

**PRESS PACK  
BRIEFING NOTES**

World Trade Organization  
**6th Ministerial Conference**  
Hong Kong, China

13–18 December 2005

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**Issued 5 December 2005**

## NOTE

These briefing notes describe the situation as it exists at the time of going to press (mid-November 2005)

They are designed to help journalists and the public understand the key issues of the Hong Kong Ministerial Conference. While every effort has been made to ensure the contents are accurate, they are not legal interpretations of the WTO agreements, nor do they prejudice member governments' positions in the conference and in the negotiations.

In addition, some simplifications are used in order to keep the text simple and clear.

In particular, the words "country" and "nation" are frequently used to describe WTO members, whereas a few members are officially "customs territories", and not necessarily countries (see list of members). The same applies when participants in trade negotiations are called "countries" or "nations".

Where there is little risk of misunderstanding, the word "member" is dropped from "member countries (nations, governments)", for example in the descriptions of the WTO agreements. The agreements and commitments do not apply to non-members.

And, for easier reading, article numbers in GATT and GATS have been translated from Roman numbers into European digits.

## ON THE WEBSITE

[www.wto.org](http://www.wto.org)

You can find more information on WTO activities and issues on **the WTO website**. The site is created around "**gateways**" leading to various subjects — for example, the "trade topics" gateway or the "Doha Development Agenda" gateway. Each gateway provides links to all material on its subject.

References in this text show you where to find the material. This is in the form of a path through gateways, starting with one of the navigation links in the top right of the homepage or any other page on the site. For example, to find material on the agriculture negotiations, you go through this series of gateways and links:

**[www.wto.org](http://www.wto.org) > trade topics > goods > agriculture > agriculture negotiations**

You can follow this path, either by clicking directly on the links, or via drop-down menus that will appear in most browsers when you place your cursor over the "trade topics" link at the top of any page.

Official WTO documents can be found at <http://docsonline.wto.org>.

The path for basic information about the WTO is: **[www.wto.org](http://www.wto.org) > the WTO**



For information on the Doha Development Agenda, the path is:

**[www.wto.org](http://www.wto.org) > trade topics > the Doha agenda**

or click on the "d" icon wherever you see it on the website

## THE WTO MINISTERIAL CONFERENCE WEBSITE

Temporarily: see link on homepage [www.wto.org](http://www.wto.org)

Permanently: **[www.wto.org](http://www.wto.org) > the WTO > decision making > Ministerial Conferences**

## PRESS INFORMATION

# WTO Sixth Ministerial Conference

Welcome to the WTO's Ministerial Conference. This Conference is part of the ongoing round of international trade negotiations known as the Doha Development Agenda (DDA). Launched by ministers at the WTO's fourth Ministerial Conference in Doha, Qatar, in November 2001, the Doha Round of negotiations is expected to conclude at the end of 2006. Its goal is to reduce barriers to trade in areas ranging from services to agriculture, allowing for the economic development of all WTO members.

Since the launch of the round in 2001, government representatives, under instruction from their ministers, have been negotiating at the WTO headquarters in Geneva. Here in Hong Kong, ministers are expected to review progress and to take any decisions necessary to advance the negotiations further towards their conclusion in 2006.

### Organization

The Conference is chaired by Mr John Tsang, Secretary of Commerce, Industry and Technology of Hong Kong, China. A key role in these meetings is expected to be played by Mr Pascal Lamy, Director-General of the WTO and Chairman of the Trade Negotiations Committee of the DDA negotiations in Geneva. The three Vice-Chairpersons are: Dr Martin Bartenstein, Federal Minister for Economic Affairs and Labour of Austria; Mr Idris Waziri, Minister of Commerce of Nigeria; and The Hon. Antoinette Miller, Senior Minister, Ministry of Foreign Affairs and Foreign Trade of Barbados. The formal plenary sessions of the Conference, which are open to the media and NGOs, are chaired by one of the above.

The plenary sessions continue throughout the duration of the Conference and consist of formal statements by each minister in turn, delivered orally and broadcast live, outlining each member government's view of the current state of affairs in world trade and in the DDA negotiations. There is no discussion, negotiation, or spontaneous exchange of views in the plenary sessions; they are merely formal statements for the record.

The central task of the Conference - to advance the DDA negotiations - is conducted in informal meetings among ministers and their officials.

At ministerial conferences, negotiations and hard bargaining require smaller group consultations among some 20-30 delegations. These involve countries most interested in the subject and include representatives of the relevant coalitions. Should the talks become deadlocked, discussions in even smaller groups may be needed. The chairperson of a negotiation may attempt to forge a compromise by holding consultations with delegations individually, or in twos or threes. Although these smaller meetings arouse concerns, members acknowledge that for certain specific issues in certain circumstances there is no alternative since the logistics and cumbersome nature of big meetings make it virtually impossible to progress towards a compromise. And in any case, any compromise or progress achieved in these smaller groups has to be submitted for approval by the whole WTO membership through consensus before it can gain approval.

The Conference will conclude with a formal meeting of all ministers representing the whole WTO membership to adopt by consensus any decision or work programme for government negotiators to pursue in Geneva.

#### WTO ministerial conferences

Officially, this meeting is the Sixth WTO Ministerial Conference. The ministerial conference is the organization's highest-level decision-making body. It meets "at least once every two years", as required by the Marrakesh Agreement Establishing the World Trade Organization — the WTO's founding charter.

The Hong Kong ministerial will be the sixth since the WTO was created on 1 January 1995.

**Singapore:**  
9–13 December 1996

**Geneva:**  
18 and 20 May 1998

**Seattle:**  
30 November–3 December 1999

**Doha:**  
9–13 November 2001

**Cancún:**  
10–14 September 2003

**Hong Kong:**  
13–18 December 2005

## **Media facilities**

The Press Centre is located on Phase I, Level II. It offers about 1000 workstations – 300 of them with personal computers and the others with internet and power connections for laptops. Wireless internet is available in the entire conference centre.

Keith Rockwell, the WTO spokesman, will hold daily media briefings in Theatre I at pre-announced times. On Monday 12 December, Mr Rockwell will brief media on the logistical arrangements for the Conference at 3.00pm in Theatre I. Other press conferences by governments or WTO officials will be announced on monitors throughout the conference centre. WTO press officers and support staff for information and media relations will be available throughout the duration of the Conference at the Information and Media Relations office, behind the press centre seating area.

Briefing notes have been prepared by the press officers to help explain some of the many complexities in the wide range of issues under discussion in the DDA. Further detailed information on these and on other WTO issues, together with related official documentation, is available on the WTO website.

Print copies of all statements by ministers delivered in the plenary sessions will be available as soon as they have been translated into the three WTO working languages (English, French, and Spanish). These will also be available on the website.

## SNAPSHOT

# Doha Development Agenda

*A brief summary of some of the items on the Agenda. The attached notes contain more information on these and other issues.*

- **Agriculture** Comprehensive negotiations, incorporating special and differential treatment for developing countries and aimed at substantial improvements in market access; elimination of all forms of export subsidies, as well as establishing disciplines on all export measures with equivalent effect, by a credible end date; and substantial reductions in trade-distorting domestic support. Special priority is given to cotton.
- **Services** Negotiations aimed at achieving progressively higher levels of liberalization through market-access commitments and rule-making, particularly in areas of export interest to developing countries.
- **Non-agricultural products** Negotiations aimed at reducing or, as appropriate, eliminating tariffs, including the reduction or elimination of tariff peaks, high tariffs, and tariff escalation, as well as non-tariff barriers, in particular on products of export interest to developing countries.
- **Rules** Negotiations aimed at clarifying and improving disciplines dealing with anti-dumping, subsidies, countervailing, regional trade agreements, and fisheries subsidies, taking into account the importance of this sector to developing countries.
- **Trade facilitation** Negotiations aimed at clarifying and improving disciplines for expediting the movement, release and clearance of goods, and at enhancing technical assistance and support for capacity-building, taking into account special and differential treatment for developing and least-developed countries.
- **Intellectual property** Negotiations aimed at creating a multilateral register for geographical indications for wines and spirits; negotiations aimed at amending the TRIPS Agreement by incorporating the temporary waiver which enables countries to export drugs made under compulsory license to countries that cannot manufacture them; discussions on whether to negotiate extending to other products the higher level of protection currently given to wines and spirits; review of the provisions dealing with patentability or non-patentability of plant and animal inventions and the protection of plant varieties; examination of the relationship between the TRIPS Agreement and biodiversity, the protection of traditional knowledge and folklore.
- **Dispute settlement procedures** Negotiations aimed at improving and clarifying the procedures for settling disputes.
- **Trade and environment** Negotiations aimed at clarifying the relationship between WTO rules and trade obligations set out in multilateral environmental agreements; and at reducing or, as appropriate, eliminating tariff and non-tariff barriers to environmental goods and services.
- **Special and differential treatment** Review of all S&D treatment provisions with a view to strengthening them and making them more precise, effective and operational.

### DDA timeline

#### November 2001, Doha

At the Fourth Ministerial Conference, ministers agree to launch a new round of trade talks, placing development needs at the core.

#### September 2003, Cancún

The Fifth Ministerial Conference ends without consensus on how to move the negotiations forward.

#### July 2004, Geneva

Members adopt a framework for the negotiations (the "July Package"), which served as a basis for the work since then.

#### January 2005

Original deadline to conclude the round is missed.

#### December 2005, Hong Kong

At the Sixth Ministerial Conference, ministers advance negotiations to conclude the round by the end of 2006.

## AGRICULTURE

### 'Modalities' would boost entire round

#### ON THE WEBSITE:

[www.wto.org](http://www.wto.org) > [trade topics](#) > [goods](#) > [agriculture](#)

[www.wto.org](http://www.wto.org) > [trade topics](#) > [goods](#) > [agriculture](#) > [agriculture negotiations](#)

[www.wto.org](http://www.wto.org) > [trade topics](#) > [goods](#) > [agriculture](#) > [agriculture negotiations](#) > [negotiations backgrounder](#)

DOHA DECLARATION: Paragraphs 13–14

Because of its crucial importance to almost all members, agriculture is often seen as the key to the entire package of negotiations. From time to time delays in agriculture have held up progress in other subjects as negotiators waited for an outcome in agriculture.

