



WTO OMC

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## Newsletter

### African trade ministers to meet on WTO challenges

The Government of the Gabonese Republic, in cooperation with the WTO Secretariat and with the financial support of various donors, will be hosting a meeting of African Trade Ministers in Libreville from 13-15 November 2000.

The Gabonese Government has invited all of the African member or non-member countries of the WTO to the meeting, the objective of which is to enable African trade officials and private-sector partners to acquire a better grasp of the WTO rules and agreements. The meeting should also help the African countries in their technical preparations for the future trade negotiations.

The meeting will be chaired by H.E. Mr. El Hadj Omar Bongo, President of the Gabonese Republic.

Mr. Mike Moore, Director-General of the WTO, Mr. Salim Ahmed Salim, Secretary-General of the Organiza-



Libreville will host more than 50 trade ministers.

tion of African Unity (OAU), Mr. Amoako, Executive Secretary of the United Nations Economic Commission for Africa, Mr. Omar Kabbaj, President of the African

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#### General Council

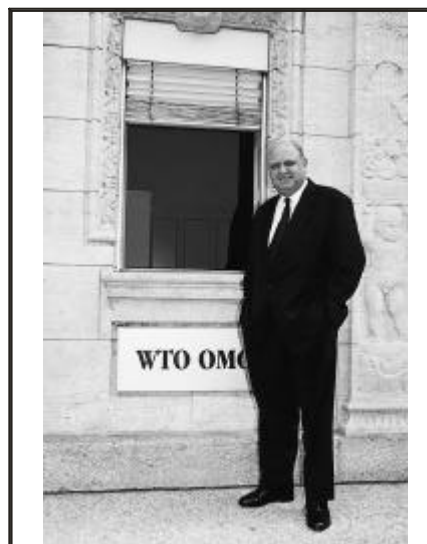
### Membership of Albania, Croatia approved

The General Council, on 17 and 19 July, approved the WTO membership of Albania and Croatia. It also agreed to establish working parties to consider, respectively, the membership requests of two least-developed countries: Cape Verde and Yemen. Observer status was granted to the Bahamas.

The Chairman of the Working Party that examined Albania's membership request, Mr. Pinto de Lemos of Portugal, said that notwithstanding the serious crisis in the region, Albania had pursued a steadfast and committed course towards the liberalization of all economic sectors and the implementation of a WTO-consistent trade regime. He said that members had commended the way in which the Albanian government had moved quickly to introduce WTO-consistent legislation.

Albania said WTO membership presented a new role for the country in the international community. As a WTO member, it would make a maximum contribution to the organization's work in international trade.

Canada, Ecuador on behalf of the Latin-American and Caribbean members, Egypt, European Communities, In-



*It has been a busy year for the WTO with the launching of agriculture and services negotiations. Director-General Mike Moore has also launched initiatives in favour of developing countries. See WTO Highlights, page 4.*

dia, Israel, Malta, Pakistan, Poland on behalf of CEFTA members, Estonia and Latvia, Singapore on behalf of the ASEAN members, Switzerland, Turkey and the United States welcomed Albania's accession.

Mr. Jan Peter Mout of the Netherlands, who introduced

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## New WTO members

(Continued from page 1)

the report of the Working Party on Croatia on behalf of the Chairperson Mrs. A.-M. Plate of the Netherlands, said that members had been impressed with Croatia's broad-ranging and dynamic reform process aimed at achieving conformity with WTO rules and disciplines. Croatia's membership was expected to facilitate the entry of a number of other countries into the WTO.

Croatia expressed confidence that WTO membership would have a significant positive effect on the economy. It said that it had already assumed its WTO commitments and obligations, and that all the necessary legislative changes had been applied as of 1 January 2000.

Albania and Croatia become members 30 days after they have notified the WTO that they have completed domestic ratification procedures.

Cape Verde said that its request to join the WTO was part of its overall strategy for integration into the world economy. It said that since 1991, it had been implementing a package of economic reforms aimed at creating an export-oriented market economy and promoting the private sector. These reforms had resulted in a considerable increase in exports and imports as well as the development of the services sector, including tourism, insurance and banking.

Yemen said that in 1995, it had embarked on a comprehensive structural adjustment programme with the support of the IMF and the World Bank. This programme had resulted in a more liberal trade regime that should facilitate the country's integration into the world economy. Yemen said that as a least-developed country, it looked forward to the support of members in the accession process.

The Bahamas said that it had been following WTO's success in liberalizing world trade and that it could not longer remain on the sidelines. It intended to use the period of observership to prepare for its accession to the WTO.

### First progress reports on negotiations

The General Council heard the first progress reports on WTO negotiations in agriculture and on services.

The Chairman of the Agriculture Committee, Ambassador Jorge Voto-Bernales of Peru, reported that substantive work was now under way for continuing the reform process for trade in agriculture as mandated in the agreement. He said that nine proposals were presented at the Second Special Session held in June, and urged that further submissions be tabled well in advance of the next Session scheduled for September.

General Council Chairman Ambassador Kare Bryn, in the absence of the Chairman of the Council for Trade in Services Ambassador Sergio Marchi of Canada, said that the Council had held four meetings so far devoted to the mandated negotiations in services. In May, the Council had agreed on a work programme for the first phase of the services negotiations. Several proposals had been tabled, including one from a group of developing countries on the liberalization of tourism services.

### Internal transparency

A major concern of smaller trading nations at the Seattle Ministerial Conference was the absence of many of them from the so-called "Green Room" consultations held in the final hours to resolve the most difficult problems facing the Ministers.

After Seattle, the issue of "internal transparency and effective participation of members" became a priority subject of discussion in the General Council.

The new General Council Chairman, Ambassador Kare Bryn of Norway, started the practice of holding informal consultation meetings - open to all delegations - before the formal meeting to discuss in detail the upcoming agenda items. This practice has been followed by other WTO bodies.

At the July meeting, Ambassador Bryn said that that most members appreciated that improvements had been made in the day-to-day consultation process in the WTO. He said that it seemed members generally did not see the need for any major institutional reform that would alter the basic character of the WTO as a member-driven organization that takes decisions through consensus.

He said that as a complement to these informal meetings, consultations may also take place with individual members or group of members, provided that: all members are given advance notice of these consultations; that the opportunity be given to any member interested in the subject of consultations to make its views known; that it would not be assumed that one member represented any other members unless such an arrangement had been made; and that the outcome of such consultations be reported back quickly to the full membership for consideration.

A number of delegations welcomed the changes but stressed that the situation could still be improved.

Ambassador Bryn said that he would initiate consultations in the autumn on the preparation and organization of WTO Ministerial Conferences. □

### E-commerce work to resume

The General Council agreed to reinvigorate WTO work on electronic commerce and invited four subsidiary bodies—the Goods, Services and TRIPS Councils and the Committee on Trade and Development—to pick up where had left off in their work on this subject. These bodies will report back to the General Council in December 2000.

The General Council also agreed to consider how best to organize its work on e-commerce, including the question of an ad hoc task force to assist in consideration of subsidiary body reports and cross-sectoral issues.

New Zealand said that APEC trade ministers, at a recent meeting in Darwin, Australia, had called for the continuation of the WTO work programme on e-commerce. Many other members welcomed the resumption of work.

The Chairman, in response to Pakistan, said he was prepared to consult on that country's proposal for the WTO to begin work on the relationship between trade and transfer of technology, trade and debt, and trade and finance.

### **Review of US' ship ping ex emp tion**

The Chair man re called that GATT 1994 called for a review of the ex emp tion granted to the US ship build ing in dus try five years af ter the date of en try into force of the WTO to ex am ine whether the con di tions which cre ated the need for the ex emp tion still pre vailed. He added that the General Council had been considering this matter since July 1999.

Japan said it dis agreed with the US position that by merely stat ing that the leg is la tion in ques tion was still in place was suf fi cient the meet the re view re quire ment. The EC ex pressed sur prise that the most pow er ful econ omy still re quired to pro tect its in dus try in this way. Pan ama said it sup ported the cre ation of a work ing party to re view the US leg is la tion.

The United States said that it had been con sult ing ac tively with mem bers on this mat ter and that it had fully abided by the re port ing re quire ments of the GATT pro vi sion.

