November 1997 No. 24

WTO launches trade initiative for least-developed countries

WTO Director-General Renato Ruggiero (centre) with (from left) Bangladesh' Commerce Minister Tofail Ahmed, Tanzania's Industries and Trade Minister William F. Shija, Nepal's Commerce Minister Prakash C. Lohani and Uganda's Trade and Industry Minister Abel Rwendeire meet the press after the conclusion of the WTO High Level Meeting on 28 October. (Tania Tang/WTO)

A WTO High Level Meeting, held on 27-28 October in Geneva, has pushed the concerns of least-developed countries (LDCs) high on the world trade agenda with the launching of an inter-agency technical assistance programme for LDCs and announcements of concrete market-opening measures by many WTO members.

"We have been heard and we have been understood," said the trade ministers of Bangladesh, Nepal, Tanzania and Uganda at a press conference held after the Meeting, on behalf of 38 participating trade ministers from LDCs. "Our trading partners have promised a great deal, and we intend to follow up on these promises," they added. They thanked the WTO for taking the initiative of organizing the Meeting, which they said "opens a new chapter for our trade and for the organization".

"This meeting has pointed to new directions in assisting the LDCs," said WTO Director-General Renato Ruggiero, underlining that "for the first time, six major international organizations have succeeded in working together in responding to the specific trade needs of the LDCs". He reiterated a proposal, first made at the G-7 Summit in Lyon last year, for zero tariffs on LDC exports, pointing out that "by the year 2000, 60 per cent of world trade will be free of duties due to the Uruguay Round, so it would not be such a major burden to remove tariffs on LDC exports."

Tanzania's Industries and Trade Minister William F. Shija lauded the Meeting for initiating an integrated approach to the development of the LDCs. "In the past, we have seen different agencies at different times with different messages," he said. "For the first time, the integrated efforts for the LDCs are focusing not only on trade but against the background of other socio-economic issues".

Commerce Minister Tofail Ahmed said as a major exporter of textiles and clothing, Bangladesh welcomes the progress achieved at the Meeting, citing the European Communities' commitment to simplify rules of origin on its

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High Level Meeting

(Continued from page 1)

imports. He stressed that "the time has come for developed nations to look after the LDCs as this is also in their interest—we need better access to the markets of developed and developing countries and we hope to get this at the next WTO Ministerial Meeting".

Nepal's Commerce Minister Prakash C. Lohani said the Meeting was "meaningful in that we discussed what steps should be taken to remove our structural weaknesses". He thanked the WTO for "taking the initiative and showing sensitivity to our needs" . He added that "to make the WTO a truly global system, we must look after the weakest members of our community".

"At last, we can now see light at the end of the tunnel," said Uganda's Trade and Industry State Minister Abel Rwedeneire, adding that "we are going back home with vigour and looking for the day when we can participate substantially in world trade". He added that the Meeting has led to "a feeling of comradeship among LDC trade ministers, who exchanged ideas, and a sense of belonging to the WTO".

The Meeting also involved five other inter-governmental agencies (UNCTAD, ITC, IMF, World Bank and UNDP).

Results

The High Level Meeting achieved two major results:

» Endorsement of a trade assistance programme designed to help LDCs increase their ability to trade (*see box*); and

» Announcements of new and improved preferential market access measures for LDCs by 19 developed and developing countries.

Among the WTO members that announced improved market access for LDCs were:

» The European Communities will eliminate discrimination among all LDCs, from 1 January 1998, by giving all of them equivalent treatment, whether they are members of the Lomé Convention or not. The LDCs will be allowed derogations from normal EC's rules of origin.

» The United States said its "Africa Initiative" will provide improved access to the US market for the countries of sub-Saharan Africa. Legislation is moving through the US Congress, which includes a long-term renewal of the GSP programme, including permanent GSP for LDCs.

» Morocco announced the elimination in 1998 of tariffs for African LDCs on a wide range of agricultural and industrial products;

» Singapore will eliminate tariffs on 107 products of export interest to LDCs. It will also organize with the WTO trade policy courses for LDC trade officials.

Other WTO members that announced new or additional

An integrated framework for technical assistance

The LDC is in the driver's seat: it determines what its trade needs are and monitors progress in assistance provided by international agencies. This is the guiding principle at the heart of the WTO's integrated approach to technical assistance for the LDCs, which was a major result of the High Level Meeting.