The agriculture negotiations are difficult because of the wide range of views and interests among member governments, the large number of active participants, and the complexity of many issues. The aim is to contribute to further liberalization of agricultural trade, allowing countries to compete on quality and price rather than on the size of their subsidies. That is particularly the case for many developing countries whose economies depend on an increasingly diverse range of primary and processed agricultural products, exported to an increasing variety of markets, including to other developing countries.

At the heart of the talks are the “**three pillars**”:

- **market access**: cutting tariffs, expanding tariff-quotas and various flexibilities for these
- **exports subsidies** (officially “export competition”): eliminating these and disciplining export credit, food aid and state trading enterprises to eliminate hidden export subsidies
- **domestic support**: cutting supports that distort trade (by stimulating over-production and artificially raising or lowering prices) and disciplining forms of support that could distort trade

The talks also cover a number of other issues, including special treatment for **developing countries** and “**non-trade concerns**” (agriculture’s role in providing food security, rural development, environmental protection, etc).

### Hong Kong: en route to ‘modalities’

The unofficial objective for agriculture at the Hong Kong Ministerial Conference was to complete “**modalities**” (or to get as close as possible to that). This would allow the full package of agreement in agriculture to be completed by the end of 2006 (also an unofficial target). However, delays before the WTO’s 2005 summer break meant that members left themselves an immense amount of work in the three months before Hong Kong. In November, the objective for Hong Kong was recalibrated. Members now hope to use the Ministerial Conference as a staging post to achieving modalities early in 2006, without altering the level of ambition for the final result of the negotiations, and sticking to unofficial final deadline of the end of 2006.

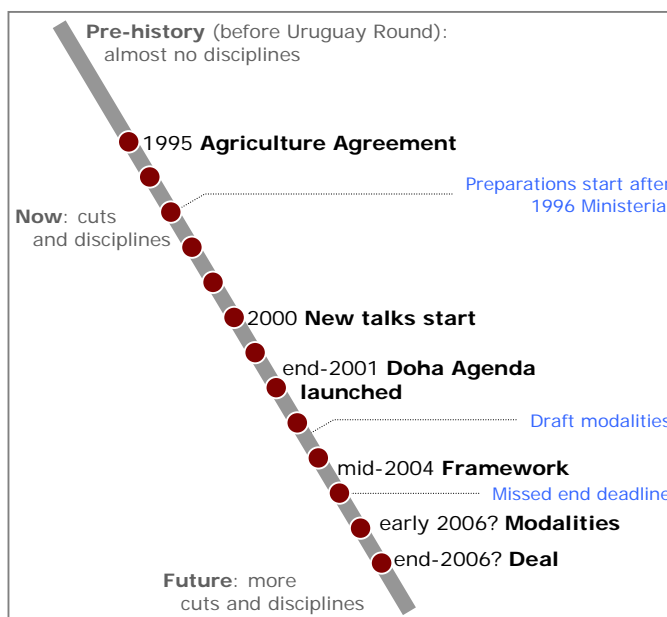
The modalities will describe how the final agreement will be shaped, spelling out numerical and other targets for further reform of agricultural trade. They will feature in particular the formulas and flexibilities to be used to reduce tariffs, expand quotas and cut domestic support. They will include an end-date for eliminating export subsidies. They will also contain revised rules to discipline agricultural trade policies. All of these will be designed to achieve the objectives set out in the 2001 Doha Ministerial Declaration: “substantial improvements in market access; reductions of, with a view to phasing out, all forms of export subsidies; and substantial reductions in trade-distorting domestic support”.

After the “modalities” have been agreed, they will be used to calculate the tariff cuts each country makes on thousands of products, and cuts on a range of subsidies and supports, with some bargaining on these also likely before the negotiations are finally concluded. This phase can take several months.

## How we got here

The way negotiators get to grips with highly complex negotiations is to accumulate a series of deals that eventually build up to the final agreement. At any time in a negotiation, what has been achieved and agreed or acquired so far (the French term “**acquis**” is often used), is important. One major point achieved in the agriculture talks is the elimination of export subsidies, agreed in 2004.

The starting point is the 1986–1994 Uruguay Round, which produced the WTO’s Agriculture Agreement and individual countries’ commitments to reduce export subsidies, domestic support and import barriers on agricultural products. This significant first step towards reforming agricultural trade brought all agricultural products (as listed in the agreement) under multilateral disciplines, including “tariff bindings” — WTO members have bound themselves to maximum tariffs on virtually all agricultural products, while a significant number of industrial tariffs remain unbound. The reform also set maximum limits on subsidies, constraining them for the first time, and reducing them from past levels.



**Key dates in the WTO agriculture negotiations**

Since then, in the agriculture talks, the following have been “acquired”:

- **The original mandate: Article 20.** The present Agriculture Agreement, resulting from the 1986–94 Uruguay Round, was significant but only a first step towards reforming agricultural trade. Many countries considered the deal to be unfinished business, a view confirmed in Article 20 of the Agriculture Agreement, which describes reform as an “ongoing process” and commits members to further negotiations from 2000. The article clearly sets out the direction of the talks, but in broad terms — “substantial progressive reductions in support and protection resulting in fundamental reform”.
- The 2001 **Doha Ministerial Declaration** (see below).
- The **framework** agreed in the 1 August 2004 General Council decision, part of what is sometimes called the “July 2004 package” (see below).

### The negotiations: before Doha — 2000–2001

The negotiations began in early 2000 in “Special Sessions” of the Agriculture Committee. Right from the start, participation was and remains unprecedented. In the first year alone, 126 member governments (89% of the then 142 members) submitted 45 proposals and three technical documents. Because the proposals were starting positions, and because so many countries were involved, the positions were diverse and the differences considerable.

### The Doha mandate — from 2002

The 14 November 2001 **Doha Ministerial Declaration** set a new mandate by making the objectives more precise, building on the work carried out so far, confirming and elaborating the objectives, and setting a timetable with deadlines. Agriculture became part of the single undertaking.

The declaration made special and differential treatment for developing countries integral throughout the negotiations, both in countries’ new commitments and in any relevant new or revised rules and disci-

plines. It said the outcome should be effective in practice and should enable developing countries to meet their needs, in particular in food security and rural development. The ministers also took note of the non-trade concerns (such as environmental protection, food security, rural development, etc.) reflected in the negotiating proposals already submitted, and they confirmed that the negotiations would take non-trade concerns into account, as provided for in the Agriculture Agreement. Talks under this mandate began in March 2002.

Consensus is impossible if negotiators stick to their starting positions. Although the intensity of the agriculture negotiations was sustained almost continuously for over three years from the start in 2000, crucially lacking was any significant move towards middle ground, even under the new Doha mandate.

Under this mandate, intensive negotiations continued from March 2002 to March 2003 but still failed to produce agreement on "modalities" as members held on to their positions. The negotiators' failure to agree was not for lack of trying. Rather, they lacked political decisions from their governments to allow them to start to shift.

The then chairperson Stuart Harbinson did produce a draft in March 2003, as required under the Doha mandate, but without consensus this was set aside. Instead, members began discussing a more modest "framework" as an interim step, aiming to reach agreement on this at the September 2003 Cancún Ministerial Conference. (Under the original Doha mandate, Cancún was supposed to be much closer to the end of the talks, with members producing their offers or "comprehensive draft commitments" on thousands of products and a range of subsidies and supports, based on the "modalities".)

Finally, in July 2003 countries did start to move. This produced draft "frameworks", some of them compromises between opposing positions, which were on the table at the Ministerial Conference in September. But agreement was not possible. After Cancún, the farm talks were suspended, as were all the Doha Agenda subjects, until the end of the year.

The momentum picked up again from the beginning of 2004, with a number of political initiatives. The US set the tone with a call-to-arms letter to fellow-ministers on 11 January 2004, suggesting how to proceed. In May, the EU announced some key concessions, including agreement to negotiate a date for the end of all forms of agricultural export subsidies. There were a number of important meetings around the world, including the first major attempts to compromise by ministers and officials from Australia, Brazil, the EU, India and the US (sometimes called the Five Interested Parties or FIPS).

The result was the **framework**, outlining key principles of the modalities, which was agreed by all members in Geneva shortly after midnight on 1 August 2004, an annex of the decision sometimes called the "July package". This is the latest document that banks what has been achieved in the negotiations.

*AGREED FRAMEWORK ON THE WEBSITE:*

*[www.wto.org](http://www.wto.org) > [trade topics](#) > [doha agenda](#) > [the post-Cancún July 2004 package \(look under "news"\)](#)*

Work since then, in the second half of 2004 and in 2005, has built on the framework, producing agreement on some key technical questions. Some gaps between countries' positions have been closed or narrowed. But an unexpected delay of four months was caused by negotiations over a technical issue (the method for converting non-ad valorem duties — duties not charged as percentages of the value of the imports — into ad valorem or percentage equivalents). Further slippages meant that as Hong Kong approached, a lot more work was still needed before everything could be compiled into "modalities".

Assessing the situation at the end of July 2005, Tim Groser, then chairperson of the negotiations, told negotiators that the talks were stalled, but they had also clarified some of the key political trade-offs that members would have to sort out in the coming months:

*SUMMER 2005 ASSESSMENT ON THE WEBSITE:*

*[www.wto.org](http://www.wto.org) > [trade topics](#) > [goods](#) > [agriculture](#) > [agriculture negotiations](#) > ["Farm talks chairperson reports to Trade Negotiations Committee, 28 July 2005" \(scroll down to "news of the negotiations"\)](#)*

After the summer break, the talks took a new turn. Now under the new chairperson, Ambassador Crawford Falconer of New Zealand, and with little more than two working months left, they focused more comprehensively on the core parts of the modalities so that members could start to discuss concrete trade-offs between reductions in tariffs and domestic support, and between the depths of the cuts in



general and the accompanying flexibilities for particular products or circumstances. A large number of new proposals were tabled.