### **Con sul ta tions with Bangladesh and Pakistan**

The Com mit tee on Bal ance-of-Payments Re stric tions re ported that the Com mit tee, on 4 and 5 May, had de cided to sus pend con sul ta tions with Bangladesh and Pa ki stan to be re sumed later in the year. Ban gla desh, with tech ni cal as sis tance from the WTO Sec re tar iat, would no ti fy a com pre hensive phase-out plan for the re moval of its re main ing BOP re stric tions by De cem ber 2000. Pa ki stan had com mit ted it self to make a full no ti fi ca tion re gard ing the sta tus of the im ple men ta tion of its phase-out plan by the end of June.

The United States ex pressed con cern over Pa ki stan's sus pen sion of its phase-out programme.

Pakistan said it looked forward to discussing with all part ners the ques tion of its phase-out plan. It said it was fac ing a very dif fi cult BOP sit u a tion, but that de spite the ab sence of in flows from in ter na tional fi nan cial in sti tu tions since last year, it had not im posed fur ther re stric tions.

### **Derestriction of WTO doc u ments**

Deputy Di rec tor-General Miguel Ro dri guez re ported that from his con sul ta tions with del e ga tions there seemed to be a widely held view that the ex ist ing pro ce dures for the cir culation and derestriction of WTO doc u ments have been working rea son ably well. A Sec re tar iat analysis showed that 99.6 per cent of all WTO doc u ments are ac cess i ble to the pub lic, and that nearly 65 per cent of doc u ments are cir culated unre stric ted with the remain ing doc u ments derestricted in ac cordance with a pre vious Gen eral Coun cil de ci sion.

Mr. Ro dri guez said that most mem bers saw the need for fur ther im prove ments through shorter delay in derestriction of doc u ments such as min utes of meet ings and back ground notes by the Sec re tar iat.

A number of dele ga tions called for a de ci sion on timely derestriction of WTO doc u ments.

### **Waiver for the new ACP-EC Agree ment**

Under "Other Business", the Goods Coun cil Chair man, Am bas sa dor Perez del Cas tillo of Uru guay, re ported on his own re spon si bil ity on the state-of-play re gard ing the waiver re quested for the ACP-EC Part nership Agree-

### **Trade help for the LDCs**

Di rec tor-General Mike Moore re ported to the Gen eral Coun cil that after careful review, the heads of the six in volved agen cies, on 6 July in New York, have de cided to make sub stan tial changes (see page 13) to the In te grated Frame work for Trade-Related Tech ni cal As sis tance to Least-De vel oped Coun tries (IF).

He said the most im por tant fea ture of the new IF is main stream ing trade as sis tance into the na tional de vel op ment and pov erty-reduc tion strat e gies. A new steer ing com mit tee, in volv ing do nors and the LDCs, will be cre ated to over see the func tion ing of the IF. The core agen cies (WTO, World Bank, IMF, UNDP, UNCTAD and the ITC) have also agreed to seek do nor sup port and con tri bu tion to an IF Trust Fund.

Mr. Moore said the heads of agen cies have agreed that prog ress on the new IF would be re ported to the on go ing pre pa ra tory work for the Third UN Con fer ence on LDCs to be held in May 2001.

Ban gla desh, speak ing on be half of the LDCs, wel comed the new IF as "a step in the right di rec tion". It said that the LDCs con sid ered IF to be a key in stru ment in their in te gration into the global econ omy through ca pac ity-build ing in trade.

Mauritius, speak ing on be half of the African Group, com mended prac ti cal mea sures by a num ber of mem bers to open their mar kets to LDC ex ports and urged other mem bers to fol low their ex am ple.

Un der "Other Busi ness", the Di rec tor-General re ported on a num ber of re cent ini ti a tives, in clud ing the pos si ble ex pan sion of the WTO trade pol icy train ing courses for trade of fi cials of de vel op ing coun tries: He con tin ued to ex plore ways of en sur ing fuller par tic i pa tion of WTO mem bers with out rep re sen ta tion in Geneva. In this re gard, he an nounced the hold ing of an other "Geneva Week" of in for ma tion ses sions with non-resident mem bers and ob serv ers.

Fol low ing up on the meet ing of par lia men tar i ans held in par al lel with the Se at le Min is te rial Con fer ence, Mr. Moore said he is con sult ing fur ther with mem bers on how par lia ments and leg is la tive ex perts might be come more closely as so ci ated and fa mil iar with the work of the WTO. □

ment, which suc ceeded the ACP-EC Lomé Con ven tion.

He said that his im pres sion from the many meet ings of the Goods Coun cil and con sul ta tions was that no mem ber ob jects to the grant ing by the EC of tar iff pref er ences for ACP coun tries and that dele ga tions are, in prin ciple, ready to grant a waiver at the ap pro pri ate time.

How ever, he said that be cause of di ver gent po si tions on the ques tion of "how" and "when" the waiver re quest should be ex am ined, the pro cess had reached a dead lock. He said that for some dele ga tions, the key prob lem is that the re quest did not con tain doc u men ta tion with re spect to EC pref er ences to be ac corded to ba na na im ports.

The Am bas sa dor said that he in tended to con tinue con sul ta tions aimed at con sen sus which takes ac count of the in ter ests of all mem bers. □

### WTO highlights, January-August 2000

Since the beginning of the year 2000, work has started on activities which had already been mandated, and to address issues which had contributed to the temporary setback at Seattle. These areas of work are the main focus of this note, which contains selected highlights of developments in the first eight months of the year.

#### Mandated negotiations

At the General Council's meeting of 7 February, WTO Members confirmed that the mandated negotiations on agriculture and services had started as scheduled on 1 January 2000. This is an achievement which must not be under-rated; together agriculture and services account for over 60% of world output, and they span the whole range of human economic activity from the most traditional to the leading edge of the new high-tech economy. They cover the most widespread form of employment and also the sectors of fastest growth in job creation.

Members also agreed on organizational aspects of these negotiations, and noted other elements of the mandated work programme, such as the negotiations on geographical indications under the TRIPS Agreement and reviews of various other agreements.

#### Agriculture

At the first negotiating session in March, governments reached agreement on a programme for the first phase of the negotiations for continuing the reform process for trade in agriculture. This includes the tabling of negotiating proposals in the course of this year, with scope for the tabling of further or more detailed proposals in the run up to a stock-taking exercise which is to be undertaken at the meeting in March 2001.

In fact, by the time of the second negotiating session in June, a large number of participants, half of whom are developing country Members, had already submitted proposals well ahead of the end-year deadline. In total 45 governments (i.e. almost one third of the WTO's entire membership) had submitted proposals. The June meeting, which was attended by many high level, capital-based officials, turned into a surprisingly intense initial examination of these proposals. This examination is to be completed at the next negotiating session.

Many more proposals can be expected over the coming months, including additional or more comprehensive proposals from governments which tabled proposals at the June negotiating session. Further negotiating sessions are scheduled in September and November 2000, plus an additional session envisaged prior to the March 2001 stock-taking exercise.

#### Services

There has been a positive and encouraging start to the services negotiations with a full commitment by all members to a heavy and demanding work programme.

This year's work concentrates on rule-making, in areas like safeguards and domestic regulation. Negotiations for new commitments—the market access element—will start



*There has been a positive and encouraging start to the services negotiations (above) with a full commitment by all members to a heavy and demanding work programme. In agriculture, many members - both developed and developing - have submitted proposals. (Tania Tang/WTO)*

next year. Three 10-day periods of negotiation, including meetings of the relevant WTO bodies and bilaterals have been held in April, May and July, and there will be further sessions in October and December. Agreement has been reached on a roadmap for the organization of work until March of next year, and guidelines and procedures for the negotiations are being developed.

Proposals are being tabled by delegations, notably a proposal on tourism, proposals by the EC and Australia on cluster approaches and a proposal by the United States on a framework and objectives for the negotiations.

WTO Member Governments have carried out the prescribed review of MFN exemptions over two meetings, the first in May and the second in July. The purpose of this review was to examine whether the conditions that had created the need for exemptions continued to prevail. These meetings provided more information on governments' exemptions and are distinct from the future expected negotiations on the termination of existing exemptions. A significant amount of information was provided as a result of this session.

The four subsidiary bodies of the Council for Trade in Services are all working on subjects that feed into the negotiations. A two-day seminar took place at the Secretariat on 10 and 11 May to help delegations prepare for the negotiations by providing a detailed briefing on the GATS and negotiating issues that might arise.

Work has begun on the review of the GATS Annex on Air Transport Services, which is to consider the possible further application of the Agreement in this sector. The first expert meeting on the subject will take place on 28-29 September.

#### Intellectual property rights (TRIPS)

The expression "mandated negotiations" does not refer only to agriculture and services. One negotiation and several reviews, some of which might lead to negotiations, are currently underway in the TRIPS Council. These discussions will continue over the coming months.