Ministers at the first WTO Ministerial Conference adopted a WTO Plan of Action for the LDCs and called for the organization of the High Level Meeting. Pursuant to the Plan of Action, the WTO, UNCTAD and ITC secretariats, in collaboration with the staff of the IMF, World Bank and UNDP, developed an Integrated Framework for technical assistance to the LDCs.

Under this framework, responsibility for coordination of implementation and monitoring of activities lie with the LDC concerned. Each agency tailors its efforts in light of the specific needs of each country and the activities by other agencies. Thus, their efforts are coordinated, sequenced and synchronized, and reviewed regularly.

The main elements of the Integrated Framework are:

» As a first step, the Framework provides for the six agencies to which it applies to draw up a provisional programme of trade-related technical assistance in consultations with the LDC concerned;

» Once this provisional programme is in place, the LDC is free to organize a roundtable to which it can invite, in addition to the six agencies, other agencies, bilateral development partners, and members of the private sector (including NGOs)—where possible, the roundtable meetings will be included in the proceedings of country-specific World Bank Consultative Meetings or UNDP Round Tables;

Netherlands' Development Cooperation Minister Jan Pronk above chaired the Meeting. With him are representatives of the six participating agencies. (Photo by T. Tang/WTO)

» Institution-building to handle trade policy issues (e.g., building a "core-capacity" to deal with trade issues in relevant institutions);

» Strengthening of export supply capabilities (e.g., increasing investment in productive sectors, removing bottlenecks to increased production of tradeable goods and services);

» Strengthening trade support services (e.g., support at the enterprise level including use of information technology);

» Strengthening trade facilitation capabilities (e.g., modernization and reform of customs);

» Training and human resource development; and

» Assistance in the creation of a supportive trade-related regulatory and policy framework that will encourage trade and investment. □

preferential market access measures for LDCs were: Egypt, India, Korea, Malaysia, Mauritius, South Africa, Switzerland, Thailand and Turkey.

Norway said that it had revised its GSP (generalized system of preferences) to grant duty-free and quota-free access to almost all industrial and agricultural products from LDCs. Australia, Bulgaria, Canada, Hungary and Japan also said they already provide very liberal market access to LDCs under their present GSP systems.

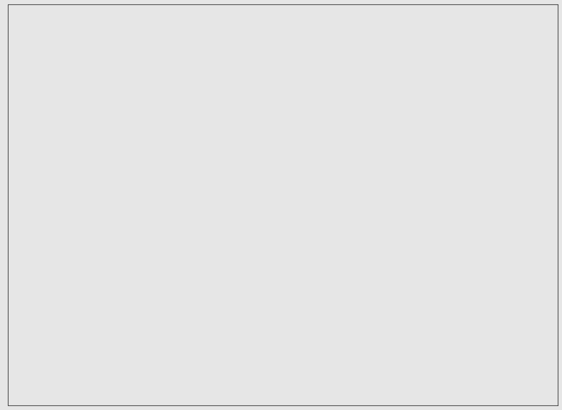
Chile and Indonesia said they were considering initiatives for the benefit of LDC's trade. Hong Kong, China announced a contribution of US$1.25 million to the WTO Trust Fund for LDC technical assistance.

Round Tables

During the meeting, 12 countries—Bangladesh, Chad, Djibouti, Guinea, Haiti, Madagascar, Mali, Nepal, Tanzania, Uganda, Vanuatu and Zambia—were the focus of separate round table sessions in which the respective trade ministers presented their needs for trade-related technical assistance to the six intergovernmental agencies involved in the meeting. The agencies proposed programmes of technical assistance each would provide to the country concerned.

The 12 round table sessions are pilot cases and represent a first step in applying an integrated framework approach for trade-related technical assistance to a group of 22 other least-developed countries which have asked to participate in the "Integrated Framework for Trade-related Technical Assistance". The six inter-governmental agencies are to review the needs assessments of these countries by 15 March 1998 and provide them with a programme of technical assistance activities. The Director-General of the WTO was asked to prepare by May 1998, the time of the next WTO Ministerial Conference in Geneva, a full report on the outcome and follow-up of the meeting and announcements of implementation of the autonomous market access measures and commitments in favour of LDCs.