Amb. Falconer was able to report that **the way** members were presenting their positions had changed: for the first time in five years of negotiations, instead of simply making proposals, they were starting to discuss what they would demand in return for yielding — at least part of the way — to others' demands. For example, some countries were stating more clearly their view that more flexibility in the formula for cutting tariffs would allow them to reduce the number of products that they would designate as "sensitive". However, Ambassador Falconer said this change of tone should have happened six months earlier. Still overhanging the talks was the question of whether members had left themselves too little time to sort out the main issues by the Hong Kong conference.

### The latest issues: the 2004 framework and after

*EXPLANATIONS OF THESE ISSUES ON THE WEBSITE:*

*[www.wto.org](http://www.wto.org) > [trade topics](#) > [goods](#) > [agriculture](#) > [agriculture negotiations](#) > [negotiations backgrounder](#)*

**Export subsidies and competition.** Of the three pillars, this is the one that has progressed most. All forms of export subsidies will be eliminated by a "credible" date, including "parallel" elimination of subsidies in government-supported export credit, food aid, and state-sanctioned exporting enterprises. Disciplines will be negotiated on all export measures whose effects are equivalent to subsidies. With elimination agreed, discussions on some other headings have progressed well, particularly on export credit. Food aid and exporting state trading enterprises remain more difficult.

**Market access:** This is the most difficult of the three pillars with a wider and more complex range of interests because all countries have market access barriers, whereas only some have export subsidies or trade-distorting domestic supports. Most governments are under pressure to protect their farmers, but many also want to export and therefore want to see others' markets open up.

The framework commits members to "substantial improvements in market access for all products". Among the key issues are:

- The **tariff reduction formula:** "bound" tariffs will be sorted into tiers according to how high they are so that higher tariffs can be cut more steeply; the debate over the type of formula in each tier has been narrowed. By October, most members had accepted that the flexible "Uruguay Round approach" and the tighter "Swiss formula" would not be agreed. Instead, some kind of linear reduction (usually a flat rate percentage cut in each tier) was pursued, although one proposal envisaged a more complicated sliding scale of reductions. A key question was whether flexibility could be built into the formula in the form of a "pivot": each tier would have a fixed percentage reduction subject to a permitted variation of plus or minus a number of percentage points. Members argued for and against this.
- All countries will be given flexibility for **sensitive products**; details are still being negotiated. Some countries have said they would reduce the number of sensitive products if the tariff reduction formula contained more flexibility.
- Developing countries are given further flexibility for **"special products"** and can use a **"special safeguard mechanism"** still to be developed. Delegations advocating greater flexibility for developing countries' special products have been preparing proposed indicators to be used so that these products comply with the criteria of the 2004 framework: food security, livelihood security and rural development needs.
- Also still debated are how to deal with conflicting interests among developing countries, including how to address the issue of **preference erosion**; and how to achieve the fullest liberalization of trade in **tropical products** and crops grown as **alternatives to illicit narcotics**.

**Domestic support.** All developed countries will make substantial reductions in distorting supports, and those with higher levels are to make deeper cuts from "bound" rates (the actual levels of support are generally lower than the bound levels). The way to achieve this will include reductions both in current ceilings **overall** for three types of distorting support ("Amber Box", "de minimis" and "Blue Box"), and in **two components** — Amber Box (supports having a direct impact on prices and quantities) and de minimis supports (minimal amounts of amber-type supports). The **third component** Blue Box sup-

ports (distorting but less so because of production limits or other criteria) will be capped; at the moment the Blue Box has no limits. The fine print contains details but also stresses that these have to meet the long-term objective of "substantial reductions". On top of that, in the first year each country's ceiling of permitted overall support will be cut by 20% (sometimes called a "downpayment"). This will considerably tighten disciplines on distorting domestic support, but for most countries it might not bite much into actual supports since current levels tend to be below the ceilings.

As for "Green Box" supports, currently unlimited, criteria for defining supports eligible for this category will be reviewed and clarified to ensure that the supports really do not distort trade, or do so minimally. At the same time, the exercise will preserve the basic concepts, principles and effectiveness of the Green Box, and take account of non-trade concerns such as environmental protection and rural development.

## COTTON

### Special focus as an agriculture negotiations issue

*ON THE WEBSITE:*

[www.wto.org](http://www.wto.org) > [trade topics](#) > [goods](#) > [agriculture](#) > [agriculture negotiations](#) > [cotton sub-committee](#)

The Cotton Initiative was originally raised both in the General Council and the agriculture negotiations by Benin, Burkina Faso, Chad and Mali. Their 30 April 2003 proposal was presented on 10 June 2003 to the Trade Negotiations Committee by Burkina Faso President Blaise Compaoré. It described the damage that the four believe has been caused to them by cotton subsidies in other countries, called for the subsidies to be eliminated and for compensation to be paid while the subsidies remain, to cover economic losses.

The proposal became a Cancún Ministerial Conference document and an agenda item of the conference, seeking decision by the ministers. Members' views differed as to whether this should be handled as a specific question or whether it should come under the three pillars of the agriculture negotiations (market access, domestic support and export subsidies). They also differed over the question of compensation, how it should be paid, for example whether it should be development assistance, and who should handle it — the WTO does not have development funding except for training officials in WTO affairs.

Recovering from the deadlock in Cancún, the August 2004 General Council decision says members consider the cotton initiative to be important in both of its two main points: the trade issues covered by the framework for agriculture modalities and the development issues. The two are linked.

**Development** Referring to the WTO Secretariat's 23-24 March 2004 workshop on cotton in Cotonou, Benin, and other activities, the main part of the text instructs the Secretariat and the director-general to continue to work with the development community and international organizations (World Bank, IMF, FAO, International Trade Centre), and to report regularly to the General Council. Members themselves, particularly developed countries, "should" engage in similar work.

**Trade** The "framework" instructs the agriculture negotiations to ensure that the cotton issue is given "appropriate" priority, and is independent of other sectoral initiatives. It says that both the overall approach of the framework and the cotton initiative itself are the basis for ensuring that the cotton issue is handled ambitiously, quickly and specifically within the agriculture negotiations.

**The Cotton Sub-Committee** It was set up under the August 2004 framework at the 19 November 2004 meeting of the agriculture negotiations. Its purpose is to focus on cotton as a specific issue in the agriculture talks. (The cotton proposal, which also includes development issues, is discussed in the General Council as well.) It normally meets close to the time of the "agriculture weeks" of negotiations.

The latest new or modified proposals were tabled in November 2005: from the four African proponents (Benin, Burkina Faso, Chad and Mali) and from the EU. They include proposed actions for ministers to take at the Hong Kong Ministerial Conference.

The four African proponents call for export subsidies on cotton to be eliminated totally by the end of this year; 80% of trade distorting domestic support to be scrapped by the end of 2006 and the remaining by 1 January 2009; disciplines to ensure only authorized domestic supports remain; substantial improvements in market access, with duty-free and quota-free access for cotton and cotton products from least-developed countries; an emergency fund to help deal with depressed international prices; and technical and financial assistance for the cotton sector in Africa.

The EU proposes ministers agree to larger or faster commitments for cotton than in agriculture as a whole in all three pillars. In addition, the EU says it is willing to eliminate all duties, quotas and other quantitative restrictions on imports from all countries, the most trade-distorting domestic supports (AMS), and all export subsidies, from "day one" (the first day that the final agreement is implemented), and to apply disciplines on Blue Box subsidies from "day one".

## TRADE IN SERVICES

# One member's obligation is another member's right

*ON THE WEBSITE:*

*[www.wto.org](http://www.wto.org) > trade topics > services*

*DOHA DECLARATION: Paragraph 15*

### GATS: The Agreement

The General Agreement on Trade in Services (GATS) is the first and only set of multilateral rules governing international trade in services. The agreement covers all internationally-traded services – for example: banking, telecommunications, tourism, and professional services such as accountancy, architectural, legal services, among others.

Governmental services are explicitly left out of the agreement and there is no legal obligation to force a government to privatize services industries. Nor does the agreement outlaw government or private monopolies. Governmental services are defined in the agreement as those that are not supplied commercially nor in competition.

Under the GATS, even if a government decides to open its domestic public services market to foreign suppliers it still retains the right to set qualification requirements (e.g. for doctors or lawyers), to set standards to ensure consumer health and safety, and to introduce new regulations to pursue any other policy objective. The key principle is that the host government must not treat any foreign supplier more favourably than other competing foreign suppliers.

The agreement also defines four ways (“modes”) of delivering or trading a service:

- Mode 1 is where services are supplied from one country to another (e.g. international telephone calls), officially known as “cross-border supply”;
- Mode 2 is where consumers or firms make use of a service in another country (e.g. tourism) officially known as “consumption abroad”;
- Mode 3 is where a foreign company sets up subsidiaries or branches to provide services in another country (e.g. foreign banks setting up operations in a country) officially known as “commercial presence”; and
- Mode 4 is where individuals travel from their own country to supply services in another country (e.g. fashion models, architects or consultants) officially known as “movement of natural persons”.

### Negotiations

Negotiations to liberalize international trade in services are being conducted along two concurrent tracks:

- bilateral bargaining (known as “request-offer”) between governments to improve market access opportunities (known as “specific commitments”) in each other’s market, the results of which will be applied to all trading partners; and
- multilateral negotiations among all governments to establish any necessary rules and disciplines which will apply to the whole WTO membership, with certain special provisions for developing and least-developed countries.

### Market access negotiations

**The “request-offer” negotiating method:** Negotiations to improve market access in services are conducted through a request-offer procedure. Governments send requests to each other indicating what market access opportunities they are seeking for their national services suppliers; the governments in receipt of such requests reply by submitting their initial offers specifying how and to what extent they

are willing to consider opening their domestic markets in response to these requests. This sets in motion a series of bilateral bargaining sessions. Regardless of which country submits a request, the final offer from the responding country applies to all trading partners. The negotiations are considered successfully concluded only when all the governments assess that the latest offers represent a commercially meaningful package of opportunities for their national services suppliers. These final offers then become legally-binding commitments specifying the conditions under which market access is granted.