The TRIPS Agreement's mandated negotiations are for a notification and registration system for geographical indications (which relate to place names or words as so cited with places, used to describe the type, characteristics and quality of products). The agreement does not specify

when the talks should start, but the negotiations are already under way, with two proposals on the table.

Under separate provisions of the agreement, the application of the agreement's section on geographical indications is being reviewed. Some governments have called for more products to be given the higher level of intellectual property protection that is currently given only to geographical indications for wines and spirits. They argue that the TRIPS Agreement provides a mandate to negotiate this, although there is some disagreement over this view.

The TRIPS Council has also been reviewing provisions dealing with the protection of biotechnology inventions and new plant varieties. Other issues are also being reviewed, including the provisions on "non-violation" cases. And the entire TRIPS Agreement is also under review this year.

### **"Confidence-building" measures**

On 7 February, the General Council gave its Chairman and the Director-General a mandate to consult on a number of issues where early progress is important to building confidence after the Seattle setback. These were:

- Measures in favour of least-developed countries
- Capacity-building through technical cooperation
- Implementation issues and concerns, including transition periods
- Internal transparency and fuller participation of Members

On all these points the Chairman and the Director-General reported significant progress to the 3 and 8 May General Council meeting.

### **Implementation issues and concerns**

Following the Director-General's report in May, the General Council decided to establish an Implementation Review Mechanism, to address the wider range of concerns related to the implementation of existing WTO agreements. This is being done in Special Sessions of the General Council, the first of which took place on 22 June and 3 July. At this first session, the Council discussed proposals from a number of developing countries relating to implementation issues, which had been presented in the preparatory process for the Third Ministerial Conference. As a result of this debate, consultations will be held from mid-September to find adequate solutions to the concerns expressed. Further Special Sessions are scheduled for October and December.

The establishment of this Implementation Review Mechanism, with a mandate to seek solutions and take decisions for appropriate action, is a very important step towards reaching agreement on a set of issues which became a major difficulty before the Third Ministerial Conference. It potentially touches upon a broad range of areas in the WTO's work. Members have committed themselves to engage in it constructively.

Regarding transition period issues—the WTO provisions that lapsed and the dead lines that expired on 31 December 1999—the General Council also took a decision in May setting out a framework for the consideration of transition period problems in the TRIMs (trade-related investment measures) area. Extensions of the five-year tran-

sition period have been requested by Argentina, Chile, Colombia, Malaysia, Mexico, Pakistan, Philippines, Romania and Thailand. Pursuant to this decision and to Article 5.3 of the TRIMs Agreement, a number of requests for extension of the TRIMs transition period are currently being considered by the Council for Trade in Goods.

In the customs valuation area, the Director-General noted that the process of examination and approval of requests for extensions of the transition period by developing countries had, in general, been proceeding well in the Committee on Customs Valuation. Much emphasis has been placed in the Committee during the year on implementation by developing countries which had invoked the five-year delay period. Of the 45 Members which were due to implement from 1 January to August 2000, the Committee has agreed to 13 requests for extensions of the delay period and four additional requests are pending consideration. In addition, the Committee is actively discussing the question of how technical assistance can be better formulated to address the growing demand for assistance in meeting implementation needs in this area.

### **Transparency**

During the preparatory process for the Seattle Ministerial Conference as well as at the conference itself, a number of delegations, especially smaller ones, expressed certain misgivings about the nature of the consultative processes. Although similar concerns had been voiced at the Singapore Ministerial Conference in 1996 it was clear that the Seattle experience required the WTO to look closer at its working methods. As a result, the General Council, at its meeting of 7-8 February 2000 identified the issue of internal transparency and effective participation of Members as one of the priority issues to be addressed in the first six months of the year.

Since then the Chairman of the General Council has conducted an intensive series of open-ended consultations on how to improve internal transparency. This process was initiated by an invitation to Members for specific suggestions on how to make the consultative processes in the WTO more transparent and inclusive. In total some 19 contributions from individual or groups of countries were received and these, as well as a Secretariat compilation of the main points raised by delegations, have served as the basis for discussions at six meetings of the full membership. In addition, the Chairman presented a short discussion paper in which he highlighted a number of issues where he saw a convergence of opinion. In his paper the Chairman focused on the fact that Members in general do not see anything fundamentally wrong with the multilateral trading system and that informal consultations continue to be a useful tool, provided that certain improvements in transparency were applied.

On 17 July the Chairman provided Members with a progress report which emphasized the general view that significant improvements in the consultative processes have taken place over the past six months. He emphasized that while such progress was important much work remained to be done, in particular in the area of preparation and organization of Ministerial Conferences. The Chairman will pursue further consultations in the autumn.

## **Least-developed countries**

At the 3 May General Council meeting, WTO Members took note of the Director-General's report that 13 Members—including developing and transition economies—had taken, or planned to take, measures to improve access to their markets for products of least-developed countries.

The Director-General also reported that he would continue working to improve the functioning of the Integrated Framework for Trade-Related Technical Assistance for Least-Developed Countries (IF) to ensure that it became an effective instrument of support for the trade-related aspects of the development and poverty reduction strategies of LDCs. This is an initiative to coordinate the provision of technical assistance and capacity-building to LDCs through six core agencies: WTO, IMF, ITC, UNCTAD, UNDP and World Bank. As a result of a meeting of the heads of these agencies in July, agreement was reached on a number of concrete ways to proceed (*see page 13*).

The Director-General reported that technical cooperation and capacity-building is rightly seen as central to the interests of least-developed countries. However, the developing-country membership as a whole and the economies in transition all have a strong interest in seeing these activities conducted in an effective and productive way. In fact this is an interest of the whole membership, and one which the Director-General fully shares.

Capacity-building is an essential requirement to enable many Members to take full advantage of trade opportunities, and this had been underlined by LDCs in the course of his consultations and endorsed by other Members. To increase confidence in the WTO's ability to provide technical assistance to Members in meeting their obligations under WTO Agreements it is essential that adequate technical assistance funds are made available in a timely manner permitting appropriate forward planning of technical assistance activities.

## **Investment, competition policy and government procurement working groups**

In three working groups, the WTO has continued to study actively the issues of the relationship between trade and investment, the interaction between trade and competition policy and transparency in government procurement, with important new papers presented by Members, and to consider alternatives for future WTO work in these areas.

## **Trade-related investment measures**

A review of the TRIMS Agreement is currently underway in the Council for Trade in Goods, as mandated in Article 9 of that Agreement.

## **Sanitary and phytosanitary measures**

The first half of 2000 saw agreement on one difficult SPS issue and the start of discussions on two topics of considerable importance to a number of Members.

At its 19-20 June meeting, the SPS Committee agreed on guidelines to help governments achieve some consistency in the levels of health risks they apply. Consistency

is required under the SPS agreement, in order to reduce the temptation to be particularly strict on the safety of some food products, or on some animal or plant health risks, for trade protectionist reasons. The new guidelines are non-binding. They are designed to help governments adopt and implement SPS measures that are consistent with the agreement.

The Committee also examined the issue of special and differential treatment for developing countries, and has started discussions on "equivalence".

## **Government procurement**

Work on the plurilateral agreement on Government Procurement is also being actively pursued. A number of Members have made proposals for a major overhaul of the text of the Agreement to make it more simple and user-friendly. There are also discussions on the expansion of the scope of coverage of the agreement and the elimination of discriminatory aspects. Negotiations on the accession to this Agreement of six additional governments are taking place.

## **Trade facilitation**

Work on trade facilitation originates in the 1996 mandate of the Singapore Ministerial Conference "to undertake exploratory and analytical work, drawing on the work of other relevant organizations, on the simplification of trade procedures in order to assess the scope for WTO rules in this area". Work in this area is important as excessive information requirements for import and export, as well as administrative inefficiencies have created obstacles that are estimated to cost on average 3-5% of the value of goods trade.

Since Seattle, the Council for Trade in Goods has resumed work on trade facilitation in two informal meetings. All delegations have shown a very constructive attitude at these meetings and appear committed to fully engage in the coming exploratory and analytical work on the simplification of trade procedures.

## **Electronic commerce**

At its last meeting before the summer break, the General Council agreed to reinvigorate the work in the WTO on electronic commerce on a practical basis and invited four subsidiary bodies, i.e., the Goods, Services and TRIPS Councils and the Committee on Trade and Development, to pick up where they left off in their work in this area and report back to the General Council in December. The original mandate of the work programme as adopted by the General Council on 25 September 1998 was to examine all trade-related issues relating to global electronic commerce. The work programme is also to include consideration of issues relating to the development of the infrastructure for electronic commerce.