Two thematic round tables were held: on "Building the Capacity to Trade in Least-Developed Countries," chaired by Minister Tofail Ahmed of Bangladesh, and on "Encouraging Investment in Least-Developed Countries", chaired by Minister Alec Erwin of South Africa. In both round tables, panels of experts drawn from governments, intergovernmental organizations and the private sector joined participants in discussions aimed at identifying and recommending actions that the LDCs and organizations can take to overcome supply-side constraints to increased LDC participation in world trade. □



A WTO Cyber Cafe showcases the trade benefits of information technology. (Photo by Tania Tang/WTO)

Information technology and trade

The WTO is participating actively in assisting LDCs widen export opportunities through information technology. It was one of 19 agencies that founded the Working Group on Information Technologies in April 1997 in Rabat aimed at avoiding duplication of work among international bodies.

The WTO, in collaboration with the World Bank's Economic Development Institute, has initiated the Information Technologies for Development project to assist LDC decision-makers (government officials, academics, journalists and leaders of business associations) in using the rules and mechanisms of the WTO. It will enable decision-makers to have permanent on-line access to information tools conceived especially for them and maintain an on-going electronic contact with the WTO. □

Recommendations from the NGOs

The 24 non-governmental organizations* (NGOs) that participated in the Joint WTO/UNCTAD NGO Symposium on Trade-Related Issues Affecting Least-Developed Countries, held in Geneva 25-26 September, presented a list of recommendations to the High Level Meeting.

Among them was to urge WTO members to implement, by the time of 1998 Ministerial Meeting, the so-called "Ruggiero Initiative" on applying zero tariffs on imports from LDCs. On enhancing LDC's capacity to trade, they called on the ITC, World Bank, UNDP and UNCTAD to focus on helping small and medium enterprises in the LDCs.

The NGOs said that like governments, they have a substantial role to play in ensuring that the benefits and costs of trade liberalization and foreign investments are equitably distributed. They called on governments and the agencies involved to take advantage of their special experience and technical expertise, including in activities related to the pursuit of trade initiatives. □

*EUROSTEP (Belgium), ICDA (Belgium), ICC (France), SOLAGRAL (France), WASME (India), SWISSAID (Switzerland), Global Traders Conference (Switzerland), ICTSD (Switzerland), OXFAM (United Kingdom), Christian Aid (UK), IATP (United States) ASED (Benin), PRODIA (Burkina Faso), CNONGD (Democratic Rep. of the Congo), AMITERD (Djibouti), RADEV (Ethiopia), TANGO (The Gambia), TINIGUENA (Guinea Bissau), APEM (Madagascar), CCA-ONG (Mali), World Vision International (Mauritania), SEWA (Nepal), TANGO (Tanzania) and DENIVA (Uganda).

"A new partnership against marginalization"

Excerpts from the opening remarks given by WTO Director-General Renato Ruggiero on 27 October at the High-Level Meeting:

Around the world, we have seen in the past twenty years many developing countries break away successfully from conditions of debilitating poverty to share in the growth and prosperity that have been generated in the world economy. The World Bank, the IMF, UNDP, UNCTAD—all of the major international economic institutions paint a strikingly similar picture of improvements, often dramatic, in the economic performance of many least-developed countries over the past few years. As reported by UNCTAD, more than half of the least-developed countries have improved their economic performance in the mid-1990s. Taken as a group, the least-developed countries grew at around 5% in 1995 and 1996, up from an average of 3% in the first half of the 1990s and only 2% in the 1980s.

These positive trends reflect the determination of many countries to embrace and institute sustained economic reforms as the best available path to real improvements for their people. Their efforts richly deserve the support of the international community. At this meeting, we have an opportunity to show that the WTO, working with the other intergovernmental agencies involved, can make a significant contribution.

Let me outline a little more fully the nature of this contribution. First, market access. Increased market access for the least-developed countries' exports is essential if we are serious about improving the trading opportunities of these countries. At the G-7 Summit Meeting in Lyon last year, I made a proposal to remove all tariffs and import quotas on imports from least-developed countries—and I take this opportunity to reiterate that proposal.

The second major area for action at this Meeting is to address supply-side constraints in the tradeable goods sectors of the least-developed countries' economies, and help improve their capacity to trade. Over the past six months the WTO Secretariat has worked closely with its colleagues in the UNCTAD and ITC, UNDP, the World Bank and the IMF, on three related projects.

We have put together for the first time an inventory of technical assistance and cooperation activities that exist to support the trade of the least-developed countries. The core of this inventory is the activities of the six agencies themselves, and with the cooperation of other intergovernmental organizations and of the OECD Secretariat we have begun to broaden the project to create a genuinely new and comprehensive management tool for trade-related technical assistance and cooperation. I believe the results, which are presented in the background documentation for this Meeting, will allow the least-developed countries to ensure that the technical support they are receiving to expand their trade is truly demand-driven and meets their needs effectively. It will allow these countries' development partners to design their assistance programmes more efficiently, in full knowledge of the range of complementary activities that are in place.

