transfers of technology. It is also a factor in the extent to which trading partners will enjoy effective access to that country's market, not only for services but also increasingly for many types of goods. Thus it is important not only that FDI is now keenly sought by a large number of countries at all levels of development, but that many countries have liberalized their investment regimes in parallel with their trade regimes. During 1991-94, virtually all of the changes (368 out of 373) in national investment regimes were in a liberalizing direction. This process of liberalization has been particularly marked in those developing and transition economies which have also undertaken very consider-

able and, to a large extent, autonomous liberalization of their trade regimes. The reversal of earlier scepticism or hostility to FDI by developing and transition countries, together with the liberalization and introduction of greater predictability in their trade and investment policies, has been a major element in the increasing share of global FDI going to these economies.

A potential FDI boost for least-developed countries

The complementary relationship between FDI and trade is also a key aspect of one of the most pressing problems currently confronting the international community, namely how to reverse the growing gap between many of the world's poorest economies and the rest of the global economy. In 1994, there were 35 developing countries (many of them least-developed countries) whose merchandise exports were *below* the 1985 level. Since the value of world merchandise trade more than doubled over that ten year period, even an unchanged level of exports would have signalled a significant falling behind in the ongoing integration of the global economy. And, despite a more than doubling of the share of developing countries in world FDI inflows between 1990 and 1994, the least-developed countries still receive virtually no FDI. For the period 1988-94, flows of official development assistance represented 98 per cent of the net financial flows to the least-developed countries.

Low levels of trade and of inflows of FDI are more symptoms than causes of the plight of many of the poorest countries. At the same time, unless the corrective actions by the countries themselves, and by other countries concerned with their situation, lead to - among other improvements - increased inflows of FDI and increased trade, it is difficult to imagine how a major improvement in their economic prospects can be achieved. As has been stressed above, FDI brings with it resources that are in critically short supply in poor countries, including capital, technology and such intangible resources as organizational, managerial and marketing skills. These resources, in turn, can play a vital role in efforts to restructure and diversify the economy and make it more competitive.

The institutional and legal interlinkages

As in the trade area, countries have perceived that purely unilateral action in the investment area is not sufficient - in this case, not sufficient to give the desired stimulus to FDI flows. The result has been a widely felt need for international agreements that provide a framework for the protection and promotion of investment. One manifestation of this has been the previously noted big increase in bilateral investment treaties since 1990, including a growing number among developing countries. There has also been a proliferation of regional and other initiatives to address a perceived need for international rules relating to foreign investment. Most of these deal with investment questions as part of broader economic integration arrangements centering on trade. Some are long-standing, such as the European Community, whose rules in this area have now been extended to the whole of Western Europe. Another example is the North American Free Trade Area (NAFTA) which integrates issues of investment into a single trade agreement. Among devel-

oping countries, efforts are also being made in the context of a number of regional trading arrangements, for example in ASEAN and MERCOSUR. More broadly, there is work under way in the APEC and the Free Trade Area of the Americas (FTTA) contexts. At the plurilateral level, there is the European Energy Charter Treaty, adopted by 41 countries and the European Community in December 1994, which contains detailed commitments on investment in the energy sector, as well as the previously mentioned ongoing MAI negotiations in the OECD. Finally, at the multilateral level, there are two conventions and one set of guidelines that were negotiated in the World Bank between 1965 and 1992, plus one ILO and seven United Nations non-binding instruments.

The trend toward greater integration of investment and trade in the world economy has also increasingly manifested itself in the work of the GATT and now the WTO. In particular, the WTO Agreements on Services and Intellectual Property, as well as the plurilateral Agreement on Government Procurement, establish international rules on the treatment of foreign companies operating within a country's territory, the issue at the heart of investment policy. The integration of trade and investment is most evident in the General Agreement on Trade in Services (GATS), which treats the supply of the market by foreign companies through a local "commercial presence" as a form of trade in services. Certain incentives which governments might consider offering as part of their efforts to attract FDI are covered by the Agreement on Subsidies and Countervailing Measures. Looking to the future, the GATS and the TRIMs Agreement provide for important in-built work programs on investment-related matters in the areas of services and goods. More immediately, as part of the preparations for December's Ministerial Meeting in Singapore, WTO members are considering proposals for WTO's future work on investment-related matters.