## **Accessions**

There has been a considerable amount of activity on the accessions front in the course of this year. Two countries (Jordan and Georgia) have become full WTO Members in the first part of the year. Albania will also become a full member on 8 September 2000, bringing the current mem-

bership to 138. These countries have now extended the WTO system to some 12 million people across the world.

Two further countries, Croatia and Oman, have also concluded their accession negotiations and are expected to become full members before the end of the year. Negotiations are in advanced stages for the accession of Lithuania and Vanuatu and are progressing towards the final phase in the cases of China and Chinese Taipei.

There are currently another twenty nine governments in the process of negotiating their accession to the WTO. All of these are transitional or developing economies, including nine least-developed countries. They are seeking membership of the WTO not just to secure economic gains in terms of better access to international markets, but mostly to ensure greater stability and predictability in their trading relations, leading to better prospects for foreign investment and economic development.

### Dispute settlement

Between 1 January and 31 July 2000, eighteen new cases were filed with the WTO. This has brought the number of disputes taken to the WTO to 203 since its creation in January 1995. It is testimony to the value of the WTO that so many Members use the dispute settlement mechanism to seek solutions to difficult problems. □

In deed, in most cases, the disputes are resolved by negotiation without recourse to the panel process. The dispute settlement system has provided a forum for disagreements about the implementation of the obligations contained in the WTO Agreements. It has proved to be an effective, efficient and essential aspect of the rules-based international trading system where legal rights are more important than economic size. Without an objective dispute settlement system, disagreements between Member governments would have no forum for resolution and could drag on unresolved for an indeterminate period. This system helps prevent unresolved economic disputes from aggravating broader international relations between Members.

On 25 May, the WTO Dispute Settlement Body (DSB) completed new appointments to the Appellate Body by selecting Mr. Y. Taniguchi of Japan who joins Mr. G. M. Abi-Saab of Egypt and Mr. A. V. Ganesan of India who were appointed by the DSB in April this year. The new Appellate Body Members replaced Messrs. S. El-Naggar of Egypt and Mr. Matsushita of Japan whose terms of office expired on 31 March, and Mr. C. Beeby of New Zealand who passed away on 19 March.

### Cooperation with other agencies

In addition to the Integrated Framework initiative mentioned above, there have been a number of advances in cooperation between the WTO and other international agencies so far this year. Of these, a notable example was an information session held by the Committee on Trade and Environment in July (see page 14). A two-day workshop was also held in June on how to analyse risk for food safety measures.

The WTO is also represented in the Administrative Committee on Coordination, a body responsible for coordination and coherence between the bodies of the United

Nations, World Bank, IMF and WTO. The Director-General was an active participant in its first regular session of 2000 in Rome on 6 and 7 April where he made a presentation on the Integrated Framework for LDCs.

### Initiatives of the Director-General

#### Task forces

At the Director-General's initiative, nine internal Secretariat task forces were set up in March to consider matters of immediate concern relating both to the internal functioning of the Secretariat and ways in which the Secretariat could improve on its service to Members, and better reach out to the public and other organisations. The reports and recommendations that were the outcome of this process are currently under consideration by the Director-General.

#### Outreach to non-resident Members

First-step initiatives to help ensure the fuller participation of non-resident Members in the WTO have been put in place. These include the appointment of a member of the secretariat staff earlier this year to liaise with non-residents and the organisation of a week-long seminar for non-residents in Geneva at the WTO. This includes a programme of lectures and other events designed to help trade officials familiarise themselves with WTO Agreements and how the organisation works. A "Geneva Week 2000" is currently being organised for October, and it will be focused on implementation issues and on the "built-in agenda" negotiations in agriculture and services. In addition over 76 Reference Centres have been installed in developing and least developed countries to keep governments and regional entities up-to-date on the activities of the WTO.

#### Participation in international meetings

In the first half of the year, the Director-General and his Deputies have kept up a full programme of participation in international meetings with the public and private sectors and non-governmental organisations and contacts with WTO member governments in their respective capitals. These activities have been focussed on developing the WTO's outreach to Members and to civil society and on facilitating dialogue among Members on the future direction of the trade agenda. The Director-General's programme of activity outside Geneva so far this year has included active participation in meetings of the other international agencies including the United Nations, OECD, UNCTAD, the IMF, World Bank and the United Nations Administrative Committee on Coordination. The Director-General also took part in regional meetings including the APEC Ministerial Meeting, the 36<sup>th</sup> Summit of Heads of State and Government of the OAU, the 5<sup>th</sup> Summit of the COMESA Authority of the Heads of State and Government and the South Africa Economic Summit.

The Director-General's meetings both in Geneva and abroad have also included contacts with parliamentarians, representatives from transnational parliamentary groups, and meetings with representatives from NGOs, including industry and labour organisations. □

## DSB adopts reports on Brazil-Canada aircraft dispute

The Dispute Settlement Body (DSB), on 4 August, adopted reports of the Appellate Body and panels that have examined measures taken by Brazil and Canada, respectively, to comply with DSB recommendations on aircraft export measures. It agreed to revert to a Canadian panel request regarding US measures that allegedly treat export restraints as subsidies.

### Brazil's export financing for aircraft

Canada said that the original panel and the Appellate Body had affirmed previous DSB rulings that Brazil could not continue to make payment after 18 November 1999 under its subsidy programme (PROEX). It added that the Appellate Body and the panel had ruled that despite modifications, Brazil's programme remained a prohibited subsidy. Canada called on Brazil to implement immediately DSB's rulings and recommendations.

Brazil said it intended to bring all future PROEX operations in line with the DSB's recommendations but would respect its legal commitments with regard to prior operations. It said it was consulting with Canada on these matters and hoped that a solution would soon be reached. Brazil expressed concern that the reports had not clarified fully a provision of the WTO Subsidies Agreement that referred to interest rate provisions of an OECD arrangement on export credits. It said this arrangement was unfamiliar to non-OECD members and not suited to the needs of developing countries.

The European Communities said it had suspended its investigation on PROEX, initiated at the request of European aircraft producers, to monitor Brazil's implementation of the DSB's recommendations. It said that it would take further steps should Brazil fail to stop providing export subsidies under PROEX.

### Canada's export measures on civilian aircraft

Canada said it was pleased with the conclusions of the Appellate Body confirming that it had fully implemented DSB's rulings and recommendations as a result of revisions to the Technology Partnership Canada Programme. However, it expressed some concern that the panel had gone beyond its mandate in the details of its prescription for compliance.

Brazil expressed concern that the standards set by the panel, which were endorsed by the Appellate Body, had set a very low threshold for Canada's implementation of the DSB recommendations. It said that the playing field in the area of high technology products was tilted in favour of developed countries, and that changes in the WTO are needed to enable developing countries to become players in this trade sector.

### Panel set on India's car measures

The DSB, on 27 July, established a panel to examine a complaint by the United States against India's measures affecting trade and investment in the motor vehicle sector.

The United States claimed that motor vehicle manufacturers in India could not obtain import licenses for automobiles and automobile parts unless they agreed to a meet

ACTIVE PANELS (As of 8 August 2000)		
Complainant	Subject of the complaint	Date established
Canada	EC - Measures affecting the prohibition of asbestos and asbestos products	25.11.1999
US	Australia - Measures affecting the importation of salmonids (work suspended)	16.06.1999
EC	Argentina - Measures on the export of bovine hides and the import of finished leather	26.07.1999
US	Argentina - Measures affecting imports of footwear	26.07.1999
Mexico	Guatemala - Definitive anti-dumping measure regarding grey Portland cement from Mexico	22.09.1999
India	EC - Anti-dumping duties on imports of cotton-type bed-linen from India	27.10.1999
New Zealand, Australia	US - Safe guard measure on imports of lamb meat	19.11.1999
Poland	Thailand - Anti-dumping duties on angles, shapes and sections of iron or non-alloy steel H-beams from Poland	19.11.1999
Korea	US - Anti-dumping measures on stain less steel plate in coils and stain less steel sheet and strip from Korea	19.11.1999
Japan	US - Anti-dumping measures on certain hot-rolled steel products from Japan	20.03.2000
Colombia	Nicaragua - Measures affecting imports from Honduras and Colombia	18.05.2000
Pakistan	US - Transitional safe guard measure on combed cotton yarn from Pakistan	19.06.2000
US	India - Measures relating to trade and investment in the motor vehicle sector	27.07.2000

local content, trade balancing and for eigen-exchange balancing requirements. It said these measures violated provisions of the GATT as well as the Agreement on Trade-related Investment Measures (TRIMs). It added that these measures do not qualify for cover under the TRIMs Agreement because they were put in place in December 1997, three years after this agreement entered into force.