Furthermore, we have created a new Integrated Framework for designing technical assistance and capacity-building in least-developed countries in the specific area of trade. At the centre lies the government of each least-developed country; they are in the driver's seat, and a large part of the success of this initiative will depend upon the sense of ownership and commitment they bring to the endeavour. The new Framework, which this Meeting will be invited to endorse, will link together the resource-bases of the six agencies, allowing them to integrate their efforts to meet the specific needs of individual least-developed countries. The potential of the Framework is, however, much broader than that. It can help increase the benefits that the least-developed countries derive from trade-related support provided by their development partners, and I believe that by increasing transparency and accountability it will act as a catalyst in mobilizing additional resources from the international community for these countries' trade development.

A joint WTO-World Bank project is wiring up trade ministries of LDCs to the Internet and electronic data banks.

Let me emphasize that for the purposes of this effort, the High Level Meeting should be considered only a step along the way. In addition to the twelve least-developed countries that will be featured at country-specific roundtables over the next two days, 22 other least-developed countries have accepted our invitation to participate in the exercise and we will work hard with them to prepare the ground for their own country roundtables in the months ahead.

The third major area of action is an exciting new departure for us in the WTO. This is to provide least-developed countries—as they themselves have asked—with better access to the global information infrastructure. The new information technologies which we are exploiting in partnership with our friends in the World Bank provide a gateway to development, a path which can provide the developing world with the most important resource for raising living standards—knowledge.

Let me conclude by inviting you to look to the future with renewed hope. Finding a solution to the problem of economic marginalization is a shared responsibility. It is clear that for the LDCs it requires pursuing sound domestic economic policies and addressing questions of governance in a positive way. The access to information and assistance that new technology makes possible should be helpful in this effort. It should be equally clear that in the WTO you have a totally committed partner in reaching these solutions and in achieving your economic potential. □

Market access for least-developed countries

The following are excerpts from a WTO Secretariat survey of border trade restrictions that affect the access of least-developed countries' exports to their twenty-three main markets (accounting for 95 per cent of their exports):

EXPORT PERFORMANCE

Trade is only a small share of economic activity in most least-developed countries: on average, exports and imports account respectively for about 9 per cent and 16 per cent of their GDP, compared with 24 percent and 26 percent for developing countries as a group. The least-developed countries' exports have grown far more slowly than world trade over the past twenty years, and their collective share of world merchandise exports has consequently declined from about 0.8 per cent in 1980 to 0.46 per cent in 1995, when their exports were valued at about $23 billion. In the 1990s, the annual growth in value of least-developed countries' exports has averaged less than 2 per cent, compared with 8 percent for world trade as a whole. On the import side, the participation of least-developed countries in trade is equally marginal; their total import bill in 1995 was equivalent to 0.7 per cent of world merchandise imports.

Over 60 per cent of the least-developed countries' exports is sold in developed country markets, mainly the European Union, Japan and the United States . Thirty-four percent is sold in developing country markets, of which the main ones (accounting annually for $150 million or more) are Brazil, China, Chinese Taipei, Hong Kong, India, Indonesia, Korea, Malaysia, Singapore, South Africa, and Thailand.

The product structure of the least-developed countries' exports is familiar and has changed little over the past twenty-five years. Primary commodities, mainly minerals and tropical agricultural products make up over 70 per cent of the total. Most are exported as raw materials with very little processing. Manufactured products (mainly textiles and clothing) constitute about 20 per cent of the least-developed countries' exports in aggregate, but they are significant for only a few of them, notably Bangladesh.

Most least-developed countries are dependent upon a very small range of export products, usually just two or three. About 75 per cent of least-developed countries' total exports are accounted for by 112 products (classified at the 6-digit H.S. level), out of over 5,000 that are traded internationally. On average, the top three export commodities account for over 70 per cent of each least-developed country's total exports, leaving them vulnerable to changes in demand and prices on world markets and to exogenous factors affecting domestic supply.