There is a broad institutional interlinkage - not just between FDI and trade, but between investment in general and trade - that derives from the fact that the primary function of the WTO rules and procedures is to reduce the uncertainty surrounding economic transactions across national frontiers. In this way, the rules and procedures, together with reductions in trade barriers, promote trade-related investment at home and abroad and bring the gains that come from increased international specialization. Part of the gains from trade liberalization, it is true, come via lower prices to consumers. But the more efficient use of a country's resources requires that some portion of existing labour, capital and land move from less productive to more productive employment, and that future increments to these resources go into those more productive uses. *This requires new investment.*

It is not enough that trade barriers are reduced. Domestic and foreign investors for whom international competitiveness is a concern - certainly an expanding majority as globalization progresses - value security of future market access, such as that provided by WTO rules and disciplines. *Because the benefits which the WTO brings to the world economy come primarily via the impact of the WTO on investment decisions, it is no exaggeration to say that investment is at the heart of the WTO.*

International policy issues

One of the striking characteristics of the present evolution of investment rules is the diversity of approaches and legal architectures. In many cases, countries are simultaneously parties to bilateral, regional, plurilateral and multilateral agreements. These agreements can be binding and non-binding, with and without commitments on admission, with and without provisions on corporate behaviour, use “top-down” and “bottom-up” architectures, and be part of or outside the context of broader trade agreements. While this diversity of approaches does raise important issues of policy coherence as indicated below, it also reflects the variety of ways in which participating countries have managed to find a balance of advantage and mutual benefits in rule-making in this area.

In essence, the analysis has shown that both at the level of business decisions of individual firms and at the government policy level, whether national, regional or multilateral, it is increasingly difficult to separate issues of investment from traditional trade issues. Against this background, the proliferation of treaties and initiatives aimed at international rules on investment raises a number of issues.

The situation in the investment area is reminiscent of that which existed in the trade area. In the second half of the nineteenth century, trade was liberalized in Europe on the basis of a large number of bilateral treaties (close to 80 by 1865 and well over 100 by 1908) containing most-favoured-nation clauses modelled on the one in the Cobden-Chevalier Treaty of 1860 between England and France. This system broke-down, and in the latter half of the 1930s there was a largely unsuccessful attempt to resurrect it. In the mid-1940s, when plans were being laid for the postwar international economic order, the drafters of the Havana Charter (and subsequently the GATT) saw clearly that a stable, non-discriminatory and liberal international trading system could be achieved much better through a single set of legally binding multilateral rules and disciplines, than through the negotiation of thousands of bilateral trade agreements.

It is seldom easy for a government to relinquish some of the discretion it has in a particular policy area. But governments have been persuaded of the benefits of doing just that in the area of trade policies. What they have given up in policy discretion by accepting WTO rules and disciplines is more than compensated by the increased predictability and stability of trade policies. Every country gains from the stimulus which this, along with trade liberalization, gives to trade and trade-related investment.

Much the same considerations are behind efforts at international rule-making on the treatment of FDI. Just as trade liberalization that is not bound has much less value than bound reductions in import barriers, an opportunity to bind liberalized FDI rules would greatly enhance their credibility and value in the eyes of foreign investors. It would also make the FDI policies of other countries much more predictable, for example, as regards the use of incentives in competing to attract FDI. Enhanced credibility of one's own FDI regime would be especially beneficial to non-OECD countries competing against the wealthy countries for FDI.

Given the increasing inseparability of economic developments, as well as of policy formulation, in these two areas, it is not surprising that many of the current issues arising out

of the interlinkages between trade and FDI have to do with policy coherence. There is, first of all, the problem of “rule coherence” among agreements and instruments dealing with investment at various levels ranging from the national to the multilateral. The existence of a large number of overlapping legal instruments and initiatives in the investment area creates risks of confusion, uncertainties and legal conflicts, especially where the agreements in question follow different architectures. A particular aspect of this is the problem of coherence between the investment rules and the trade rules - especially the interaction of the multitude of agreements and initiatives.