The commitments appear in “schedules” that list the sectors being opened, specifying the extent of market access being given in those sectors (e.g. whether there are any restrictions on foreign ownership), and any limitations on national treatment (e.g. whether some privileges given to local companies will not be given to foreign companies). So, for example, if a government commits itself to allow foreign banks to operate in its domestic market, that is a market-access commitment. And if the government limits the number of licenses it will issue, then that is a market-access limitation. If it also says that foreign banks are subject to higher minimum capital requirements than domestic banks, that is a national-treatment limitation.

**Brief summary of market access talks:** So far, 93 governments have submitted initial offers, of which 53 have revised or improved their offers as a result of bilateral negotiations. However, delegations widely acknowledge that the overall quality of initial and revised offers remains unsatisfactory; few, if any, new commercial opportunities will result from current offers. A number of delegations recognize that the request-offer method on its own is not producing the desired result. Many delegations maintain that negotiators should explore all negotiating methods available within the parameters of the negotiating mandate of the GATS – i.e. bilateral, plurilateral and multilateral approaches. The role of possible indicators to measure and promote progress has been raised by some delegations, while others have expressed concern that these would undermine the negotiating flexibility granted by the GATS. Negotiators continue to discuss possible negotiating methods complementary to the request-offer method, and possible means of intensifying the request-offer process.

Each government’s offer covers several services sectors and specifies how the service will be delivered under the various modes.

So, for example, in the financial services sector, one country has offered to eliminate a 51% foreign equity limitation for asset management companies which want to establish a “commercial presence” by setting up subsidiaries or branches (i.e. under Mode 3). Also under this mode of commercial presence, a country has offered to increase the number of licenses for foreign banks from 12 to 20. Another offer proposes to allow locally established insurance companies to reinsure themselves abroad without having to establish a company there so as to provide a cross-border service under Mode 1. Yet another country has offered to allow its citizens to purchase financial advisory services abroad – this is defined as “consumption abroad” under Mode 2. Under Mode 4, where individuals travel from their own country to supply services in another country, there is an offer to allow foreign financial institutions the transfer of CEOs and other staff.

Below are brief extracts from an assessment made by the chairman of the services negotiations, including his summary of some of the views of the negotiators.

- **Legal services** 17 offers propose improvements in the legal services sector. Delegations have indicated their expectation that the following barriers would be addressed in the negotiations: citizenship requirements, partnership/association restrictions, and restrictions on employment of locally-qualified lawyers. Some delegations have observed that the offers on legal services were limited in scope and did not lead to effective market access.
- **Other professional services** Other than legal services, 15 offers have been made in accounting, auditing and bookkeeping services, 14 in architectural services, and 16 in engineering services.
- **Computer and related services** 32 offers have been made in these services. They are one of the priority areas emphasized by delegations that aim to improve commitments on cross-border supply, given the sector’s importance as a cross-border export and as a facilitator of access.

- **Postal and courier services** 14 offers have been made. A number of delegations characterized postal and courier services as a top priority. Some expressed interest in commitments on all postal or courier service no longer subject to monopoly, others put particular emphasis on courier or express delivery service.
- **Telecommunications services** 34 offers have been made in this sector, in which virtually all developed-country delegations as well as a number of developing-country delegations have expectations for progress.
- **Financial services** 32 offers have been made with respect to insurance and insurance-related services and 30 offers have been made with respect to banking and other financial services. A number of delegations expressed disappointment since many offers did not capture existing levels of liberalization.
- **Maritime transport services** 24 offers have been made in maritime transport services. A group of delegations expressed dissatisfaction at the limited number of quality offers.
- **Other transport services** 14 offers have been made in the three air transport subsectors that fall under the GATS, 13 in road transport services, and 9 in rail transport services.

## Rules negotiations

Article 6 of the GATS mandates negotiations to develop any necessary disciplines on domestic regulation. The following types of domestic regulations are mentioned: transparency provisions; licensing requirements and procedures; qualification requirements and procedures; and technical standards. It is commonly understood among delegations that the outcome of the negotiations will not affect the right to regulate but ensure that regulations are not unnecessarily trade-restrictive.

GATS does not require any service to be deregulated. Commitments to liberalize do not affect governments' right to set levels of quality, safety or price, or to introduce new regulations to pursue any other policy objective. Governments retain the right to set qualification requirements (e.g. for doctors or lawyers), and to set standards to ensure consumer health and safety. The GATS says that governments should regulate services reasonably, objectively, impartially, and in a transparent manner.

Several delegations emphasized that disciplines in domestic regulation should facilitate mode 4 commitments, ensuring that technical standards and licensing procedures were not unnecessarily burdensome, and establishing effective mechanisms to recognize foreign qualifications.

On emergency safeguard measures, subsidies and government procurement, no tangible progress has been achieved to date. Several delegations continue to stress the importance of an emergency safeguard mechanism, while others maintain their longstanding concerns revolving around, *inter alia*, such a mechanism.

## MARKET ACCESS, NON-AGRICULTURAL PRODUCTS Still sorting out 'modalities'

### *ON THE WEBSITE:*

[www.wto.org](http://www.wto.org) > [trade topics](#) > [goods](#) > [market access](#)

[www.wto.org](http://www.wto.org) > [trade topics](#) > [goods](#) > [market access](#) > [market access negotiations](#)

*DOHA DECLARATION: Paragraph 16*

Negotiators have been considering in the past months the structure of the formula to be applied for tariff reductions. The formula is the most fundamental element of the negotiations and a key modality in the tariff reduction exercise. The aim is to have an agreement on modalities by the Ministerial Conference in Hong Kong.

### The Doha mandate

At the Doha Ministerial Conference in November 2001, ministers agreed to start negotiations to further liberalize trade in non-agricultural goods. To this end, the Negotiating Group on Market Access (NAMA) was created at the first meeting of the Trade Negotiations Committee, in early 2002.

The ministers agreed to launch tariff-cutting negotiations on all non-agricultural products. The aim is "to reduce, or as appropriate eliminate tariffs, including the reduction or elimination of tariff peaks, high tariffs, and tariff escalation, as well as non-tariff barriers, in particular on products of export interest to developing countries". The product coverage shall be comprehensive and without a priori exclusions.

These negotiations shall take fully into account the special needs and interests of developing and least-developed countries, and recognize that these countries do not need to match or reciprocate in full tariff-reduction commitments by other participants.

At the start, participants had to reach agreement on how ("**modalities**") to conduct the tariff-cutting exercise. (In the Tokyo Round, the participants used an agreed mathematical formula to cut tariffs across the board; in the Uruguay Round, participants negotiated tariff cuts using a variety of methods). The agreed procedures would include studies and capacity-building measures that would help least-developed countries participate effectively in the negotiations.

While eight GATT Rounds have sharply reduced customs duties, certain tariffs continue to restrict trade, especially on exports of developing countries — for instance "tariff peaks", which are relatively high tariffs, usually on "sensitive" products, amidst generally low tariff levels.

Another example is "tariff escalation", in which higher import duties are applied on semi-processed products than on raw materials, and higher still on finished products. This practice protects domestic processing industries and discourages the development of processing activity in the countries where raw materials originate. The original aim of ministers was to conclude NAMA negotiations by 2005. The Sixth Ministerial Conference in Hong Kong, December 2005, will take stock of progress.

### Since then...

The July 2004 "framework", agreed by the General Council, contained the initial elements for future work on modalities and reaffirmed the mandate of the Doha Declaration with some additional clarifications and guidelines. In this framework, Members recognized that "a formula approach is key to reducing tariffs, and reducing or eliminating tariff peaks, high tariffs, and tariff escalation, and agreed that the Negotiating Group should continue its work on a non-linear formula (not all tariff rates are cut by the same percentage) applied on a line-by-line basis which shall take fully into account the special needs and interests of developing and least-developed country participants, including through less than full reciprocity in reduction commitments.

By September 2005 Members have submitted more than 60 papers as a contribution to the debate.

These proposals deal with the “modalities” for the negotiations, covering tariff reductions, how to deal with non-tariff barriers, how to give developing countries special and differential treatment, and the possible effects of the reduction in tariffs on the development policies of some countries and on their fiscal revenues, etc. The “modalities” include the criteria to be used to define environmental goods, since the Doha Declaration includes a mandate to negotiate the reduction of tariffs in this particular sector of goods, a subject transferred from the Trade and Environment Committee to this negotiating group.

At the end of July 2005, the chairman of the Negotiating Group, ambassador Stefan Johannesson of Iceland, submitted a report to the General Council in which he reported that there was an impasse on the formula, although Members were not as far apart and the divergence was not so much about the structure as about getting the right balance between ambition and flexibilities for developing countries.

**The formula:** In his latest assessment of the negotiations, the chairman said he believed that Members supported the use of a Swiss Formula (that is, higher tariffs are submitted to deeper cuts) as the central tariff cutting mechanism for the NAMA negotiations. However, he also said that under this umbrella of a Swiss formula, he had identified two approaches. In general terms, one approach envisages the use of a limited number of coefficients to be negotiated and the other proposes a largely pre-determined coefficient for each Member using its tariff average as a starting point. Members that have submitted proposals for a formula are Chile, Colombia and Mexico (joint proposal); Norway; United States; European Communities; Argentina, Brazil and India (joint proposal); Antigua and Barbuda, Barbados, Jamaica and Trinidad and Tobago (joint proposal); and Pakistan.

**Sectors:** In the July 2004 agreement on the framework for establishing modalities, members recognized that a sectorial tariff component, aiming at elimination or harmonization of tariffs in certain sectors, is another key element in achieving the objectives of the mandate. This sectorial approach would aim at products of export interest to developing countries. Some members have expressed their opinion that the participation in any sectorial initiative should be voluntary. Work has been ongoing in the following sectors : Electronics/Electrical Equipment, Bicycles and Sporting Goods, Chemicals, Fish, Footwear, Forest Products, Gems and Jewelry, Pharmaceuticals and Medical Devices and Raw Materials.