The dependence of least-developed countries on exports of a narrow range of largely unprocessed primary commodities and raw materials, which are susceptible to price volatility on world markets, whose price and income elasticity of demand is low, and whose growth has been far more sluggish than world trade overall, is one of the main factors hindering their export performance. It also limits severely the stimulus that the export sector can provide to the domestic economy through backward linkage activities. As has been suggested repeatedly in the past, the diversification of their economies and of their exports, especially into manufactures, is seen as the most promising long-term solution to their increased participation in world trade. It is from that perspective, as much as from their current economic situation, that improvements in market access opportunities for least-developed countries need to be considered.

Trade dependence on a few unprocessed commodities has hindered LDC export performance. Economic diversification is seen as the most promising solution. (ILO Photo)

MARKET ACCESS CONDITIONS

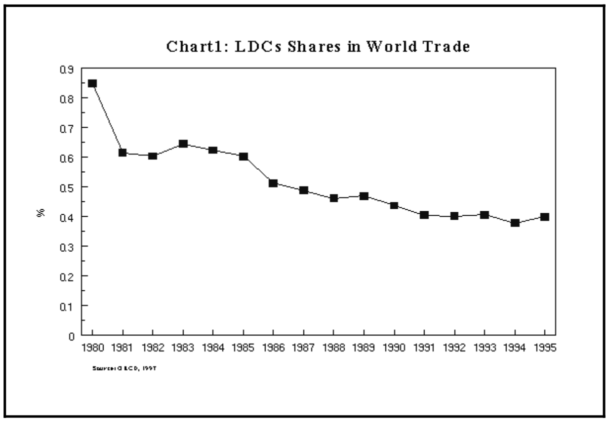
Tariffs

The overall unweighted average applied tariff facing least-developed countries' main exports in their twenty-three main export markets is 10.6 per cent. In their developed county markets, the average is 1.8 per cent; in their developing country markets it is 14.5 per cent. These averages will be reduced following full implementation of the results of the Uruguay Round negotiations.

When aggregated together, about seventy per cent of the products (reported by tariff line) that are imported into developed country markets from least-developed countries enter free of duties, either under bound MFN tariffs (about 30 per cent) or under GSP or special least-developed country preference schemes. However, the picture varies from one developed country market to another. Certain offer preferences on an extensive range of products under regional arrangements or other schemes (e.g., the Lomé Convention), which in some cases provide virtually unrestricted access for the beneficiaries to their markets. Some others offer practically no tariff line from among the products which represent their main imports from least-developed countries that is entirely free of tariffs or specific duties. Although for many products the level of duty faced by least-developed country exports is small and is unlikely to affect market access significantly, products they export which continue to face relatively high applied tariffs (over 5 per cent) in developed country markets are beef, asparagus, cigarettes, processed wood, clothing and footwear. Together, these account for about 10 per cent of least-developed countries' total exports to developed country markets, and for some individual least-developed countries they ac-

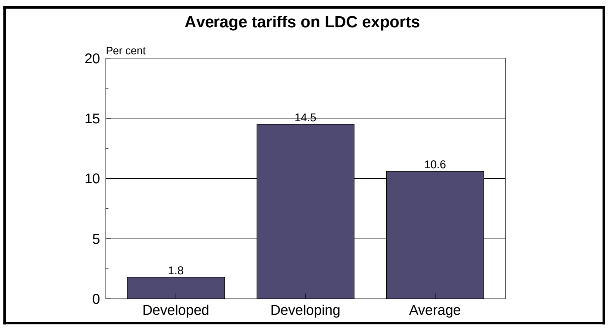
LDC's trade

LDC's trade share is declining



Over the past twenty years, LDC exports have grown far more slowly than world trade, and their collective share of world merchandise exports has consequently declined from about 0.8% in 1980 to 0.46% in 1995. In the 1990s, the annual growth in value of LDC exports has averaged less than 2%, compared with 8% for world trade as a whole.

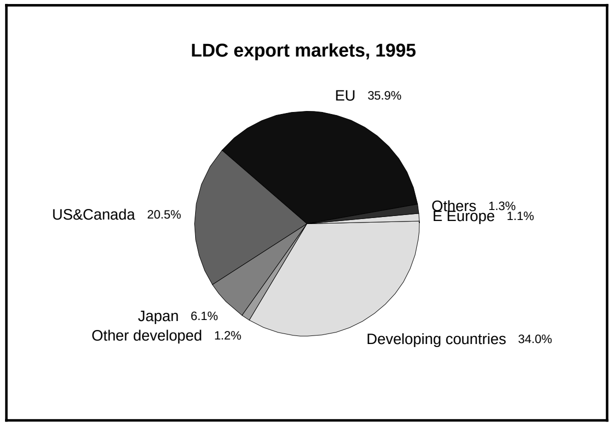
Average tariffs on LDC exports are relatively low...



