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“The moment of truth is fast approaching” – Lamy



Director-General Pascal Lamy, in his [introductory statement](#) to the Trade Negotiations Committee on 28 March, reminded members of the end-April deadline for establishing modalities in agriculture and industrial products, and stressed that “the moment of truth is therefore fast approaching – we do not have time to waste”.

He said that since the last TNC meeting on 7 February (see [WTO Focus No. 68](#)), intensive activity had been taking place “across the whole spectrum” of the Doha Round, complemented by a number of initiatives among some members. This activity “has allowed us to move from generalities, to talking numbers and texts, which is exactly what we need right now”.

The Director-General warned that “we would be making a huge collective mistake if we thought we could postpone the establishment of modalities by the end of April”. He urged delegations to intensify work between now and the start of agriculture and non-agriculture market access (NAMA) meetings on 17 April.

Summing up the mood, he said there was “a strong sense of urgency as get closer to the end of April and a need to change gear on all areas of the negotiation, starting with the triangle of domestic support and market access in agriculture and in industrial products”.

[Mixed reception for ‘Cotton Four’ domestic support proposal](#)

A number of members supported the latest proposal by four African countries on domestic support for cotton, when the sub-committee held its first in-depth discussion on the paper on 27 March, but one – the United States – said it would not put the talks on the path to success.

The Cotton-Four (Benin, Burkina Faso, Chad and Mali) clarified their proposal for cutting and eventually eliminating trade-distorting domestic support in a new paper discussed in the Cotton Sub-Committee on 2 March. The new details include a formula designed to ensure that the cuts on cotton are deeper than those for agriculture as a whole, Chad, one of the four, told the committee.

The formula is designed so that the cut in Amber Box (or AMS) subsidies for cotton are deeper than those for agriculture as a whole, an objective agreed at the Hong Kong Ministerial Conference in December 2005 .

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TRADE POLICY REVIEW [back to top](#)

United States: Openness fuels solid economic growth



Trade Policy Review Body, on 22 and 24 March, conducted its eighth review of the trade policies and practices of the United States. The review was chaired by Ambassador Claudia Uribe (Colombia) with Ambassador. Amina Chawahir Mohamed (Kenya) acting as discussant.

The United States has undergone solid economic growth since its last Trade Policy Review in 2004, aided by the openness and transparency of its trade regime which has supported the continuous drive for change and efficiency characteristic of the US economy as a whole, according to a WTO Secretariat report on the trade policies and practices of the United States.

During the period under review, the United States, the world's largest import market and a key engine of global growth, continued making incremental changes to its trade regime, including liberalization on an MFN and preferential bases. The report notes, nonetheless, that market access barriers and other distorting measures, notably subsidies, persist in a few but important areas, and that addressing these distortions would benefit U.S. consumers and taxpayers and help strengthen the global economy.

The report also says that it is important to pre-empt possible protectionist sentiment, which may require efforts in the United States, including through a reduction in public sector absorption, and in the rest of the world, through increased spending.

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ACCESSIONS [back to top](#)**Viet Nam's talks now 'well into final stages'**

With Viet Nam announcing it has almost completed the two remaining bilateral deals, and following a rush of new laws and multilateral work, the membership negotiation has now pushed "well forward into its final stages", the chair of the working party said on 27 March. The working party of over 40 WTO members (counting the EU as one) will now accelerate its discussions with Viet Nam with the aim of producing a revised report in the next few weeks or months. No date has been set for the next meeting, but chairperson Eirik Glenne (Norway's ambassador) has asked for suggestions in writing in two weeks, which he described as half the usual time. "This is a reflection of the fact that this accession is now entering an intensive phase," he said.

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Chair stresses need to accelerate Russia talks

At the close of the meeting of the Working Party on the Accession of the Russian Federation on 24 March, the chairman, Ambassador Stefan Jóhannesson (Iceland) stressed the need to accelerate work to ensure substantial movement on the large range of pending issues. He also pointed to the need for more plurilateral meetings as members move towards more complicated sections of the draft report of the Working Party. Among the subjects discussed during the meeting were those related to the protection of intellectual property rights, and sanitary and phytosanitary measures. Russia's chief negotiator Maxim Medvedkov reported that his country had completed bilateral negotiations with 17 members since the last meeting held in October last year, and that it is close to completion with Argentina, Australia, Colombia and Costa Rica. It is still holding consultations with the United States and Moldova.

DISPUTE SETTLEMENT [back to top](#)**DSB adopts rulings in dispute concerning Mexico's tax on soft drinks**

The Dispute Settlement Body adopted on 24 March the Panel and Appellate Body reports regarding "Mexico – Tax Measures on Soft Drinks and Other Beverages" (DS308), which was brought by the United States.

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On 17 March, it established panels to examine, respectively, the Mexican anti-dumping duties on steel pipes and tubes brought by Guatemala (DS331); the Turkish measures affecting the US importation of rice (DS334); and the US sunset reviews of anti-dumping measures on oil country tubular goods from Argentina (DS268).

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On 14 March, the DSB adopted the Appellate Body and the Panel reports on the European Communities' second recourse to Article 21.5 in the case "United States: Tax treatment for 'Foreign Sales Corporations'" (DS108).

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On 6 March, the Appellate Body issued its report regarding Mexico's appeal in the case "Mexico – Tax Measures on Soft Drinks and Other Beverages" (DS308), which was brought by the United States to the WTO.