There is also the issue of coherence in efforts to further develop international cooperation in the areas of trade and investment. Clearly, the interrelation between these policy areas should be handled in a way that does not compartmentalize policy areas that are, in reality, becoming increasingly intertwined. *A lack of rule and policy coherence poses a danger to security and predictability, which are basic goals of trade and investment agreements.* Foreign direct investment, like trade, is particularly sensitive to uncertainty and instability. Indeed, the long-term commitment that an investing company makes, through the transfer of resources and establishment of commercial operations in another country, make it particularly sensitive to risk, not only to the investment itself but also to the trade flows on which the viability of the investment depends.

Linked to the issue of coherence are those of discrimination and marginalization. Except to the extent provided by the GATS MFN clause, the present network of international agreements in the investment area provides little protection against discrimination vis-à-vis non-participating countries. Genuinely multilateral rules would enable bilateral and regional initiatives to be drafted and function within a framework which protects the interests of third parties. A related concern is that current work on investment-related issues tends to focus more on those countries which are already receiving significant inflows of foreign investment, to the neglect of those whose needs may be greater. Nor does it always provide for the effective participation, in the formulation of new rules, of all those who may be affected by them.

In the face of these growing economic, institutional and legal interlinkages between trade and FDI, WTO members are confronted with a basic policy choice: do they continue to approach the FDI issue as they have until now, that is bilaterally, regionally and plurilaterally, and on an ad hoc basis in sectoral and other specific WTO agreements; or do they seek to integrate such arrangements into a comprehensive and global framework that recognizes the close linkages between trade and investment, assures the compatibility of investment and trade rules and, most of all, takes into account in a balanced way the interests of all the members of the WTO - developed, developing and least-developed alike. Only a multilateral negotiation in the WTO, when appropriate, can provide such a global and balanced framework. Their decision will have an important impact on the efficiency with which scarce supplies of capital and technology will be employed in the next decade and beyond. It will also have an impact on the strength, coherence and relevance of efforts to integrate all developing countries into the multilateral trading system. □

Renato Ruggiero

Trading towards peace

The WTO Director-General, Mr. Renato Ruggiero, highlighted the important role of trade in improving security and peace in the Middle East in a speech given to the MENA III Conference in Cairo on 12 November. Excerpts from his speech:

The reason why trade has such a vital part to play in building peace is because it means lowering barriers—not only to goods and services but among nations and peoples. The elimination of barriers creates interdependence and interdependence creates solidarity. The history of the last fifty years has shown us all the undeniable benefits of lowering trade barriers and opening economies. The most striking example has been in the process of European construction, where historic enemies have been transformed into inseparable partners.

Clearly every region has its own characteristics, and it would be wrong to imagine that the same blueprint can apply everywhere and in the same way. But my message here today is that *this* region which was for thousands of years at the crossroads of world trade should regain its place in the centre, because doing so will help build peace as well as prosperity. This is why the numerous applications for accession to the WTO from countries in this region are so significant. Currently, its level of participation in the WTO is relatively low. Signs that this is in the process of changing are most welcome.

I would like to expand a little on what it means to talk of the region regaining its place in the centre of international trade. There are essentially two tracks back to the centre, and experience suggests that they are not mutually exclusive but rather strongly complementary, especially at a certain stage of development.

The first is through regionalism. I know that there are several efforts at regional trade and economic initiatives among Middle Eastern and North African countries, and I hope that such initiatives will be encouraged to produce positive results.

Regional initiatives are important because they can help countries at a comparable level of development to move relatively quickly in opening their economies and in deepening their interdependence.

However, the rapid advance of global economic integration means that while regional initiatives remain important, they are not sufficient by themselves to address successfully the new perspectives of the international economy. That is why we need a second track, which is the rule-based multilateral system. And that is why the multilateral system is of fundamental importance to the economic prosperity of this region.

As the first major international institution to be created in the post-Cold War era, the WTO offers a promise of the kind of global economic architecture we all need in the

coming decades. Its culture is firmly rooted in the tradition of consensus-building and cooperation among sovereign countries. And the WTO embodies rights and obligations negotiated by consensus, approved and ratified by each government and each Parliament, and they are enforceable, not through the crude exercise of economic power, but through the rule of law. The alternative would be a power-based system—who would want to chose this option?

But most importantly, the WTO is an organization which brings all countries—from all corners of the world and from all levels of development—together as equals. There is no weighted voting, no exclusive clubs, no inner and outer circles. Developing countries representing 80% of our constituency sit as equals with industrialized countries to write the rules of a shared trading system.