The overall unweighted average applied tariff facing least-developed countries' main exports in their twenty-three main export markets is 10.6%. In their developed county markets, the average is 1.8%; in their developing country markets it is 14.5%. These averages will be reduced following full implementation of the results of the Uruguay Round negotiations.

Least Developed Countries (48)	
WTO Members (29)	*Angola, Bangladesh, Benin, Burkina Faso, Burundi, Central African Republic, Chad, Djibouti, Gambia, Guinea, Guinea-Bissau, Haiti, Lesotho, Madagascar, Malawi, Maldives, Mali, Mauritania, Mozambique, Myanmar, Niger, Rwanda, Sierra Leone, Solomon Islands, Togo, Uganda, Tanzania, the Democratic Republic of the Congo, Zambia.*
WTO Observers (5)	*Cambodia, Ethiopia, Nepal, Sudan, Vanuatu.*
Others (14)	*Afghanistan, Bhutan, Cape Verde, Comoros, Congo, Equatorial Guinea, Eritrea, Kiribati, Lao PDR, Liberia, Sao Tome and Principe, Somalia, Western Samoa, Yemen Republic.*

Main markets are EC, US and Japan

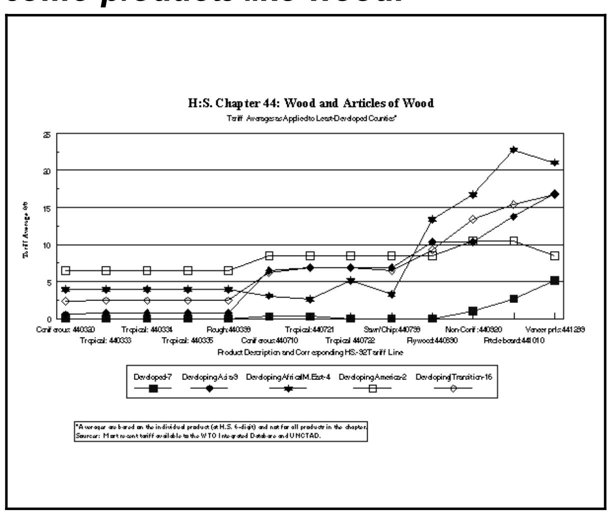


Over 60% of LDC exports is sold in developed country markets, mainly the EU, the United States and Japan. Thirty-four per cent is sold in developing country markets, of which the main ones are Brazil, China, Hong Kong (China), India, Indonesia, Korea, Malaysia, Singapore, South Africa, Chinese Taipei and Thailand.

But duties are high on certain important products...

LDC exports facing relatively high applied tariffs	
More than 5% in developed country markets	**Beef, asparagus, cigarettes, processed wood, clothing and footwear**
More than 25% in developing country markets	**Beef, certain tropical fruits, black tea, sorghum, groundnuts, sesamum seeds, raw cane sugar, sparkling wines, cigarettes and clothing.**

And tariff escalation is a problem for some products like wood.



count for a substantially higher share.

Seven of the developing countries covered by this study provide tariff preferences on some products under the Generalized System of Trade Preferences (GSTP), which benefit exports from least-developed countries. Some provide preferential market access also under regional trade arrangements, which benefit certain least-developed countries. Products on which least-developed countries continue to face relatively high applied tariffs (over 25 per cent) in their main developing country export markets are beef, certain tropical fruits, black tea, sorghum, groundnuts, sesamum seeds, raw cane sugar, sparkling wines, cigarettes, and clothing. Together, these products account for about 35 per cent of least-developed countries' total exports to developing country markets, and for a substantially higher share of exports for some individual least-developed countries.

In both developed and developing country markets, tariffs tend to be higher on processed than on primary commodities, resulting in tariff escalation. Tariff escalation will decline significantly following full implementation of Uruguay Round commitments, but it will still persist to some extent for many product chains.

An issue which has attracted concern from the point of view of least-developed countries' exports is the erosion of margins of preference that is occurring as a result of the general lowering of tariffs in developed country markets as the results of the Uruguay Round negotiations are implemented.

"Where LDCs account for a significant share of world exports of particular products, consideration could be given by their main trading partners to reducing and, where possible eliminating, tariffs on a bound MFN basis..."