India called on the United States to reconsider its request, which it said disregarded the General Council Chairman's statement in December 1999 urging members to exercise restraint on deadline issues as well as the General Council's decision in May this year. It maintained the measures were not TRIMs, and did not violate WTO rules.

Malaysia, Cuba and Philipines supported India's position.

The United States said that the May decision was without prejudice to member's rights and obligations, as stated by the General Council Chairman in his statement.

### Panel report on US copyright adopted

The DSB, on 27 July, adopted a panel report on the EC complaint against Section 110(5) of the US Copyright Act.

The EC had complained that the US provision permits, under certain conditions, the playing of radio and television music in public places such as bars, shops and restaurants without the payment of a royalty fee. The US Section provided two types of exemptions: "homestyle"



## DISPUTE SETTLEMENT

(subparagraph A) for small restaurants and shops using only equipment commonly used in private homes; and “business” (subparagraph B) for restaurants, bars and shops not exceeding a certain square footage limit. The panel examined the compatibility of these exemptions with a TRIPS provision (Article 13) that allows exceptions to rights of copyright holders in certain cases. It found the “homestyle” exemption met Article 13 requirements but that the “business” exemption, which covered a substantial majority of US restaurants and bars and close to half of shops, was inconsistent with that provision.

The EC welcomed the panel’s conclusion on what it called exorbitant exemption in sub-paragraph B. However, it said it had systemic concerns regarding the findings on sub-paragraph A.

The United States said it was pleased with the panel’s conclusion on sub-paragraph A. However, it said it could not agree to the adoption of the report because of the panel’s findings regarding the other sub-paragraph.

Australia welcomed the report, which it said had struck an appropriate balance between the interests of right holders and public policy objectives. Switzerland said it especially welcomed the findings on sub-paragraph B. On the other hand, the Philippines said the panel erred regarding sub-paragraph B, adding that it was not appropriate to assert a right that would be difficult to enforce, particularly in developing countries.

Hong Kong, China expressed concern over the submission of letter from a law firm to the panel, which it said could open the flood gate to non-requested submissions. Australia, India, Malaysia and Mexico said that members should draw up guidelines regarding the treatment by panels and the Appellate Body of amicus curiae briefs.

### **EC asks for panel on US trade mark**

The EC requested a panel to examine Section 211 of the US Omnibus Appropriations Act of 1998, which it claimed was discriminatory and introduced conditions regarding the protection of trade marks or trade-names that violated provisions of the TRIPS Agreement. It said that consultations with the United States had not resolved the dispute.

The United States maintained that its measure, which related to confiscation of property in other countries, was consistent with its TRIPS obligations. It added that the issues the EC had raised were the subject of current litigation. For these reasons, it could not agree to the establishment of a panel.

Cuba supported the EC request.

The DSB agreed to revert to the EC request.

### **Progress reports on implementation of DSB recommendations**

About Canada’s certain measures affecting the automotive industry, Canada reported that it intended to comply quickly with DSB recommendations. Regarding some of the recommendations, the domestic legal process would need a reasonable period of time to be completed. It said it was discussing this matter with the complainants. The EC and Japan said that Canada could comply within 90 days as the measures involved administrative orders. The EC said it would refer the matter to arbitration.



*Car manufacturing plant: The EC and Japan urged Canada to implement swiftly DSB recommendations on their “Auto Pact” dispute.*

Status reports on implementation of DSB recommendations were also given on the following cases:

- European Communities - Regime for the importation, sale and distribution of bananas;
- Japan - Measures affecting agricultural products;
- Canada - Measures affecting the importation of milk and the exportation of dairy products;
- India - Quantitative restrictions on imports of agricultural, textile and industrial products; and
- Turkey - Restrictions on imports of textiles and clothing products.

Under “Other Business”, Japan expressed concern that the United States had declined its request to be joined in dispute consultations requested by the EC regarding Section 306 of the US Trade Act of 1974 and amendments thereto. The United States said that after examination, it could not agree with Japan’s claim of substantial trade interest regarding its dispute with the EC.

### **US to implement UK steel findings**

The United States, at the DSB meeting held on 5 July, reported that it had already implemented DSB recommendations regarding its imposition of countervailing duties to certain hot-rolled lead and bismuth carbon steel products originating in the United Kingdom. It said that the US Department of Commerce had revoked the countervailing duty order on UK lead bar, retroactive to 1 January 1995.

The EC said the United States should also revoke 20 current countervailing duty orders affecting privatized EC companies, including on cut-to-length carbon steel plate from the United Kingdom. It added that the United States would have to change both its countervailing duty law and practice.

The United States said the UK lead bar case represented a unique set of facts, and that the Appellate Body had noted that its analysis was limited to the circumstances of that case. It added that the US Department of Commerce was considering the implications of the DSB recommendations.

Brazil said that its privatized companies subject to similar US countervailing duty orders should also benefit from the DSB rulings.

The United States said it would be glad to discuss with Brazil any concern it might have. □

TPRB: The European Union

### A wide-ranging discussion on a key trading partner

*The following are the concluding remarks by the Chairperson at the conclusion of the Trade Policy Review Body's review of the European Union's trade policies on 12 and 14 July:*

We have had very informative discussions on the trade policy regime of the European Union. I am pleased to note the large number of delegations—representing developed and developing countries, including least-developed—that submitted questions and made statements to assist the process of review, drawing on the extensive documentation prepared for the exercise. I also thank the Commission for its statements and the efforts it made to provide detailed answers to the many questions received, some on short notice. This very high level of participation has permitted a comprehensive collective review of the trade policy regime of the European Union, which we know to be a market of key interest to all our Members. Synthesising this vast body of commentary is no easy task, but several key elements emerge to which I will draw your attention in my remarks.

We all agree that the improving economic environment in the Community is of great importance to the WTO membership. Many developing country delegations noted the singular importance of the EU as a destination market for their exports. We also heard from a number of delegations the importance they attach to the health of a market where their enterprises have located to manufacture goods or supply services to EU consumers. There was a consensus that the recovery of economic activity had been assisted by the deeper integration of the Single Market, brought about by the advent of the euro and further regulation, in particular of service sectors. The EU was encouraged to make further progress towards the Single Market, including by reducing non-transposed directives, which would make a contribution to sustaining the EU's growth in the future.

There was also a wide appreciation of the leading role of the EU in the WTO. The EU was commended on the generally broad scope of its commitments and the attention it gives to its notification obligations. On dispute settlement however the EU was urged to speedily resolve the outstanding implementation problems in the bananas and hormones cases. We also heard divergent views on the EU's multi-faceted approach to trade policy, combining multi-lateral with regional and bi-lateral initiatives. There was in particular interest on the nature of the commitments exchanged on agricultural products and services in the recently concluded agreements with South Africa and Mexico, as well as a number of comments on the Partnership Agreement of Cotonou. It was noted that the EU imports on an MFN basis only from eight WTO Members; may I add that the EU's own exports benefit from MFN treatment in the markets of WTO Members except for the 17 non-EU Members with which free trade or customs unions are in place. There is no better testimony to the EU's



*Unloading cargo in Hamburg: developing countries underlined the singular importance of the EU market for their exports. (ILO Photo)*

commercial interest in the bed rock principle of MFN.

We also heard comments on the planned enlargement of the Community to countries in Central and Eastern Europe. Members are following the Inter-governmental Conference with interest, in particular with regard to the competencies of the Community and of the Member States over policies in trade-related areas, which directly affects the *modus operandi* of the EU in the WTO. And a number of Members that are exporters of agricultural products have a keen interest in further progress on Agenda 2000, beyond the agreement reached last year in Berlin, to reconcile the operation of the Common Agricultural Policy with the advent of new members. In the period ahead, leading up to accession, third countries hoped the candidate countries would maintain open markets and avoid the adoption of policies—whether in agriculture, other products or service sectors—that adversely impact on their conditions of market access. Finally, upon accession itself, the need to minimize trade diversion was underscored.