This new unity of developing and developed countries inside a single system will be credited as the greatest achievement of the multilateral system. But this unity is still fragile: we cannot allow it to be broken: This is why, in preparing the agenda of the first Ministerial meeting in Singapore, we have recognized the particularly difficult task facing developing countries in implementing the Uruguay Round commitments. We have also acknowledged the challenges they face in contemplating the necessary work programme.

This region received last year only 1.2 per cent of global foreign direct investment, and only 3.7 per cent of the total investment inflows to developing countries. This underlines the great importance of investment for the future of this region, and the urgency of a renewed effort. In the light of this situation, I think you would find it surprising if I did not underline the importance of beginning to study the problem in the WTO.

The integration of developing countries as equal partners in the multilateral system is one of the most important challenges in shaping the economic order of the 21st century. This is a shared responsibility of developed and developing countries alike. There is no rational alternative to this objective. The evolution of the global economy makes that clear.

We need to work together as equal partners to ensure the full integration of countries in this region, and all other developing and transition economies, into the global economy and the rule-based multilateral trading system. In conjunction with this we need to encourage, notably in this region, the growth of regional economic cooperation. The alternative is a vicious circle where economic isolation feeds greater political instability which in turn leads to greater economic isolation. The road to a lasting peace in the Middle East begins, not ends, with economic integration and interdependence. Taking this message to heart will help build a future where it is goods, services, and investment that cross borders—not missiles and soldiers. □

The road to a lasting peace in the Middle East begins, not ends, with economic integration and interdependence...



□ UNITED STATES

Calls for leadership in multilateralism

The Trade Policy Review Body (TPRB) conducted its fourth review of United States' trade policies and practices on 11-12 November. Excerpts from the concluding remarks by the Chairperson, Ambassador Anne Anderson of Ireland:

WTO members complimented the United States on its strong economic performance, characterized by high growth and low inflation. Noting the rising share of trade in US GDP, they emphasized the key rôle played by securely open markets for goods, services and investment in US economic development and resource allocation. Binding of market access conditions was also regarded as important to the world trading system. The United States was thus urged to exercise leadership in the WTO to bring negotiations on financial services, telecommunications and maritime transport to a successful conclusion.

Members noted the strong interaction in U.S. trade policy making between multilateralism, bilateralism and unilateralism. Evidence that WTO commitments were at the centre of U.S. trade policy making was seen in its frequent use of dispute settlement provisions; however, a general dissatisfaction with the continued unilateralism inherent in "Section 301" legislation was expressed.

A number of delegations expressed their objections to the unilateral use of trade policy instruments for non-trade-policy objectives. In this context, the "Helms-Burton Act" and the Iran-Libya Trade Sanctions Act were particularly mentioned and the WTO consistency of these measures was strongly questioned.

In reply, the U.S. representative emphasized that good trade agreements should involve an exchange of benefits. "Free ridership" was not helpful, and leadership required clear identification of priorities. Enforcement of trade agreements was important in ensuring adherence.

In this context, he saw Section 301 as a means for communication of exporters' concerns: he emphasized that Section 301 was integrally linked to the multilateral dispute settlement mechanism. Since the entry into force of the WTO, all Section 301 actions concerning WTO members had been pursued under the DSU.

The enactment of the Federal Agricultural Improvement and Reform (FAIR) Act was welcomed. However, Members noted the high average level of tariffs applied to products for which quantitative restrictions had been tariffed under the WTO Agreement on Agriculture.

The U.S. implementation of its commitments under the WTO Agreement on Textiles and Clothing (ATC) was an important issue for many participants. It was noted that tariffs in this sector remained high. Some Members expressed considerable disappointment that no items previously under quota had been included in the first integration phase.

In reply, the U.S. representative noted that the FAIR Act would move the U.S. agricultural sector towards a more market-oriented approach, going beyond obligations agreed



Deputy Trade Representative Jeffrey Lang (second from left), who headed the US delegation, reaffirmed continued US support to the WTO after the recent elections. (T. Tang/WTO)

in the Uruguay Round.