As noted in the results of the Uruguay Round negotiations, continued preferential access remains an essential means of improving the trading opportunities of least-developed countries. However, preferences should be viewed as a transitional opportunity which beneficiaries should endeavour to take full advantage of (and be enabled to take full advantage of through simple and transparent procedures) in the short-term. In the longer-term, least-developed countries' best interests, as well as those of other members of the multilateral trading system, are more likely to be served by guaranteed, non-discriminatory and open access to the markets of their trading partners.

Quantitative restrictions

One of the most significant results of the Uruguay Round has been the reduction and in many cases the removal of quantitative import restrictions and other non-tariff measures affecting merchandise trade, many of which have acted in the past to limit least-developed countries' exports.

Quantitative restrictions and other non-tariff measures can create a particularly serious obstacle to exporters from least-developed countries because of their more limited means for gaining information about the measures and meeting the procedural requirements that are involved. The same goes for origin requirements in the case of tariff preferences. From the least-developed countries' point of view, the general rule about overseas market access restrictions is likely to be the simpler and more transparent, the better.

CONCLUSIONS

It is not the purpose of this document to arrive at an overall judgement on the market access situation for least-developed countries. Meaningful statements can in any case be made by-and-large only at a disaggregated level for specific products from specific least-developed countries into specific export markets.

In the light of the agreements reached by WTO Members in Marrakesh and in Singapore regarding positive measures that can be taken to improve market access conditions in favour of least-developed countries, the following points may be found helpful:

» While developed countries are the largest trading partners of the least-developed countries, developing countries are already important markets for least-developed countries' exports and their importance is likely to increase;

» Improved market access conditions for least-developed countries will become increasingly relevant as action is taken to correct the supply-side constraints that at present are limiting their capacity to produce for export;

» Preferential access for least-developed countries' exports has an important role to play. To enable the least-developed countries to benefit to the maximum, preference schemes should be simple and transparent. The conditions attached to them should be applied flexibly. With regard to rules of origin, consideration could be given to allowing for product cumulation;

» Preference schemes could be structured in such a way as to encourage least-developed countries to diversify their exports into high value-added, processed and manufactured products;

» Where least-developed countries account for a significant share of world exports of particular products, consideration could be given by their main trading partners to reducing and, where possible eliminating, tariffs on a bound MFN basis. This would minimize the risk of preferences in favour of least-developed countries diverting trade from other low-income suppliers of the same products;

» Non-tariff border measures can cause particular difficulties for least-developed country suppliers. In keeping with the proposal made in the WTO Plan of Action for the Least-Developed Countries that "WTO Members should endeavour to make use, when possible, of the relevant provisions of the Agreement on Textiles and Clothing to increase market access opportunities for least-developed countries", WTO Members may also wish to consider removing quantitative import restrictions on products of particular export interest to least-developed countries at the earliest opportunity, particularly where least-developed country suppliers account for only a small share of the domestic market;

» High priority could be given to assisting least-developed countries to build the necessary domestic institutional capacity to meet technical regulations, product standards and sanitary and phytosanitary measures which they encounter in their main export markets. □

Second Ministerial on 18-19 May 1998

The General Council, on 22 October, agreed that the second WTO Ministerial Conference would be held on 18-19 May 1998, to be followed on 20 May with a commemoration of the 50th anniversary of the multilateral trading system. Director-General Renato Ruggiero was invited to prepare a report on the organization of the 50th anniversary commemoration.

A working party was established to examine the membership request of the Principality of Andorra. The General Council granted observer status to Ethiopia, which indicated it intended to apply for WTO membership in the near future.

BOP consultations

Countries whose balance-of-payments (BOP) difficulties have led them to restrict imports to conserve foreign exchange are required to consult regularly with other members through the period during which the restrictions are in place. The Chairman of the BOP Committee, Mr. Peter R. Jenkins (United Kingdom), presented reports on consultations held recently with the following countries:

» Pakistan: members recognized it was facing a serious BOP problem but requested a clearer notification on items that were being justified;

» India: a proposed phase-out of trade restrictions was considered too long by a number of members (India told the General Council that it was close to reaching an understanding on this matter with a majority of its trading partners that would enable it to submit a revised six-year phase out plan for the BOP restrictions);

» Tunisia: members agreed with a phase-out plan for BOP restrictions ending 1 July 2000, but invited the country to accelerate implementation should circumstances permit;

» Czech Republic: in August, the country eliminated an import deposit scheme which had been questioned by a majority of members during the consultations;

» Nigeria: consultations were suspended after some members objected to a proposed eight-year phase out plan for import prohibitions;

» Bangladesh: under simplified consultations, members recognized the BOP situation had deteriorated and remained precarious.