It is also fair to say that, while Members appreciate the generally open character of the EU market, there remain a number of specific concerns regarding the conditions of access to the EU market. The EU received a number of comments on the above average tariffs and quotas in the textiles and clothing sectors. The disappointing pace of integration of the sector under the first and second phases of the ATC was mentioned. Hope was expressed that the EU would do more to lift restrictions in the third phase. The operation of the CAP was also of concern, both in terms of limiting market access on the Community market and the spill-over effects on world markets of the heavy use of export subsidies. Concerns were raised with respect to the complexity and protective effects of the import regime for agricultural products. The operation of the Community's anti-dumping and anti-subsidy instruments was also of concern, including the rising incidence of such measures and their effect on exports of developing countries. There were a number of remarks to the effect that technical regulations and standards, as well as SPS measures, and conformity assessment procedures, had become a more significant aspect of market access, in

## TRADE POLICIES

some instances a barrier, and that policies to ensure a higher level of food safety in the EU might develop in the same direction.

With respect to market access on services, several delegations indicated their interest in better conditions of access for natural persons, both in terms of making existing GATS commitments on temporary movement of business persons more effective, as well as broadening the scope of the EU's commitments on such movement. The EU also received a number of questions on its plans for regulatory harmonization in the sectors of financial services, telecommunications and transportation. And a number of Members have views on the policies the EU is elaborating on electronic commerce. With respect to the protection of intellectual property rights, there was considerable interest among the membership on plans to develop a Community-wide framework on patent rights.

I should also like to draw your attention to the stimulating discussion we had on the future of our organization, a process in which the EU is playing a key role. We heard from the Commission that the EU advocates a wider scope for the remit of the WTO, encompassing investment, competition policy, environment and dialogue on issues of social concern. The EU also advocates a more open and transparent institution. These changes, the EU argues, will

better enable the organization to harness the process of globalization and make it work for the citizens of its Members.

On some of these points, however, I noted divergent views. Several delegations urged the EU to focus its attention on the negotiations on the built-in agenda, rather than await the outcome of consensus-building on a new round. On agriculture, we heard support from some quarters for the EU's approach of multifunctionality, while other delegations favoured an exclusively market-oriented agricultural policy. A number of delegations firmly rejected integrating a social dimension – or in deed non-trade concerns more broadly – in the conduct of trade policy, whether in the WTO or through the GSP.

We also heard from the Commission that another component of the EU's vision of the future of the WTO is a better integration of developing countries into the MTS, by devoting resources to technical assistance and capacity-building, and enacting market-opening initiatives for the least-developed among them. In this respect some delegations urged upon the EU the need for duty-free quota-free access for all products originating in LDCs. I detected a wide appreciation for the EU's support for a WTO that is more inclusive of developing countries, to assist their integration into the world economy, and facilitate their development. □

### EU has open market, but still holds back on agriculture and textile products

Continued EU participation in WTO trade initiatives have resulted in a basically open market for industrial products with a simple average tariff of 4.2% in 1999, down from 4.9% in 1997, says a new WTO report on the trade policies of the EU. The WTO report says however that market access barriers for textiles and clothing are significant due to higher tariffs and quotas in place. The report states that conditions of access on agricultural products are adversely affected by the operation of the Common Agricultural Policy (CAP).

The new WTO report, along with a policy statement by the European Commission, served as the basis for the trade policy review of the EU. The full report and the EU statement are available on the WTO Website.

The report notes the stronger economic performance of the European economy since 1997, with growth averaging some 2.5% a year, expected to rise above 3% in 2000 and 2001. A factor is the EU's significant progress towards completion of the Internal Market, notably by the de-regulation of the telecommunication and financial services markets, in parallel with WTO commitments, and the introduction of the euro in 1999.

The report notes that trade trends have mirrored domestic economic developments. Imports growing faster than exports led, in 1999, to a reversal of the EU's long standing surplus on merchandise trade and a deficit of 13.7 billion. In addition to stronger internal demand, import growth of 9% in 1999 was affected by the more than doubling of the price of oil on world markets and the sharp decline in the euro. On the export side,

growth in 1999 was sustained by the strong demand of the United States, the single largest market for the EU.

The report states that the EU takes trade policy initiatives in the WTO and at the regional and bilateral levels. In the WTO, the EU plays a leading role and is a proponent of a new round of negotiations with an agenda that is broader than the one built-in to the Uruguay Round. The EU practices a policy of transparency on its own WTO documents, and engages its civil society representatives in a dialogue on WTO matters. The EU is also a leading user of the WTO dispute settlement procedures to enforce rights under the agreements, and is a respondent in a number of cases; the WTO dispute settlement procedures play a key role, notably, in managing transatlantic trade relations.

In the agricultural sector, the report states that conditions of access continue to be determined by the CAP. The EU's policy to maintain high levels of self-sufficiency in primary agricultural products – including wheat, dairy products and meat – has direct spillover effects on world markets. At the border, high tariffs apply – a simple average estimated at 17.3% – although tariff quotas provide access for WTO Members at zero or reduced rates on high-tariff items, as well as for imports from preferential trade partners.

In the services sector, the report notes the EU's commitment to continue removing restrictions to competition and trade, although the pace of liberalization is more advanced in telecommunication and financial services than in transport or audiovisual. □

TPRB: Poland

## Members cite impressive economic transformation

*The following are the Chairperson's concluding remarks after the TPRB's review of Poland's trade policies held on 3 and 5 July:*

We have had an open and informative discussion of Poland's trade policies. TPRB Members were clearly impressed by Poland's economic transformation to a market economy. The economy is performing robustly and future growth prospects are favourable. This has been achieved by generally prudent macroeconomic policies combined with structural reforms, particularly trade and investment liberalization. Members acknowledged the remarkable results of the Polish transition process, including in the privatization of state-owned enterprises; this has undoubtedly played a significant role in attracting foreign investment. Members commented favourably on Poland's priority target of accession to the EU which would create the opportunity for further reform as Poland increasingly harmonized its policies with EU requirements. This was to be expected given Poland's cultural and political ties.

On trade-related policies, Members appreciated Poland's active efforts within the WTO and noted its support for a broad-based round of multilateral negotiations.

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Poland's priority target of accession to the EU would create the opportunity for further reform...

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Members also appreciated Poland's overall commitment to liberal trade and investment policies. Some Members expressed divergent views on the net trade-creating effects of Poland's regional liberalization to date and of EU accession. While some Members justified Poland's high and increasing level of agricultural support on the grounds of multifunctionality and food security, others questioned the adverse impact these policies were having on Polish efficiency and consumers. These Members encouraged Poland to reduce market distortions on such commodities, including the use of high tariffs, price support and direct outlays, such as export subsidies and deficiency payments. Poland's application of strict SPS measures were also questioned as being overly restrictive.

Members appreciated that Poland's tariffs were generally low. Nevertheless, some Members noted that Poland's preferential rates were well below MFN levels, thereby raising concerns of possible trade diverting effects, for example, on motor vehicles. Members invited Poland to reduce the gap between preferential and MFN tariffs. They also commented on the wide tariff disparities, including high tariff peaks, and the advantages to Poland of also simplifying its tariff structure by reducing the high number of different MFN and preferential rates. Members also invited Poland to facilitate imports from developing countries, and from LDCs in particular.

Members also sought additional details in a number of areas, including:



*Vegetable market: members praised Poland's commitment to liberal trade but some questioned its level of agricultural support.*

- the balance of Poland's regional trade objectives within its multilateral goals;
- effects of EU accession on other trading partners;
- recent increases in tariffs, especially on agricultural products;
- the absence of bindings on certain products, such as motor vehicles;
- preferential tariffs, including product coverage, for developing trading partners;
- possible discriminatory impact on imports of domestic excise and other taxes;
- technical standards and conformity testing procedures;
- delays in customs clearances, including imposition of fees;
- privatization plans for difficult areas, such as hard-coal mining, steel and chemicals;
- intellectual property protection, including enforcement;
- subsidies;
- liberalization of services under GATS, and progress on ratification of the Fifth Protocol; and
- preference margins on government procurement, and Poland's intended membership of the WTO Agreement on Government Procurement.

Members appreciated the comprehensive written and oral responses provided by the Polish delegation.