On textiles and clothing, the representative noted that the sectors were among the most sensitive in the U.S. economy; clothing, in particular, employed many economically vulnerable American workers. The U.S. market was the world's largest, with high import penetration. The United States had made great efforts to ensure that both sectors were part of the Uruguay Round package and that the U.S. Congress implemented the Uruguay Round fully, as negotiated, with appropriate phase-in provisions. The United States had scrupulously abided by its commitments and, at a minimum, would continue to do so.

Members noted various positive developments in the U.S. economy over the past two years, including a significantly increased volume and share of trade. They particularly welcomed the passage of the Uruguay Round Agreements Act, the entry into force of the plurilateral Government Procurement Agreement, the substantial reform measures in the agricultural and telecommunications sectors, and a decrease in use of anti-dumping measures.

However, continuing concerns were expressed on a number of issues. Contradictory signals were noted. Despite the stated commitment to multilateralism, and frequent invocation of WTO dispute settlement procedures, a resort to unilateral approaches is still in evidence. A continuing emphasis on strict bilateral reciprocity sits uneasily with the stated attachment to multilateralism. Criticisms of legislative provisions with extra-territorial effect were widely shared.

Among the sectoral issues raised, a strong concern about the United States textile régime was registered by textile-exporting countries. In the services sector, it was hoped that the United States would demonstrate a strengthened commitment to completing the unfinished business of the Uruguay Round.

Members are conscious of the weight which the United States carries within the world trading system and the leverage which it consequently exercises. They seek reassurance that the relative restraint in resort to trade remedies which characterizes periods of economic buoyancy will prove durable. Most importantly, they are concerned to ensure that the United States is a consistent and reliable proponent of multilateralism, with a long term commitment which will be strong enough to withstand pressures that may arise. □

□ *Brazil*

Success important for the region and the world economy

On 30-31 October, the TPRB conducted its second review on Brazil's trade policies and practices—the first under WTO provisions. The following are excerpts from the Chairperson's concluding remarks:

Members recognised that the significant economic reforms carried out since 1992, in particular through the *Plano Real*, had resulted in economic stabilization and resumption of GDP growth. They commended the continuing reforms, which included trade liberalization, privatization, deregulation of state monopolies, and opening of foreign investment. As a result, Brazil's participation in the global trading system had expanded; this was reflected in a higher ratio of total trade to GDP.

Members welcomed the adaptation of domestic laws to WTO rules, including in such areas as anti-dumping, countervailing, safeguards, and intellectual property.

Members took note of the rapid growth of intra-MERCOSUL trade, and expressed concern about possible trade diversion.

In response, the representative of Brazil said that Brazil had pursued the deepening of economic integration at the regional and sub-regional levels, but this was not a departure from Brazil's traditional multilateral approach to trade. He said that MERCOSUL's external relations confirmed the concept of open regionalism.

Members welcomed Brazil's successful completion of its autonomous liberalization programme, including the elimination of import prohibitions, reductions in the average tariff and removal of non-tariff barriers. This confirmed Brazil's commitment to free trade.

Members called attention to the significant increase in anti-dumping and countervailing activity during 1992-96, although with a decline towards the end of the period.

In response, the representative of Brazil noted that, as a result of the Uruguay Round, Brazil had bound its entire tariff, ensuring greater predictability as the maximum rate was known to all members.

The representative noted that safeguard measures on imports of certain textiles had been taken only after an investigation had revealed serious damage to domestic industry. A provisional safeguard measure on toys involved a tariff increase within bound rates and was introduced in accordance with Article 12 of the WTO Agreement on Safeguards.

The representative also provided information on the export finance programme (PROEX), concerning direct financing and interest rate equalization. However, he noted that there was no subsidy in the programme.

Brazil's automotive régime, containing high tariff as well as TRIMs measures such as local content and export performance requirements, was of great concern to members. They pointed out that the régime afforded high effective



The TPRB Chairperson, Ambassador Anne Anderson of Ireland, noted that members have welcomed Brazil's emphasis on the irreversibility of its liberalization process. With her is WTO Deputy Director-General Chulsu Kim. (Photo by Tania Tang/WTO)

protection and appeared inconsistent with WTO rules.