**Special and differential treatment for developing countries:** There have been extensive discussions on these provisions and their relationship with the formula. Most of the points raised were about flexibility for developing countries — allowing them longer implementation periods for tariff reductions; and allowing them to keep 5% of tariff lines “unbound” (i.e. not legally committed in the WTO), provided that these do not exceed 5% of imports. Least-developed country participants would not be required to undertake reduction commitments. But as part of their contribution to this round of negotiations, they are expected to substantially increase the number of products whose maximum tariff rates are legally bound in the WTO. Furthermore, and as an exemption, participants with a binding coverage of non-agricultural tariff lines of a percentage to be agreed during the negotiation, but proposed to be 35% by the chairman of the Negotiating Group, would be exempt from making tariff reductions through the formula. Instead, members expect them to bind non-agricultural tariff lines at a percentage, proposed to be 100% by the chairman, at an average level that does not exceed the overall average of bound tariffs for all developing countries after full implementation of current concessions.

**Newly acceded members:** Members have agreed to the need to further elaborate on special provisions for tariff reductions for Newly Acceded Members in recognition of the commitments undertaken by them during their accession process. This could be undertaken once there is an agreement on the formula.

**Non-tariff barriers (NTB's):** NTBs are an integral and equally important part of these negotiations, and work on this component of the Negotiating Group's mandate has intensified. A considerable amount of time has been spent identifying and categorizing the notified NTB's, and now the Negotiating Group has entered a phase of examination and negotiation of such NTB's.

**Other elements** regarding the formula that have been discussed in the Negotiating Group are : product coverage, treatment of Unbound Tariff Lines, conversion to *ad valorem* equivalents, elimination of low duties, non-reciprocal preferences and tariff revenue dependency, environmental goods, etc

**At Hong Kong,** Ministers are expected to assess progress in the negotiations. The talks are scheduled to be completed by the end of 2006.



## INTELLECTUAL PROPERTY (TRIPS) Negotiations, implementation and TRIPS Council work

### *ON THE WEBSITE:*

*[www.wto.org](http://www.wto.org) > [trade topics](#) > [intellectual property](#)*

*DOHA DECLARATION: Paragraphs 17–19*

The WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) has a wide ranging work programme, including TRIPS and health, some aspects of geographical indications and the review of some TRIPS provisions. This briefing note contains an explanation of the subjects.

### TRIPS and public health

#### *TRIPS AND PUBLIC HEALTH ON THE WEBSITE:*

*[www.wto.org](http://www.wto.org) > [trade topics](#) > [intellectual property](#) (scroll down to "specific trips issues") > [trips and public health gateway page](#)*

Now largely settled is the question of how to ensure that patent protection for pharmaceutical products does not prevent people in poor countries from having access to medicines — while at the same time maintaining the patent system's role in providing incentives for research and development into new medicines. The remaining task is to convert a General Council decision of 30 August 2003 into a permanent amendment of the TRIPS Agreement.

Underlying the deliberations are flexibilities written into the TRIPS Agreement, such as "**compulsory licensing**". This enables governments to allow a competitor to produce a patented product or use a patented process without the permission of the patent holder, under certain conditions aimed at safeguarding the legitimate interests of the patent holder, including a right to be paid for the authorized copies of the products. **Parallel importing** is also possible. This is where a product sold by the patent owner more cheaply in one country is imported into another without the patent holder's permission. Countries' laws differ on whether they allow parallel imports. The TRIPS Agreement states that governments cannot bring legal disputes to the WTO on this issue; the Doha declaration on TRIPS and public health clarified that this means countries are free to set up their rules and procedures dealing with parallel imports.

These flexibilities do not have to be put into practice to have an effect. They are sometimes used as a means of bargaining. For example, the threat of a compulsory licence can encourage a patent holder to reduce the price.

### The Doha mandate

Before the 2001 Doha Ministerial Conference, some governments were unsure of how these flexibilities would be interpreted, and how far their right to use them would be respected. The African Group (all the African members of the WTO) took the lead in pushing for clarification. A large part of this was settled when WTO ministers issued a special **Declaration on TRIPS and Public Health** at the Doha meeting in November 2001, alongside their main Doha Declaration.

In the main declaration, they stressed that it is important to implement and interpret the TRIPS Agreement in a way that supports public health — by promoting both access to existing medicines and the creation of new medicines.

In the separate declaration, they agreed that the TRIPS Agreement does not and should not prevent members from taking measures to protect public health. They underscored countries' ability to use the flexibilities that are built into the TRIPS Agreement, in particular compulsory licensing and parallel im-

porting. And they agreed to extend exemptions on pharmaceutical patent protection for least-developed countries until 2016. (The TRIPS Council completed the legal drafting task on this in mid-2002.)

On one remaining question, they assigned further work to the TRIPS Council — to sort out how to provide extra flexibility, so that countries unable to produce pharmaceuticals domestically can import patented drugs made under compulsory licensing. (This is sometimes called the “Paragraph 6” issue, because it comes under that paragraph in the separate Doha declaration on TRIPS and health.)

The issue arises because Article 31(f) of the TRIPS Agreement says products made under compulsory licensing must be “predominantly for the supply of the domestic market”. This applies directly to countries that **can** manufacture drugs — it limits the amount they can export when the drug is made under compulsory licence. And it has an indirect impact on countries **unable** to make medicines — they might want to import generics made in countries under compulsory licence, but find that Article 31(f) poses an obstacle to other countries supplying them.

The TRIPS Council was instructed to find a solution and report to the General Council on this by the end of 2002. However it was not until 30 August 2003, shortly before the Cancún Ministerial Conference, that consensus could be reached. The agreement takes the form of a **General Council decision** to waive provisions of Article 31(f) subject to certain conditions. It enables countries with production capability, to export drugs made under compulsory licence to countries that cannot manufacture them.

The waiver will last until the TRIPS Agreement is amended. It includes provisions on transparency (which give a patent-owner some opportunity to react by offering a lower price), and special packaging and other methods to avoid the medicines being diverted to other markets. An annex describes what a country needs to do in order to declare itself unable to make the pharmaceuticals domestically.

Over 30 developed countries have made a commitment within the decision not to import under this decision. And, as recorded in a statement by the General Council chairperson, a number of others stated they will only do so in emergencies or extremely urgent situations.

Consensus was achieved with the aid of a Chairman’s statement, made at the time the waiver was adopted, which sets out a number of shared understandings about the waiver. The decision refers to drugs needed to address the public health problems recognized in Paragraph 1 of the original declaration that ministers issued in Doha. This says: “We recognize the gravity of the public health problems afflicting many developing and least-developed countries, especially those resulting from HIV/AIDS, tuberculosis, malaria and other epidemics.”

### Since then ...

The final step is to convert the waiver into a permanent amendment of the TRIPS Agreement. The decision said members would complete this by the end of June 2004, but consensus has not yet been reached on how to achieve this. Part of the discussion is about the best way to handle the text, for example how much to put in Article 31 itself and how much in an annex to the TRIPS Agreement.

But members also differ on how closely the amendment should follow the waiver and how to handle the separate chairperson’s statement made at the time the General Council adopted the decision. Some developing countries want to drop provisions that they consider to be unnecessary for an amendment. Some developed and other countries say the waiver was so difficult to negotiate that it should be translated directly into an amendment in order to avoid further delays.

Although the waiver is temporary, so long as there is no agreement on a permanent amendment the waiver will continue to be in force.

#### *SEE ALSO FREQUENTLY ASKED QUESTIONS:*

*[www.wto.org](http://www.wto.org) > [trade topics](#) > [intellectual property](#) (scroll down to “specific trips issues”) > [trips and public health gateway page](#) (scroll down to “frequently asked questions”)*

## Geographical indications in general

### *GEOGRAPHICAL INDICATIONS ON THE WEBSITE:*

*www.wto.org > trade topics > intellectual property (scroll down to "specific trips issues") > geographical indications*

A product's quality, reputation or other characteristics can be determined by where it comes from. Geographical indications are place names (in some countries also words associated with a place) used to identify products that come from these places and have these characteristics (for example, "Champagne", "Tequila" or "Roquefort"). Protection required under the TRIPS Agreement is defined in two articles.

**All products** are covered by **Article 22**, which defines a **standard level of protection**. This says geographical indications have to be protected in order to avoid misleading the public and to prevent unfair competition.

**Article 23** provides a **higher or enhanced level of protection** for geographical indications for **wines and spirits**: subject to a number of exceptions, they have to be protected even if misuse would not cause the public to be misled.

**Exceptions** (Article 24). In some cases, geographical indications do not have to be protected or the protection can be limited. Among the exceptions that the agreement allows are: when a name has become the common (or "generic") term (for example, "cheddar" now refers to a particular type of cheese not necessarily made in Cheddar, in the UK), and when a term has already been registered as a trademark.

Information that members have supplied during a fact-finding exercise shows that countries employ a wide variety of legal means to protect geographical indications: ranging from specific geographical indications laws to trademark law, consumer protection law, and common law. The TRIPS Agreement and current TRIPS work in the WTO takes account of that diversity.

Two issues are debated under the Doha mandate, both related in different ways to the higher (Article 23) level of protection: creating a **multilateral register for wines and spirits**; and **extending the higher (Article 23) level of protection** beyond wines and spirits. Both are as contentious as any other subject on the Doha agenda. Although they are discussed separately, some delegations see a relation between the two.

## **Geographical indications 1: the multilateral register for wines and spirits**

This negotiation is the only issue to take place in dedicated “special sessions” (i.e. negotiating sessions) of the TRIPS Council. It is about creating a multilateral system for notifying and registering geographical indications for wines and spirits. These are given a level of protection that is higher than for other geographical indications.

The work began in 1997 under Article 23.4 of the TRIPS Agreement and now also comes under the Doha Agenda (the Doha Declaration’s paragraph 18).

### **The Doha mandate**

The Doha Declaration’s deadline for completing the negotiations was the Fifth Ministerial Conference in Cancún in 2003. Since this was not achieved, the negotiations are now taking place within the overall timetable for the round.