### Conclusions

In conclusion, it is my view that Members were very appreciative of Poland's successful economic transformation, and were greatly impressed by its economic performance since the last Review in 1992. Members now have a much greater understanding of Poland's trade and trade-related policies, and encouraged Poland to continue with the reforms. While Members accepted the beneficial impact on Poland of its regional arrangements, they encouraged Poland to pursue a vigorous multilateralization of regional preferences. This would benefit not only Poland's long-term economic interests but also the overall multilateral trading system. □

## Heads of international agencies agree to new approach on trade-related technical assistance for LDCs

Heads and representatives of the six core international agencies (ITC, IMF, UNCTAD, UNDP, World Bank and WTO) of the Integrated Framework for trade-related technical assistance to Least-Developed Countries (IF) met in New York on 6 July to discuss better ways of delivering trade-related technical assistance to the world's poorest countries - the 48 UN-designated least-developed countries (LDCs). Their deliberations were based on a recent independent review of the IF, commissioned to examine ways of improving this three-year old cooperative inter-agency effort to help the poorest countries integrate more effectively into the global economy.

WTO Director-General Mike Moore, who chaired the meeting, said: "We all know the IF has not been working as well as it should and we are putting in place new arrangements to rectify the situation. We have a responsibility, shared with governments and other agencies and institutions, to do better in assisting the LDCs to integrate into the world economy. Of course, it is the LDC governments themselves that must determine their policies and priorities, but we must be ready to give them effective help. It is time these countries saw more of the positive side of globalization."

### "Mainstreaming" trade

The new arrangements lay considerable stress on ensuring that trade policy, trade-related technical assistance, and capacity-building needs are articulated in a broad development context. The heads of agency firmly shared the view held by most governments and the development community at large, that these aspects of policy simply cannot be addressed in isolation. This emphasis on "mainstreaming" trade means that the case for trade-related technical assistance and associated programs and projects must be made through a country-led process of defining national poverty reduction strategies.

The need for trade-related assistance will be assessed alongside a country's other priorities, and supported accordingly by the government concerned and the donor community. These arrangements will not only ensure that trade takes its rightful place in policy terms, but it will also increase the chances that the necessary resources will be made available to foster the necessary skills, institutions

### IF's origins

The origins of the Integrated Framework are rooted in the Plan of Action for Least-Developed Countries, adopted as part of the WTO Ministerial Declaration in Singapore.

The Framework itself was "endorsed" in October 1997, at a WTO High Level Meeting (HLM) for LDCs, where it was decided that six agencies - ITC, IMF, UNCTAD, UNDP, World Bank and WTO - would take joint responsibility for the implementation of the framework for delivering trade-related technical assistance to the LDCs. □



*The new IF considers that trade assistance cannot be treated in isolation but in relation to the development priorities of the government concerned. (ILO Photo)*

and infrastructure for the effective integration of LDCs into the world economy.

A second feature of the new arrangements is the proposed establishment of a steering committee to oversee the functioning of the IF on a continuing basis. The earlier arrangement where the heads of the six core agencies played an oversight role will be broadened out so as to include LDCs and donors. This will ensure greater transparency, more accountability and ownership, and will allow any problems in the functioning of the IF to be dealt with promptly as they arise.

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It is time these countries saw more of the positive side of globalization... - Moore

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A third element is the decision to agree to seek donor support for and voluntary contributions to an Integrated Framework Trust Fund (IFTF). The trust fund, which would involve some \$20 million over three years, would be primarily dedicated to helping LDCs to develop the necessary analytical and policy framework for mainstreaming trade into national development strategies, and for developing programs and projects. It would also be used for various other activities relating to training and capacity-building. The heads of agency consider that without dedicated resources, it will be hard to see how the IF will function as it should.

The core agencies also agreed on the importance of ensuring that each agency should focus on what it does best, within the context of its respective mandate. The heads of agency have agreed that the World Bank will lead and coordinate the mainstreaming process, with the participation of other agencies. UNDP will manage the proposed trust fund. The WTO will act in a coordinating and secretariat role with respect to the working level Inter-Agency Working Group for the IF, and each of the agencies will focus on their respective areas of expertise in the delivery of trade-related technical assistance. The ITC, for example, will focus on support for trade services in LDCs, including enterprise development. UNCTAD's work will involve capacity building and training of various kinds, including for participation in trade negotiations. □

# CTE focuses on linkages between the multilateral environment and trade agendas

The WTO's Committee on Trade and Environment, at its meeting held on 5-6, focused on the linkages between the multilateral environment and trade agendas.

To facilitate CTE Members' understanding of the linkages between these agendas, and to build awareness of the use of trade-related measures in multilateral environmental agreements (MEAs), the CTE held an Information Session with four MEA Secretariats. Each of the following Secretariats presented a paper and responded to questions from CTE Members on the trade-related developments in their respective agreements.

- Convention on Biological Diversity. The CBD Secretariat also circulated the text of the Cartagena Protocol on Biosafety;
- Montreal Protocol on Substances That Deplete the Ozone Layer;
- UN Framework Convention on Climate Change; and
- International Commission for the Conservation of Atlantic Tunas.

UNEP circulated a statement on the importance of strengthening the dialogue between the WTO, MEAs and UNEP. In order to initiate a process whereby the MEAs and UNEP identify measures to increase synergies and decrease tensions, UNEP invited WTO Members to a UNEP and MEA-sponsored meeting to be convened in September/October 2000.

The CTE is scheduled to hold a second MEA Information Session at its 24-25 October meeting with the following six Secretariats: Convention on International Trade in Endangered Species of Wild Flora and Fauna; Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal; UNEP Chemicals on the Prior Informed Consent (PIC) and draft Persistent Organic Pollutants (POPs) Conventions; Intergovernmental Forum on Forests (IFF); International Tropical Timber Organization (ITTO); and UNEP Compliance and Enforcement of Environmental Conventions Unit on the Working Group of Experts on Compliance and Enforcement of Environmental Conventions.

### **The relationship between WTO and MEAs**

Switzerland reinvigorated the CTE discussions under this item of its work programme with a proposal to clarify the relationship between the WTO and MEAs. Switzerland called for an interpretative decision to prevent unnecessary conflicts between the WTO and trade-related measures in MEAs, thereby creating more predictability and legal certainty. This interpretative clarification would set out the approach of mutual supportiveness, whereby the WTO and MEAs should focus on their primary competence; and the principle of deference, which would include objective criteria to determine the MEAs to which the WTO should defer competence. Noting the uncertainty that prevails concerning the relationship between the WTO and MEAs, several Members, including Canada, EC, Hungary, Iceland, Japan, and Norway, supported the Swiss call for a clarification of these two legal regimes.

Several Members, including Australia, New Zealand and the US, felt that the WTO already provides a sufficient framework to facilitate mutual supportiveness with MEAs. Other Members, including Hong Kong China, India, Brazil, Malaysia and Pakistan, said that concerns in this area should not be exaggerated; only ten per cent of MEAs contained trade-related provisions and there had been no legal challenge in the WTO to MEAs. Therefore, there was no need to clarify WTO rules in this regard.



*Industrial pollution: A proposal to prevent unnecessary conflicts between the WTO and MEAs. (ILO)*

### **Domestically prohibited goods**

Bangladesh presented its national experience and recommendations concerning trade in domestically prohibited goods (DPGs). Bangladesh called for Members to notify DPG exports in the area of domestically prohibited consumer products according to the GATT notification system established in 1982. Bangladesh also called on the UNEP-UNCTAD Capacity Building Task Force on Trade, Environment and Development to build capacity in developing countries on DPGs and increase information sharing on DPGs. Brazil, the EC, Egypt, Hong Kong China, India, Japan, New Zealand, Norway, Pakistan, Switzerland, and Thailand were among the delegations that supported Bangladesh's recommendations to move the discussions forward by increasing transparency and technical assistance related to trade in DPGs. These issues were within the competence of the WTO to address.

Reference was made to work underway in a broad range of MEAs and international organizations related to DPGs, including the WHO, FAO, Basel Convention, Prior Informed Consent Convention, and the draft Persistent Organic Pollutants Convention. New Zealand and others noted that concrete work on DPGs would complement ongoing discussion on market access issues in the CTE. Following Bangladesh's proposal, the CTE requested the Secretariat to prepare an up-date of previous work on DPGs, focusing on the gaps in the coverage of other international instruments, such as consumer products. Egypt thanked the EC for its constructive response to Egypt's concerns about the export of cosmetics containing mercury. Ille gal trade in banned substances continued to be an issue for many countries.

### **Biodiversity**

India contributed its national experience, as one of the mega-diverse countries of the world, with the protection of biodiversity and traditional knowledge. India stressed that this experience reveals that domestic action and leg-

isolation is not enough; international action is necessary to counter bio-piracy and to promote benefit sharing in cases where the use of genetic resources is legitimate. International action should cover issues such as the source of the genetic resources and an undertaking that laws and regulations of the country of origin have been respected. India commented on the development of traditional knowledge digital libraries to address bio-piracy. Brazil, Cuba, Malaysia, and Peru and others endorsed the need for international action. Brazil said that it is necessary to establish minimum multilateral standards to protect traditional knowledge.