The representative of Brazil, explaining the sectoral distribution of tariffs, stressed that the application of contingency measures was intended to remedy unfair trade practices and respond to structural problems in the context of a more open environment. Use of such measures thus reflected strong commitment to WTO rules and principles.

The representative of Brazil recalled the importance of the vehicle sector and the reasons that had led to the adoption of Brazil's automotive regime. In Brazil's view, such a regime was required to harmonise investment conditions and avoid distortions within MERCOSUL during the transition period allowed by the TRIMs Agreement. The regime, including changes introduced in December 1995, was leading to the industry's modernization, increased competition, lower production and investment costs and a higher import content of vehicles. As a result, effective protection for vehicles was being reduced.

Members noted the impressive progress achieved over the past few years towards macro-economic stabilization, trade liberalization and a more open investment regime. They welcomed Brazil's emphasis on the irreversibility of the liberalization process, and its strong statement of commitment to the multilateral process and "open regionalism".

Despite this generally positive assessment, members voiced a number of concerns including the gaps between tariff bindings and applied rates, the relatively frequent resort to anti-dumping actions, recent safeguards measures, and continuing restrictions in the services sector. The high level of protection in the automotive sector was particularly commented on.

Members were conscious of the adjustment difficulties associated with radical economic restructuring and acknowledged the recent concerns in Brazil arising from trade imbalances. However, they strongly encouraged perseverance with the macroeconomic reform programme, resistance to protectionist pressures and strict adherence to WTO rules and procedures. Given Brazil's evident importance to the region and to the world economy, success in these areas—leading to long-term stability and openness of the Brazilian economy—will have repercussions going far beyond the domestic environment. □

□ *New Zealand*

A model for the rest

The following are excerpts from the Chairperson's concluding remarks after the TPRB's second review of New Zealand's trade policies and practices, held on 21-22 October:

Participants praised New Zealand for its bold economic transformation, which had largely been undertaken unilaterally and had made the economy among the most open in the world. Microeconomic reforms combined with macro stability had underpinned New Zealand's strong economic performance of recent years and provided a basis for sustained higher economic growth in the future. Trade policy reforms were recognized as central to the overall liberalization effort, but privatization and corporatization, along with financial policy, tax policy, foreign investment policy, and other areas were also seen as important.

In response, the representative of New Zealand noted that the link between New Zealand's poor economic performance before 1984 and the closed economy policies followed at the time had been clearly recognized; many studies had also shown the high costs of protection. The results of liberalization had been clearly seen in the economy in the last few years.

Members noted that implementation of the WTO Agreements was expected to have a substantial, positive effect on the New Zealand economy; it was expected to be among the greatest beneficiaries of multilateral trade reform.

New Zealand's Closer Economic Relations (CER) Agreement with Australia was one of the world's most comprehensive trading arrangements. Participants were interested in New Zealand's experience with eliminating anti-dumping actions on trans-Tasman trade and the extension of domestic competition law to cover this trade.

The representative of New Zealand replied that a study commissioned by the government had estimated that the Uruguay Round would lead to gains for New Zealand equivalent to 2.3 per cent of its GDP by the year 2005, and create some 20,000 to 30,000 new jobs. Increases in agricultural product prices resulting from the Uruguay Round would tend to cause increases in rural land prices. These had increased by one third over the two years 1994-95; however, he emphasised that the Uruguay Round was only one of several factors in this respect.

While certain sectors were initially expected to be sensitive to liberalization under the CER, it had already proven possible in 1988 to move forward the date for the complete bilateral free trade in goods from 1995 to 1990.

Participants appreciated that New Zealand's remaining trade protection was in the form of import tariffs, virtually all non-tariff measures having been abolished. Tariffs had been greatly reduced over the previous decade and further reductions were to be implemented during the period 1997-2000. Participants hoped that future reductions would substantially reduce the protection that remained for certain sectors, such as textiles and clothing, and reduce tariff escalation and regional preference margins. Reductions could also reduce the impact of New Zealand's tariff concession scheme on the unevenness of tariffs. As a result of the



New Zealand apples ready for boarding: trade liberalization has revitalized the economy. (ILO Photo)

Uruguay Round, New Zealand had greatly increased the proportion of its tariff lines bound in the WTO; however, some delegations noted that applied rates were generally well below bound levels and that substantial scope existed for bound rates to be reduced.