The General Council approved the BOP Committee's reports.

Other actions

The General Council granted a number of waivers, including to Hungary with respect to its subsidies on agricultural products (see *WTO FOCUS* No. 23). It also reviewed waivers granted for periods of more than one year.

The total WTO budget for 1998 (SwF 115,978,850) was approved.

Under "Other Business", Korea expressed concern about a recent US "Super 301" action targeting Korea's automobile market practices. □

GATT's 50th anniversary. *On 30 October, WTO Director-General Renato Ruggiero said that the birth of the GATT 50 years ago "surely ranks among the greatest economic achievements of the post-war era. For the first time, the principle of non-discrimination in trade relations was applied on a multilateral basis...it is difficult to overstate the contribution of this basic principle to growth and development". He added that on 20 May 1998, "we will hold a high profile celebration of these 50 years and highlight for the citizens of the world, the contribution this system has made to global peace and prosperity". Above, the first GATT Director-General, Sir Eric Wyndham-White (second from left), with Mr. Max Stevens, Chairman of the Preparatory Committee that established the GATT in 1947 in Geneva. (UN Photo)*

WTO accession working parties (30)

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

MEETINGS

DECEMBER	
1	Sub-Committee on LDCs; Working Party on Preshipment Inspection
2	Committee on Market Access
2, 4	WP on Saudi Arabia
4-5	Committee on Regional Trade Agreements; Trade Policy Review: Malaysia
8	Cttee on Trade in Financial Services
8-9	Working Group on the Relationship between Trade and Investment; Trade Policy Review: Japan
9-11	WP on the Russian Federation
10	General Council
11	Council for Trade in ServicesGeneral Council
12	Cttee on Trade in Financial Services
15-17	Textiles Monitoring Body
17	BOP Committee: Slovakia

WTO FOCUS

Newsletter published by the Information and Media Relations Division of the WTO.

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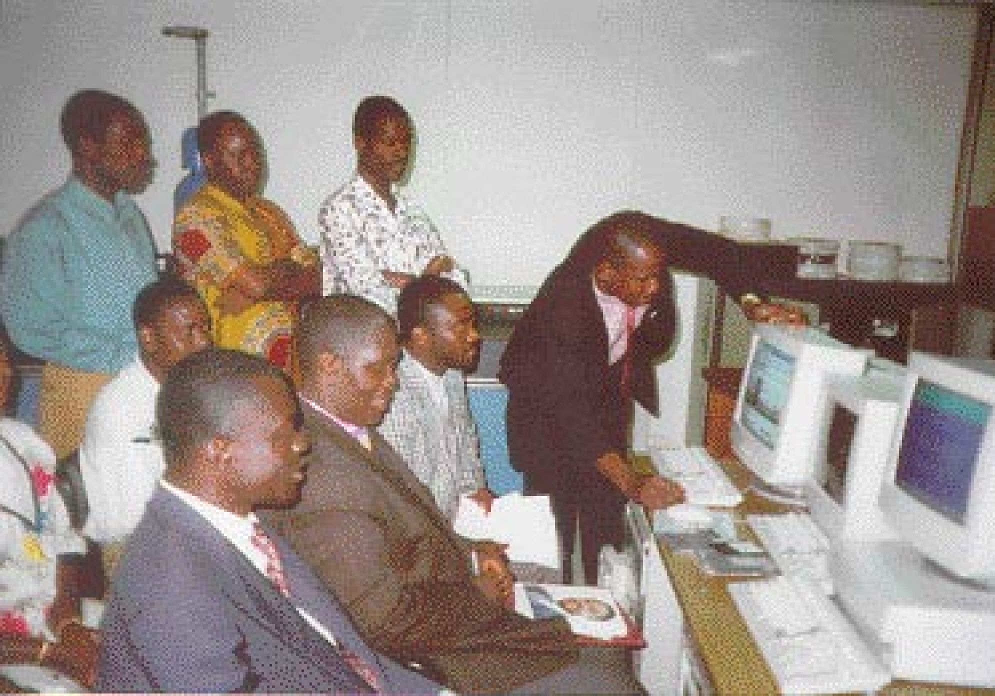
ISSN 0256-0119

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