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DEVELOPMENT [back to top](#)

[CTD Special Session elects new chair](#)

The Special Session of the Committee on Trade and Development, on 6 March, elected Amb. Burhan Gafoor of Singapore as the new chairperson. The least-developed countries (LDCs) raised the issue of the duty-free quota-free market access decision. They said that the modalities of this decision should be worked out in the Special Session of the CTD, and that only the review of the implementation of the decision be taken up in the Regular Session of the CTD. However, one member said that at this stage it could not agree to the issue being dealt with in the Special Session and stated the need to further consult on the matter. It felt that the matter should be considered in the Regular Session of the CTD as mandated in the Hong Kong Declaration or even in the Sub-Committee on LDCs. Members also took up the remaining Category I Agreement-specific proposals.

The Chairman intends to hold informal consultations on the Agreement-specific proposals before the next formal meeting, which is scheduled for 7 April 2006.

[CTD adopts work programme](#)

The Committee on Trade and Development, on 3 March, agreed to adopt its [draft work programme for 2006](#) with one change, made on the basis of a statement by Zambia, the Coordinator of the LDC Group. It was agreed that an item on the review of steps taken to provide duty-free and quota-free market access to LDCs would be included in the agenda for all remaining meetings in 2006.

The European Communities and the United States introduced the written questions they had submitted on the Enabling Clause notifications concerning the Framework Agreement on Comprehensive Economic Cooperation between the Association of South East Asian Nations (ASEAN) and China. Malaysia, on behalf of ASEAN and China, indicated that responses to the questions would be provided at the next CTD meeting in May. Japan stated that it would also submit written questions to ASEAN and China.

The Committee agreed to the Chairman's proposal to hold its next comprehensive review of the developmental aspects of the negotiations at its meeting of 6 July 2006. The Secretariat will revise its document on the developmental aspects of the negotiations for that meeting, in particular to take into account any agreed modalities.

The Committee elected Mr. Faizel Ismail (South Africa) as its new Chairperson for the meetings of the CTD in Regular and Dedicated Sessions and re-appointed Ambassador Ian M. de Jong (Netherlands) as Chairman of the Sub Committee on Least-Developed Countries.

LDC Sub-Committee focuses on market access

The Sub-Committee on Least-Developed Countries, on 16 March, discussed market access for LDCs, based on a Secretariat note "Market Access Issues Related to Products of Export Interest Originating from Least-Developed Countries". Several members made substantive contribution to the debate. Members expressed their appreciation for the information and analysis carried out by the Secretariat in the note, and requested some additional data from the Secretariat at the next meeting of the Sub-Committee.

The Sub-Committee resumed its consideration of the Note entitled "Options for Least Developed Countries to Improve their Competitiveness in the Textiles and Clothing Business". In view of a request from the Sub Committee at its previous session, the Secretariat prepared a Note containing recent statistics on textiles and clothing imports of selected economies from LDCs.

Denmark, Switzerland and the United Kingdom give CHF 1.9 million for the Integrated Framework



Denmark, Switzerland and the United Kingdom have donated a total of 1.9 million Swiss Francs to establish the Integrated Framework Programme Implementation Unit for least-developed countries. "This contribution reinforces the commitment of support for the Integrated Framework expressed by trade Ministers in Hong Kong," said WTO Director-General Pascal Lamy.

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OTHER WTO ACTIVITIES [back to top](#)**Lamy: "The WTO is open to dialogue"**

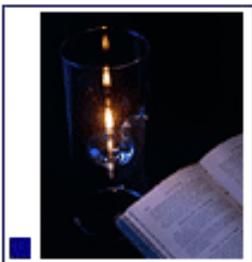
Director-General Lamy, in a [speech](#) at the Graduate Institute of International Studies, Geneva (HEI) on 14 March, said that the WTO is an organization in the archipelago of global governance that is open to dialogue and sensitive to development concerns and other international issues. He cited WTO's efforts in helping poorer countries obtain cheaper generic versions of patented medicines, and noted that the WTO Secretariat maintains working relations with almost 200 international organizations.

In a [video message](#) to the Convention on Biological Diversity on 28 March, he said that the Convention and the WTO "stand side-by-side today in the canvass of rules that the international community has been weaving to make the world a more orderly place". He added that "it is critical that they successfully interface".

Goods Council agrees on chairpersons of subsidiary bodies

The Council for Trade in Goods, on 10 March, agreed on a slate of chairpersons of its subsidiary bodies for this year. It elected by acclamation Ambassador Yonov Frederick Agah (Nigeria) as its new chairman.

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NEW PAPERS [back to top](#)**Liberalizing Financial Services Trade in Africa: Going Regional and Multilateral**

This new discussion paper analyses the possible gains from regional and multilateral liberalization of financial services trade for African countries taking into account the implications of such liberalization for financial regulation and capital account liberalization. It also describes existing efforts to integrate financial markets within four African regions (WAEMU, CEMAC, SADC and COMESA) and discusses the existing GATS commitments of the relevant countries with respect to financial services. Although the regions differ significantly, there is scope for further regional integration in all of them. Significant scope also exists for further multilateral liberalization of financial services, in particular with respect to Mode3.

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Non-Reciprocal Preference Erosion Arising From MFN Liberalization in Agriculture: What Are the Risks?

This new working paper estimates the risk of preference erosion for non-reciprocal preference recipients in the agricultural sector as a consequence of MFN tariff cuts. It is based on a simulation of a single

tariff-cutting scenario. The measure of preference erosion risk is the difference in preference margins enjoyed by individual suppliers to the QUAD (Canada, EU, Japan, United States) markets before and after a MFN tariff reduction, multiplied by the associated trade flow. The paper does not attempt to determine how losses in preference margins translate into trade outcomes, but it does highlight which products and which non-reciprocal preference beneficiaries are the most vulnerable to erosion effects in the major developed country markets. Overall, the paper finds that the risk of preference erosion is small, but some countries are strongly affected in particular product lines (notably sugar and bananas).

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contact us : World Trade Organization, rue de Lausanne 154, CH-1211 Geneva 21, Switzerland