### **Since then ...**

Three sets of proposals have been submitted over the years, representing the two main lines of argument in the negotiations and some proposed compromises. The latest are:

- The **EU’s** detailed paper, circulated in June 2005, proposes that registering a geographical indication would establish a “rebuttable presumption” that the term is to be protected in other WTO members — except in a country that has lodged a reservation on permitted grounds within a specified period (for example, 18 months).
- Another paper from a group of countries (Argentina, Australia, Canada, Chile, Costa Rica, Dominican Republic, Ecuador, El Salvador, Honduras, Japan, Mexico, New Zealand, Chinese Taipei and the US) proposes a decision by the TRIPS Council to set up a voluntary system where notified geographical indications would be registered in a database. Those governments choosing to participate in the system would have to consult the database when taking decisions on protection in their own countries. Non-participating members would be “encouraged” but “not obliged” to consult the database.

**Hong Kong, China** has proposed a compromise (document **TN/IP/W/8**). Here, a registered term would enjoy a more limited “presumption” than under the EU proposal, and only in those countries choosing to participate in the system.

## **Geographical indications 2: extending the “higher level of protection” beyond wines and spirits**

Geographical indications for **all** products are currently covered by Article 22 of the TRIPS Agreement. The issue here is whether to expand the **higher** level of protection (Article 23) — currently given to wines and spirits — to other products.

Some countries have said that progress in this aspect of geographical indications would make it easier for them to agree to a significant deal in agriculture. Others reject the view that the Doha Declaration makes this part of the balance of the negotiations. At the same time, the European Union has also proposed negotiating the protection of specific names of specific agricultural products as part of the agriculture negotiations.

### **The Doha mandate**

The Doha Declaration notes in its paragraph 18 that the TRIPS Council will handle work on extension under the declaration's paragraph 12 (which deals with implementation issues). Paragraph 12 says “negotiations on outstanding implementation issues shall be an integral part” of the Doha work programme, and that these issues “shall be addressed as a matter of priority by the relevant WTO bodies, which shall report to the Trade Negotiations Committee [TNC] ... by the end of 2002 for appropriate action.”

Delegations interpret Paragraph 12 differently. Many developing and European countries argue that the so-called outstanding implementation issues are already part of the negotiation and its package of results (the “single undertaking”). Others argue that these issues can only become negotiating subjects if the Trade Negotiations Committee decides to include them in the talks — and so far it has not done so.

### **Since then ...**

At first they continued in the TRIPS Council. More recently, they have been the subject of informal consultations now chaired by WTO deputy director-general Rufus Yerxa. Members remain deeply divided, with no agreement in sight, although they are ready to continue discussing the issue.

Those advocating extension include Bulgaria, the EU, Guinea, India, Jamaica, Kenya, Madagascar, Mauritius, Morocco, Pakistan, Romania, Sri Lanka, Switzerland, Thailand, Tunisia and Turkey. They see the higher level of protection as a way to improve marketing their products by differentiating them more effectively from their competitors. The latest EU proposal calls for the TRIPS Agreement to be amended so that all products would be eligible for the higher level of protection in Article 23, and the exceptions in Article 24 (see page 18), together with the multilateral registration system currently being negotiated for wines and spirits (see page 19).

Opposing extension are Argentina, Australia, Canada, Chile, Colombia, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, New Zealand, Panama, Paraguay, Philippines, Chinese Taipei, US, etc. They argue that the existing (Article 22) level of protection is adequate. They caution that providing enhanced protection would be a burden and would disrupt existing legitimate marketing practices.

## Patents and plants, animals, biodiversity and traditional knowledge

*THIS GROUP OF ISSUES ON THE WEBSITE:*

*[www.wto.org](http://www.wto.org) > trade topics > intellectual property (scroll down to "specific trips issues") > article 27.3(b), etc*

Originally this was about reviewing Article 27.3(b), which deals with whether plant and animal inventions should be covered by patents, and how to protect new plant varieties. The discussion has expanded to include biodiversity and traditional knowledge. It takes place in the regular TRIPS Council and special consultations under Deputy Director-General Rufus Yerxa, and not in the negotiating "special sessions".

A wide range of issues have been raised over the years. One question that is a focus of the latest discussions is on "disclosure" — whether patent applicants should be required to disclose the country of origin of genetic resources and traditional knowledge used in the inventions, to provide show that they received "prior informed consent" to use the resources and knowledge, and to provide evidence of "fair and equitable" benefit sharing. The ideas put forward include:

- **Disclosure as a TRIPS obligation:** A group of developing countries represented by Brazil and India wants to amend the TRIPS Agreement so that patent applicants are required to disclose the country of origin, to show evidence that they received "prior informed consent", and evidence of "fair and equitable" benefit sharing.
- **Disclosure through WIPO:** Switzerland has proposed instead an amendment to the regulations of WIPO's patent treaties so that domestic laws may ask inventors to disclose the source of genetic resources and traditional knowledge when they apply for patents, or face penalties.
- **Disclosure, but outside patent law:** The EU suggests examining a requirement for all patent applicants to disclose the origin of genetic material, or face legal consequences, but outside patent law.
- **Use of national legislation, including contracts rather than a disclosure obligation:** The US has argued that the relevant objectives could best be achieved through national legislation, and contractual arrangements based on the legislation, that could include commitments on disclosure.

## Non-violation complaints (Article 64.2)

*NON-VIOLATION COMPLAINTS AND TRIPS ON THE WEBSITE:*

*[www.wto.org](http://www.wto.org) > trade topics > intellectual property (scroll down to "specific trips issues") > non-violation complaints*

In some situations a government can complain to the Dispute Settlement Body even when an agreement has not been violated. These "non-violation complaints" are allowed if one government can show that it has been deprived of an expected benefit because of another government's action, or because of any other situation that exists even if an agreement or specific commitment has not been violated.

Non-violation complaints are possible for goods and services (under GATT and GATS, but in the case of services only for market-opening commitments). However, for the time being, members have agreed not to use them under the TRIPS Agreement. The latest extension to the moratorium, included in the 1 August 2004 General Council decision (the "July 2004 package"), expires at the Hong Kong Ministerial Conference.

(A more detailed explanation can be found on the WTO website.)

## TRADE FACILITATION

# Cutting red tape at the border

*ON THE WEBSITE:*

*[www.wto.org](http://www.wto.org) > trade topics > goods > trade facilitation*

*DOHA DECLARATION: Paragraph 27*

Making trade flow more easily, without the hindrance of bureaucratic procedures — trade facilitation — brings the WTO right to the customs' gate.

### The problem

Traders from both developing and developed countries have long pointed to the vast amount of red tape that still exists in moving goods across borders. Documentation requirements often lack transparency and are vastly duplicative in many places, a problem often compounded by a lack of cooperation between traders and official agencies. Despite advances in information technology, automatic data submission is still not commonplace.

UNCTAD estimates that the average customs transaction involves 20–30 different parties, 40 documents, 200 data elements (30 of which are repeated at least 30 times) and the re-keying of 60–70% of all data at least once. With the lowering of tariffs across the globe, the cost of complying with customs formalities has been reported to exceed in many instances the cost of duties to be paid. In the modern business environment of just-in-time production and delivery, traders need fast and predictable release of goods. An APEC study estimated that trade facilitation programmes would generate gains of about 0.26% of real GDP to APEC, almost double the expected gains from tariff liberalization, and that the savings in import prices would be between 1–2% of import prices for developing countries in the region.

Analysts point out that the reason why many small and medium size enterprises — which as a whole account in many economies for up to 60% of GDP creation — are not active players in international trade, has more to do with red tape rather than tariff barriers. The administrative barriers for enterprises that do not regularly ship large quantities are often simply too high to make foreign markets appear attractive.

For developing-country economies, inefficiencies in areas such as customs and transport can be roadblocks to the integration into the global economy and may severely impair export competitiveness or inflow of foreign direct investment. This is one of the reasons why developing-country exporters are increasingly interested in removing administrative barriers, particularly in other developing countries, which today account for 40% of their trade in manufactured goods.

### WTO provisions

The WTO has always dealt with issues related to the facilitation of trade, and WTO rules include a variety of provisions that aim to enhance transparency and set minimum procedural standards. Among them are GATT Articles 5, 8 and 10 — which deal with freedom of transit for goods, fees and formalities connected with importation and exportation, and publication and administration of trade regulations.

But the WTO legal framework lacks specific provisions in some areas, particularly on customs procedures and documentation, and transparency. The spectacular increase in the amount of goods traded worldwide in the last few years and the advances in technology and the computerization of business transactions have added a sense of urgency to the need to make the rules more uniform, user-friendly and efficient.

## The mandate and the negotiations

As a separate topic, trade facilitation is a relatively new issue for the WTO. It was added to the organization's agenda only about seven years ago, when the Singapore Ministerial Conference in December 1996 directed the Goods Council "to undertake exploratory and analytical work ... on the simplification of trade procedures in order to assess the scope for WTO rules in this area". (Because the mandate came from the Singapore meeting, trade facilitation is sometimes described as one of four "Singapore issues".)

At the Fourth Ministerial Conference in Doha, in November 2001, Ministers agreed that negotiations on trade facilitation would take place after the Fifth Ministerial Conference in Cancún. This mandate was renewed on 1 August 2004 when the General Council decided by explicit consensus to commence negotiations on the basis of modalities agreed by Members. These modalities established the basis for the work plan adopted at the first meeting of the Negotiating Group on 15 November 2004 under the chairmanship of ambassador Muhamad Noor Yacob, of Malaysia.

According to paragraph 1 of the Modalities, the negotiations shall aim to clarify and improve relevant aspects of Articles 5 (Freedom of Transit), Article 8 (Fees and Formalities connected with Importation and Exportation) and Article 10 (Publication and Administration of Trade Regulations) of the GATT 1994 with a view to further expediting the movement, release and clearance of goods, including goods in transit. Negotiations shall also aim at enhancing technical assistance and support for capacity building in this area. The negotiations shall further aim at provisions for effective cooperation between customs or any other appropriate authorities on trade facilitation and customs compliance issues.