New Zealand believed that the level of bindings had to be seen in context. The weighted average tariff cut made in the Uruguay Round was approximately 50 per cent, far above the one-third target level; New Zealand's current bindings provided substantial security. Tariff concessions ensured that tariffs did not impose costs on businesses using inputs not produced in New Zealand.

New Zealand was praised for having eliminated agricultural export subsidies. However, the continuing role of marketing boards in controlling agricultural exports stood out in an otherwise open trade environment and was of concern. Participants asked about the particular effects of the Uruguay Round on New Zealand's access to agricultural markets.

Discussion of other sectors included textiles and clothing, where New Zealand was praised for not using import quotas and for foregoing the possible use of special safeguards; aluminium and steel; and pharmaceuticals.

The representative of New Zealand maintained that the activities of the export marketing boards were fully consistent with WTO provisions, which essentially provided that they operate in accordance with commercial criteria.

Overall, Members commented in very favourable terms on the extent of liberalisation and openness in the New Zealand economy. The mix of multilateral, regional and unilateral approaches was particularly noted. A few questions remained in specific areas: including, for example the continuing rôle of Marketing Boards in the agricultural sector and New Zealand's position vis-à-vis the Government Procurement Agreement. Overall, however, the depth and radicalism of the reform process was positively assessed and was seen as offering useful lessons for the economies of other WTO members. □

□ KOREA

Continuation of economic reforms encouraged

The following are excerpts from the Chairperson's concluding remarks after the TPRB's first review of Korea's trade policies and practices under the WTO framework, conducted on 30 September-1 October:

Members commented favourably upon Korea's "Five-Year Plan for a New Economy", with its emphasis on the elimination of unnecessary regulations, promotion of industrial co-operation with foreign countries and increased assistance to less-developed countries. Concern was expressed over the Import Diversification Programme, including local content provisions, as well as apparent import substitution aspects of the capital goods "localization" programme.

Members welcomed the tariff reductions implemented both autonomously and in connection with WTO commitments, as well as the greatly increased level of bindings for agricultural and industrial products. However, questions were raised over the lack of binding coverage for fishery and various strategic industrial products.

Members commended Korea's efforts to reform customs clearance procedures, import licensing, standards and inspection procedures, and government procurement, but expressed significant concern over the pace of implementation and the adequacy of the measures adopted.

The representative of Korea indicated that Korea was faithfully implementing the Uruguay Round Agreements and seeking to expedite this process where possible. The Import Diversification Programme, introduced in 1978 to relieve the chronic trade imbalance with Japan, was to be abolished by the end of 1999. Rules of origin would be applied following WTO recommendations; there was no intention that these rules should reinforce the Import Diversification System. The representative stated that Korea had already abandoned its policy of targeting special industries in 1985. Most import recommendation procedures would be phased out by 1997 and all by 2001. Quantity undertakings had been excluded from anti-dumping procedures from 1 July 1996. Safeguard mechanisms were being brought into WTO consistency and would be strictly enforced.

On tariffs, the representative emphasized that Korea had made substantial tariff concessions in the Uruguay Round, with an average reduction of 54 per cent on a trade-weighted basis and expansion of bindings to 91.2 per cent of tariff lines; further reductions would take place under "zero for zero" and harmonization initiatives. The fact that most bound rates were higher than the currently applied rates reflected the impact of autonomous tariff reductions between 1989 and 1994; there were at present no plans for further revision of general tariff rates. While Korea's Customs Act provided for ten types of flexible tariff rates, countervailing duties, retaliatory duties and seasonal duties



Car assembly: a strong and dynamic economy should be ready to undertake more WTO responsibilities. (Photo courtesy of Korean Overseas Information Service)

had never been applied; the use of anti-dumping and emergency duties was based on the relevant WTO Agreements; and price stabilization duties would be eliminated from 1997.

While expressing their appreciation for Korea's implementation of new legislative measures to expand the protection of intellectual property, Members sought information on the time-frames for full implementation of WTO obligations in this area. Questions were raised regarding the lack of retroactive patent protection, the rôle of the patents court and current border measures for IPR enforcement.