Noting the collective nature of traditional knowledge, Japan said that the TRIPs Agreement was not adapted to deal with this area. Canada said it was examining current intellectual property regimes to identify holders of indigenous knowledge and to document this knowledge. Reference was made by Brazil, Canada, Japan, Switzerland, the EC and others, to the expertise in WIPO to discuss the issues related to traditional knowledge raised in India's paper, and to establish technical cooperation in this area. Whilst there were of ten disputes about whether something was patent-worthy, the US noted that the examples in India's paper had been successfully addressed. The US was not sure it accepted that there was a phenomenon that could be termed "bio-piracy".

Norway welcomed the Cartagena Protocol and recalled the CBD decision at the Conference of the Parties in May 2000 inviting the WTO to acknowledge the relevant CBD provisions and take into account the interrelatedness of the CBD and the WTO. The Secretariat was requested to circulate, as a joint CTE-TRIPs Council document, the relevant decisions from the Conference of the Parties of the CBD in May 2000. The CBD noted three main issues on its agenda of particular relevance to the CTE: intellectual property rights (IPRs) and prior informed consent; IPRs and traditional knowledge; and IPRs and access and benefit sharing. The CBD reiterated the call for CBD Parties to provide information on their implementation.

### **Precautionary principle**

The EC presented a European Commission paper on the precautionary principle and called for clarification of the use of this principle in the WTO in order to ensure that it is not used as a form of protectionism. The principle of precaution is used to help take decisions and manage risks to protect human health and the environment where there is scientific uncertainty. The EC set out that measures based on this principle should be proportional, non-discriminatory, cost effective and transparent. The EC said that this concept was a principle of international law, which had recently been included in the Cartagena Protocol on Biosafety.

Noting that the concept of precaution is an inherent component in the domestic regulatory framework of many countries, several Members said that they shared common ground on a number of issues raised in the EC's paper. Australia and others welcomed the emphasis by the EC on scientific risk assessment and science-based decision-making, as reflected in the WTO Agreement on Sanitary and Phytosanitary (SPS) Measures. Japan noted the lack of consensus on the precautionary approach with

respect to food safety and inquired as to the relationship between the precautionary principle and the SPS Agreement. Japan and Hong Kong China noted the need to clarify the issue of the burden of proof with respect to the use of the concept of precaution.

The US said a precautionary approach was reflected in various international fora, including the SPS Agreement; the precautionary approach to fisheries management is a key component of fisheries agreements, such as the 1995 UN Agreement on Straddling Fish Stocks and Highly Migratory Stocks and the FAO Code of Conduct for Responsible Fisheries. The US noted that the use of precaution was context specific. Japan and the US said that it would be difficult to arrive at an internationally agreed definition of this concept. Several Members registered their concern that this concept could be misused to justify protectionism.

### **Fisheries subsidies**

A paper by the United States added a new dimension to the analysis in the CTE of fisheries subsidies by setting out an illustrative list of fisheries subsidies that are environmentally-harmful and trade-distorting. This framework for identifying perverse fisheries subsidies stimulated a vigorous discussion. New Zealand, Iceland, Australia, Argentina, Chile, Hong Kong China, Peru and others supported the proposal to eliminate fisheries subsidies, thereby creating a "win-win" situation for the environment and for trade.

Korea noted the importance of employment in the fisheries sector. Japan asked for concrete examples of harmful fisheries subsidies in order to contribute to the understanding of what, if any, subsidy-related problems existed in this sector.

Reference was made to ongoing work in APEC, FAO, and OECD on government transfers to the fisheries sector, which can contribute to the Secretariat's paper requested for the October CTE meeting. Japan, Korea and the EC said that discussions in the CTE should await results of the ongoing work in these organizations; a comprehensive factual analysis of fisheries management and fisheries subsidies was important. New Zealand, Argentina, the US and others said that there was a clear role for the WTO to tackle the subsidies-related dimensions of overfishing and overcapacity. In addressing the serious problems affecting many fisheries, Australia said the CTE should not debate the respective roles of fisheries management and subsidy reform; clearly there was a need for action on both fronts.

The Convention on Biological Diversity called on the CTE to advance work on the potential "win-win" opportunities for the environment and trade that arise from eliminating trade restrictions and distortions in the fisheries, forestry and agricultural sectors.

The Czech Republic gave a report on the UN-ECE/OECD Workshop on Enhancing the Environment by Reforming Energy Prices, which was held in Průhonice, the Czech Republic on 14-16 June 2000. The EC noted that distortions to trade and environmentally-unfriendly levels of consumption were a failure of market prices to internalize costs in the energy sector; as such, what were the environmental benefits of higher oil prices? □

## Libreville meeting

(Continued from page 1)

Development Bank (ADB) Group, and representatives of the developed countries and development assistance institutions will be taking part in the Libreville meeting.

In plenary, the Ministers will reaffirm their political commitment to the multilateral trading system and examine ways and means of enhancing the participation of the African countries in that system and in WTO activities.

A series of workshops organized by the WTO Secretariat on ten themes covering the WTO agreements will enable the delegations of the African countries to familiarize themselves with the substance of the rules and agreements governing multilateral trade.

Fifty-three countries should attend the Libreville meeting: Algeria, Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central Af-



rican Republic, Chad, Comoros, Republic of the Congo, Democratic Republic of the Congo, Côte d'Ivoire, Djibouti, Egypt, Eritrea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Equatorial Guinea, Kenya, Lesotho, Liberia, Libya, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, Sudan, Swaziland, Tanzania, Togo, Tunisia, Uganda, Zambia and Zimbabwe.

The following sub-regional integration organizations in Africa will also take part in the conference: Economic Community of Central African States (ECCAS), Economic Community of West African States (ECOWAS), Central African Economic and Monetary Community (CEMAC), Common Market for Eastern and Southern Africa (COMESA), Southern Africa Development Community (SADC), West African Economic and Monetary Union (WAEMU) and the Arab Maghreb Union. This meeting has been made possible by the financial and material contributions of Gabon, France, the United Kingdom, Luxembourg, Japan, Chinese Taipei, South Africa, Morocco, Egypt, Nigeria, the Agence Intergouvernementale de la Francophonie, the European Union, the African Development Bank, the International Development Research Center and the United Nations Development Programme.

Alongside the meeting, President Bongo will organize a round-table to assess the implementation of the decisions and recommendations of the summit on poverty reduction and growth held in Libreville in January 2000. This meeting will be attended by the Heads of State of the countries members of the follow-up committee and the heads of the institutions and agencies involved in development financing and aid. □

## MEETINGS

### NOVEMBER 2000

1	Trade Policy Review: Brazil
2-3	Committee on Anti-Dumping Practices
3	Committee on Rules of Origin
7	Committee on Customs Valuations
7-8	Committee on Subsidies and Countervailing Measures
8	Committee on Trade and Development
8-9	Committee on Sanitary and Phytosanitary Measures
9-10	Committee on Safeguards
10	Committee on Technical Barriers to Trade Working Party on the Accession of Andorra
13-15	Textiles Monitoring Body
14-17	Committee on Agriculture
14, 16	Trade Policy Review: Japan
15	Committee on Civil Aircraft
16	Working Group on Trade and Investment
17	Committee on Regional Trade Agreements Dispute Settlement Body
20	Working Party on State Trading Enterprises
21	Working Group on Trade and Competition Policy

### Sweden, the Netherlands boost WTO's technical cooperation fund

Sweden and the Netherlands, in July, pledged to provide 7 million crowns and 2.6 million guilders, respectively for WTO's technical assistance fund.

Swedish Minister for Trade, Mr. Leif Pagrotsky, signed a Memorandum of Understanding with WTO Director-General Mike Moore in Stockholm.

The Dutch government, on 17 July, pledged 2.6 million Dutch guilders (about CHF 1.9 million) for the period 2000-2001 to the Global Trust Fund for WTO Technical Assistance to benefit developing countries and economies in transition. On behalf of the Netherlands' Ministry for Economic Affairs, Director-General for Foreign Economic Relations, Mr. Dirk Bruinsma, signed a Memorandum of Understanding with the Director-General.

Mr. Moore has urged an increase in WTO's technical assistance fund to cope with increasing demand, especially from the least-developed countries. □

### WTO FOCUS

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