The Negotiating Group, at its first meeting, agreed to invite the IMF, OECD, UNCTAD, World Customs Organization and the World Bank to attend on an ad hoc basis.

Since 15 November 2004 to October 2005, the Negotiating Group has met 7 times. Members have submitted around 50 contributions to the work of the Group concerning many different aspects of the negotiations such as Publication and Administration of Trade Regulations, Advance Rulings, Express Shipments, Border Agency Cooperation, Release of Goods, Consular Fees, Cargo in Transit, Technical Assistance and Capacity Building, Risk Assessment and Management, Pre-Arrival Examination, Post-Clearance Audit, etc.

The World Customs Organization and the World Bank have also made written contributions to the negotiations, and the WTO Secretariat has produced 7 technical or compilation papers.

In Hong Kong, Ministers will assess progress in the negotiations.



## **RULES: AD, SCM INCLUDING FISHERIES SUBSIDIES Negotiations to clarify and improve disciplines**

### *ON THE WEBSITE:*

*[www.wto.org](http://www.wto.org) > trade topics > goods > anti-dumping*

*[www.wto.org](http://www.wto.org) > trade topics > goods > subsidies and countervail*

*DOHA DECLARATION: Paragraph 28*

### **The Doha mandate**

The Negotiating Group on Rules was established by the Trade Negotiations Committee in February 2002. In the Doha Declaration, "rules" covers three subjects: anti-dumping (known in the WTO as GATT Article 6); subsidies and countervailing measures, including fisheries subsidies; and regional trade agreements. (Regional agreements are handled in a separate briefing note.)

The declaration sets out the following mandate on the WTO's Anti-Dumping and Subsidies Agreements:

"In the light of experience and of the increasing application of these instruments by members, we agree to negotiations aimed at clarifying and improving disciplines under the Agreements on Implementation of Article VI [i.e. 6] of the GATT 1994 [i.e. the Anti-Dumping Agreement] and on Subsidies and Countervailing Measures, while preserving the basic concepts, principles and effectiveness of these Agreements and their instruments and objectives, and taking into account the needs of developing and least-developed participants. In the initial phase of the negotiations, participants will indicate the provisions, including disciplines on trade distorting practices, that they seek to clarify and improve in the subsequent phase. In the context of these negotiations, participants shall also aim to clarify and improve WTO disciplines on fisheries subsidies, taking into account the importance of this sector to developing countries. We note that fisheries subsidies are also referred to in Paragraph 31."

### **Since then ...**

During the first phase of negotiations, participants pointed to the provisions in the two WTO agreements that they would like to clarify or improve in the subsequent phase. From the 141 submissions tabled, most of them on the Anti-Dumping Agreement, the chairman issued a compilation of issues and proposals. During the second phase after Cancun, the Group began meeting in informal sessions to consider more detailed and specific "elaborated proposals". The frank and detailed exchanges gave the Group a clearer idea of what exactly the proponents were seeking, and at the same time provided the proponents valuable feedback on what proposals may or may not attract broad support. In the spring of 2005, the chairman launched the third phase of negotiations by adding bilateral and plurilateral consultations for rigorous consideration of legal texts of proposed amendments to the relevant Agreements. He also established a technical group open to all participants to work on a standard anti-dumping questionnaire. Such a questionnaire could significantly reduce costs and increase predictability for both the investigating authorities and the exporters.

**Anti-dumping** More than 2,600 anti-dumping investigations have been launched since WTO came into being in 1995. Anti-dumping initiations rose from 157 in 1995 to 364 in 2001 but have decreased since then to 213 in 2004. In every year of the 1995-2004 period, developing countries have been the leading users of this trade defense instrument. During this period as a whole, developing countries (plus a few transition economy countries) conducted 1,639 such investigations, as compared to 1,008 for developed countries.

<b>Initiations of AD Investigation (1995-2004)</b>	
1. India	399
2. United States	354
3. EC	303
4. Argentina	192
5. South Africa	174
6. Australia	172
7. Canada	133
8. Brazil	116
9. China	99
10. Turkey	89
<b>Subject to AD Investigation (1995-2004)</b>	
1. China	412
2. EC-15	400
3. Korea	207
4. United States	151
5. Chinese Taipei	146
6. Japan	117
7. India	107
8. Indonesia	107
9. Thailand	99
10. Russia	94

A number of members believe that the existing Anti-Dumping Agreement should be improved to counter what they consider to be an abuse of the way anti-dumping measures can be applied, which in their view is indicated by the substantial number of dumping actions imposed each year and the growing number of WTO disputes in this area. An informal group of 15 participants (Brazil; Chile; Colombia; Costa Rica; Hong Kong, China; Israel; Japan; Rep of Korea; Mexico; Norway; Singapore; Switzerland; Chinese Taipei; Thailand; and Turkey), calling themselves "Friends of Anti-Dumping Negotiations" (FANs), have tabled many proposals for tightening disciplines on the conduct of anti-dumping investigations.

The United States has emphasized the importance of ensuring that anti-dumping actions, and for that matter, countervailing measures (contingency measures--usually duties--applied to offset injury caused by subsidized imports), remain effective in addressing unfair trade. It has proposed a number of amendments to the anti-dumping and countervailing rules.

Developing countries are active in the negotiations, not only as co-sponsors of FANs' proposals. Their submissions and interventions reflect varied interests – some aim at keeping costs and burdens on administrators to a minimum in light of resource constraints, some aim at tightening disciplines, or elaborating rules where there are none, and some have to do with Article 15, "Developing Country Members". Indeed, "operationalizing" Article 15 was one of the implementation issues that have been referred to the Negotiating Group.

**Subsidies** While not yet attaining the same level of activity as anti-dumping, work on the Subsidies and Countervailing Measures Agreement has steadily progressed. More than 20 participants have identified issues in this agreement. As of October 2005, the Group had before it 10 "elaborated proposals" on the Agreement, five concerning subsidy disciplines and five concerning subsidy calculation issues for countervailing measures.

On **fisheries subsidies**, another informal grouping of members calling themselves the "Friends of Fish" (including Australia, Chile, Ecuador, Iceland, New Zealand, Peru, Philippines and the United States) say that subsidies to the fisheries sector—estimated at \$14-\$20.5 billion annually, or 20-25 per cent of revenues—have led to over-capacity and over-fishing. They argue that because of the sector's special characteristics, fisheries subsidies cause commercial harm — stock depletion which limits other participants' access to the resource – that cannot be addressed by the existing disciplines in the Subsidies Agreement.

Japan, the Rep. of Korea and Chinese Taipei, on the other hand, have expressed skepticism over the link between subsidies and over-fishing. They argue that fish stock depletion is caused mainly by inadequate management of fisheries resources.

The focus of the discussions has evolved significantly since the beginning of the Round: it is no longer on whether there would be any new disciplines but rather on the approach to, and structure of, such disciplines. The proponents of stronger disciplines argue for a broad ban on most subsidies to the fisheries sector, with limited exceptions. The participants on the other side of the issue favour an approach that would prohibit an agreed list of particular subsidies with the identified harmful effects.

Another issue that has arisen in the negotiations is whether, and if so how, any new disciplines should address subsidies to aquaculture. The discussion to date suggests that participants may conclude that it is not necessary to include aquaculture within the scope of the new disciplines, in part because the existing rules of the SCM Agreement could be directly applied to this sector.

The Group has also discussed special and differential treatment for developing countries. Brazil has tabled a proposal for differentiated disciplines and transition rules on fisheries subsidies of developing countries. In addition, a number of small coastal states (Antigua and Barbuda, Barbados, Dominican

Republic, Fiji, Grenada, Guyana, Jamaica, Papua New Guinea, St. Kitts and Nevis, St. Lucia, Solomon Islands, and Trinidad and Tobago) have jointly

proposed that they be granted broad exemptions from any new disciplines, pointing to the importance of fisheries in their economies, and the artisanal and small-scale nature of their fisheries sector.

The Doha mandate on trade and environment negotiations (Paragraph 31 of the declaration) notes that fisheries subsidies are part of the "rules" negotiations.

### For Hong Kong

Participants in the negotiations have expressed a variety of views as to how the Hong Kong Ministerial Conference can best be utilized to facilitate a successful outcome in these negotiations.

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#### Leading Exporters and Importers of Fishery Commodities, 2002 (US\$1,000)

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1. China	4,485,274	1. Japan	13,646,050
2. Thailand	3,676,427	2. United States	10,065,328
3. Norway	3,569,243	3. Spain	3,852,942
4. United States	3,260,168	4. France	3,206,511
5. Canada	3,035,353	5. Italy	2,906,007
6. Denmark	2,872,438	6. Germany	2,419,534
7. Vietnam	2,029,800	7. United Kingdom	2,327,559
8. Spain	1,889,541	8. China	2,197,793
9. Chile	1,869,123	9. Korea	1,861,093
10. Netherlands	1,802,893	10. Denmark	1,805,598

Source: FAO

## RULES: REGIONAL AGREEMENTS

### Building blocks or stumbling blocs?

#### *ON THE WEBSITE:*

[www.wto.org](http://www.wto.org) > *trade topics* > *regional trade agreements*

[www.wto.org](http://www.wto.org) > *trade topics* > *regional trade agreements* > *negotiations on RTAs*

#### *DOHA DECLARATION: Paragraph 29*

Although the term used in the WTO is “regional”, this subject includes bilateral free trade agreements between countries or groups of countries that are not in the same region. These agreements have become so widespread that most WTO members are now also parties to one or more of them, and their scope, coverage and number are still growing.

It is estimated that more than half of world trade is now conducted under agreements of this kind. They are found in every continent. Among the best known are the European Union, the European Free Trade Association (EFTA), the North American Free Trade Agreement (NAFTA), the Southern Common Market (MERCOSUR), the Association of Southeast Asian Nations (ASEAN) and its ASEAN Free Trade Area (AFTA), and the Common Market of Eastern and Southern Africa (COMESA).

From its inception, GATT — and now the WTO — has allowed member countries to conclude customs unions and free-trade areas, as an exception to the fundamental principle of non-discrimination set out in the most-favoured-nation clause of GATT’s Article 1.