The representative of Korea stressed that his country had consistently sought to improve intellectual property protection. A series of legislative reforms was aimed at implementing the TRIPS Agreement as early as possible; on a voluntary basis, Korea did not resort to the longer implementation period provided for under the Agreement. The new Patent Law provided for a 20 year protection period from the date of application. A patents court, to be established by March 1998, would review IPR-related cases on appeal of decisions taken by the Korean Industrial Property Office. Recent changes to customs legislation had aligned provisions for border enforcement with those contained in the TRIPS Agreement.

Members acknowledged and appreciated the steps taken by the Republic of Korea over the past few years towards economic reform and market opening, including in the areas of tariff reduction, internal deregulation and liberalization of the investment régime. They emphasized the importance of further steps to improve market access, to increase predictability, transparency and certainty in Korea's trade practices, and to ensure that Korea's regulatory and administrative régimes are consistent with the stated aims of increased liberalization and openness. The need for improved access in the agricultural sector and continued liberalization in various fields of services was particularly emphasized. Overall, Members offered strong encouragement to the Republic of Korea to continue and accelerate the reform process in all economic areas and to be ready to undertake responsibilities within the WTO fully commensurate with the strength and dynamism of its economy. □

Least-developed

(Continued from page 1)

port of Norway, Korea and the Czech Republic, held at the WTO headquarters on 13-15 November.

The Ministers also urged provision of technical assistance to facilitate their countries' implementation of the Uruguay Round agreements and strengthen their negotiating positions. They called for further market-access measures, in particular duty-free and quota-free treatment for their countries' products.

"How can the world's poorest countries rise up to become full partners in the global economy and how do we help connect them to the express train we call globalization," WTO Director-General Renato Ruggiero asked at the close of the meeting. He emphasized three immediate WTO priorities for the future in this regard:

- » To assist the LLDCs develop a stronger voice in the WTO and use the system more as developing countries are already doing;
- » To use new technologies to widen trade knowledge and expertise, in particular finding and seizing opportuni-

ties in the global trading system; and
 » To further develop collaboration in technical cooperation between multi-lateral institutions, ensuring that the resources and expertise of the international remain focused and coordinated.

The meeting was aimed at assisting advance preparations of LLDCs for Singapore. Participation of Ministers and accompanying senior officials at the Ministerial would be made possible through a special fund committed by the European Union, the Netherlands, Belgium, Denmark, Finland, Australia and Singapore. In addition, the Friedrich Ebert Foundation (Germany) is providing financial assistance to assist LLDC journalists cover the Conference.

WTO General Council Chairman, Ambassador William Rossier of Switzerland, opened the meeting. Among those who addressed the Ministers were UNCTAD Secretary-General Rubens Ricuperro, Trade and Industry Minister Alec Erwin of South Africa, Commerce and Industry Minister Tofael Ahmed of Bangladesh, Development Cooperation Minister Kari Nordheim-Larsen of Norway, Ambassador Nacer Benjelloun-Touimi, Chairman of the Committee on Trade and Development. □



Twenty-three officials from 17 Sub-Saharan countries participated in the first WTO workshop on the TRIPS Agreement, held on 7-11 October. The workshop is the first initiative organized under a WTO Trust Fund established early this year following a \$1.5 million contribution by the Norwegian government. Ambassador Terje Johannessen of Norway, in opening the workshop (above), hoped that this and similar projects in the future would help in further raising LLDC participation in the WTO. (Tania Tang/WTO)

AGENDA

The following is a tentative schedule of WTO meetings:

November	
25	Committee on Trade and Development
25-26	Trade Policy Review: El Salvador
25-27	Textiles Monitoring Body
27	Committee on Government Procurement
28-29	Committee on Agriculture
29	Council for Trade in Goods
December	
3	Dispute Settlement Body
9-13	WTO Ministerial Conference, Singapore

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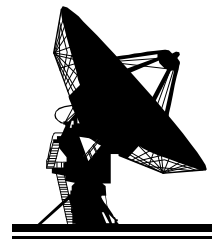
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and Mexico said they expected to submit new or revised offers before the Singapore Ministerial.

Canada and Brazil said they would be improving their offers in January.

Governments participating in the Negotiating Group agreed on 1 May to extend negotiations until 15 February 1997. They also agreed to keep the date of 1 January 1998 as the date of entry into force of the trade liberalization commitments in basic telecommunications. □