Conditions for **trade in goods** within these agreements were set in GATT Article 24. Essentially, a regional trade agreement should aim to boost trade between its member countries and not to raise barriers against the trade with other WTO members. During the 1986–94 Uruguay Round negotiations, Article 24 was clarified to some extent and updated.

Preferential trade arrangements on goods between developing-country members are regulated by an “**Enabling Clause**” dating from 1979. These arrangements are not subject to examination by the Committee on Regional Trade Agreements but are notified to the Committee on Trade and Development.

For **trade in services**, economic integration agreements are governed by GATS Article 5.

**Non-reciprocal preferential agreements** generally involve selected developing and developed countries. WTO members that have signed an agreement of this kind have to seek a waiver from WTO rules. Among the best known examples of such agreements are the US-Caribbean Basin Economic Recovery Act and the Cotonou Agreement signed by the EC and the ACP countries to replace the Lomé Convention.

Non-reciprocal schemes under the Generalized System of Preferences — when developed countries allow imports from developing countries to enter duty-free or at low duty rates — are regulated by the “Enabling Clause”.

### Work in the Regional Trade Agreements Committee

In February 1996, the WTO General Council set up a single committee to oversee all regional trade agreements, replacing separate working parties, each dealing with a separate agreement. The Regional Trade Agreements Committee also looks at the broader, systemic implications of the agreements for the multilateral trading system, the relationship between them, and encourages adequate reporting by countries that have signed these agreements.

Up to July 2005, over 300 regional trade agreements had been notified to the WTO and before it to

GATT. Of these, 128 agreements notified under GATT Article 24, 21 agreements under the Enabling Clause and 31 under GATS Article 5 are still in force today. The committee has currently under examination more than 150 agreements.

The Regional Trade Agreements Committee has developed procedures to examine the agreements, including compiling information. These procedures are for assessing whether each agreement is consistent with WTO provisions. However, since there is no consensus among WTO members on how to interpret the criteria for assessing this consistency, the committee now has a lengthening backlog of uncompleted reports. In fact, consensus on consistency with Article 24 has been reached in only one case so far: the customs union between the Czech Republic and the Slovak Republic after the break up of Czechoslovakia.

As the number of regional agreements increases, so does the need to analyze whether the WTO's rules on these agreements need to be clarified further. WTO members differ on whether regional agreements help or hinder the multilateral trading system — whether they function as “building blocks” or “stumbling blocks”. One view is that the regional agreements strengthen the multilateral system because they can move faster, and because they can help integrate developing countries into the world economy. Other countries believe that the WTO's rules should be revised— and not just reinterpreted — so that the two systems can work together better, particularly since the number of agreements has increased, and their membership has increasingly overlapped.

### What's at stake?

Issues raised by the regionalism debate are complex.

Some are primarily **legal**. For example, GATT Article 24 requires that a regional trade agreement should cover “**substantially all the trade**” in goods between its members. Similarly, GATS Article 5 calls for a “**substantial sectoral coverage**” in services. But there is no agreement among members on what this means, and in practice many agreements leave out large and sensitive areas such as agriculture and financial services. This poses difficulties for assessing whether the agreements are consistent with WTO rules.

Other issues are more **institutional** in nature. They highlight possible discrepancies between the regional agreements' rules and those of the WTO. The focus in negotiations has shifted over time from tariff reductions to rules and regulations, both at the regional and at the multilateral level — for instance, rules on anti-dumping, subsidies, or product standards. Some recent regional agreements include provisions not covered by the WTO at all, such as investment or competition policies.

Finally and most importantly, there is the **economic dimension**. Today, this goes far beyond the effects of tariff preferences on members and non-members of regional agreements. Rather, this is now a question of the regional agreements' impact on the shape and development of world trade itself — given their large and increasing number and their overlapping membership. Over the next few years, this will be one of the most important challenges facing trade policymakers in all continents.

### The Doha Declaration

The relationship between regionalism and multilateralism has become a critical systemic issue, reflected in the WTO Regional Trade Agreements Committee's increasing backlog of uncompleted reports and its lack of consensus on the broader question of the consistency between regional agreements and WTO rules.

At the Doha Ministerial Conference in November 2001, WTO members agreed to give a political push to this question and to negotiate a solution, giving due regard to the role that these agreements can play in fostering development.

The ministerial declaration mandates negotiations aimed at “clarifying and improving disciplines and pro-

cedures under the existing WTO provisions applying to regional trade agreements. The negotiations shall take into account the developmental aspects of regional trade agreements”.

### Since then: the Rules Negotiating Group

While the Regional Trade Agreements Committee has continued its examination of specific agreements, members decided that the Doha mandate should be fulfilled through a specific negotiating channel. A **Rules Negotiating Group** was set up in 2002 to clarify and improve disciplines on implementation on dumping, subsidies and countervailing measures, fishery subsidies, and regional trade agreements.

The negotiating group’s work has progressed substantially. Identifying the issues could be completed quickly because they had already been debated extensively in the Regional Trade Agreements Committee.

**Good progress on procedural issues** The Group has made good progress on developing draft procedures that would promote greater “transparency” of RTAs. In September 2005, the Group was working on a draft text from the chairman, containing elements on the early notification of the RTAs, and improving the information provided by members on their agreements. The Secretariat is expected to play an increasing role in presenting factual reports on individual agreements, as a way to make the review of regional agreements more efficient and coherent. As an experiment, the Committee on RTAs used a Secretariat factual report in its examination of the Chile-Korea Free Trade Agreement in July 2005 to the general satisfaction of delegations.

Outstanding issues in this area include how to deal with RTAs presently under examination in the RTA Committee, and whether the new procedures would apply to RTAs notified under the Enabling Clause.

**Issues to do with the trading system** Discussions on “systemic issues” have gained momentum with the recent tabling of several proposals. However, divergent positions continue to be expressed on issues such as:

- how to interpret the phrase “substantially all the trade”
- regulations that could restrict trade such as rules of origin under preferential schemes
- how regional agreements relate to development
- the primacy of the multilateral trading system and the negative effect regional agreements can have on other countries.

### For Hong Kong

The negotiating group has no intermediate deadlines in the area of RTAs. However, the Group has agreed on an intensive work programme aimed at submitting a draft transparency agreement to ministers and to advancing as far as possible discussions on the systemic issues.

## DISPUTE SETTLEMENT

# Force of argument, not argument of force

*ON THE WEBSITE:*

*[www.wto.org](http://www.wto.org) > trade topics > dispute settlement > negotiations*

*DOHA DECLARATION: Paragraph 30*

### Background

The WTO's "**Understanding on Rules and Procedures Governing the Settlement of Disputes**" (**Dispute Settlement Understanding** or **DSU**) contains detailed steps and timetable for resolving disputes between member governments. It was negotiated during the Uruguay Round, and is a legally-binding agreement committing member governments to settle their disputes in an orderly and multilateral fashion. It is the first such system for settling trade disputes between governments. When the Uruguay Round ended in April 1994 at the Marrakesh Ministerial Conference, ministers agreed that their governments would complete a full review of this new system by January 1999, and to decide whether to continue, modify or terminate it. During the review several members proposed possible improvements and clarifications to the agreement. But even after extending the review to July 1999, members did not reach an agreed conclusion.

All member governments share the conviction that the dispute settlement system has served them well since it started operating in January 1995. More than 330 disputes have been filed under the system since then, of which some 130 have gone through a full legal examination. Most of the rest have been settled without litigation, to the mutual benefit of the disputing countries. All of them have been handled without any lingering acrimony. It is this quasi-judicial characteristic – a blend of political flexibility and legal integrity – which makes this a unique process for settling international disputes peacefully through force of argument rather than through argument of force.

### The Doha mandate

The Doha Ministerial Declaration mandates negotiations on improvements and clarifications of the DSU. It states that the negotiations will not be part of the single undertaking — i.e. that they will not be tied to the success or failure of the other negotiations mandated by the declaration. The Doha mandate also set a deadline of May 2003. In July 2003, the General Council extended the deadline to May 2004. A further extension was agreed by the General Council in the context of the "July package" on 1 August 2004 without setting a new deadline.

### Developments since Doha to May 2004

As a measure of the DSU's pivotal role in the whole multilateral trading system of the WTO, more member governments have participated actively in these talks than in any other negotiation (except agriculture) under the Doha mandate. Well over 80 WTO members have subscribed to more than 40 proposals, each of which contains several suggested changes, covering virtually all stages of the dispute settlement system.

Some of the proposed changes address housekeeping issues such as how to deal with inactive cases which remain dormant for several years without any indication that the complaining countries want to pursue these any further. In such cases countries would be expected to formally withdraw their complaints. Other proposals seek to introduce new stages such as the possibility of remanding, or referring, the case back to the original panel if a factual issue arises at the appellate stage which had not been examined by the panel. Several proposals contain suggestions for enhancing the special and differential

treatment of developing and least-developed countries.

The issue on which there is, perhaps, the most widespread support for change is the procedural issue of “**sequencing**”. The issue arises from a lack of clarity in the Dispute Settlement Understanding’s text as to the order in which two phases of the procedure should occur when a member believes that another has failed to comply fully with the final rulings.

Conversely, the issue on which members are, perhaps, the most strongly divided is external transparency — what kind of access the public might have to panel proceedings or their input into the procedure by means of *amicus curiae* briefs (see explanation below).

On 16 May 2003, the chairman of the negotiations circulated a draft legal text under his own responsibility. The text contained members’ proposals on a number of issues, including: enhancing third-party rights; introducing an interim review and “remand” (referring a case back to a panel) at the appeals stage; clarifying and improving the sequence of procedures at the implementation stage; enhancing compensation; strengthening notification requirements for mutually-agreed solutions; and strengthening special and differential treatment for developing countries at various stages of the proceedings.

According to the chairman, a number of other proposals by members were not included in his text due to the absence of a sufficiently high level of support. These proposals covered issues such as accelerated procedures for certain disputes; improved panel selection procedures; increased control by members on the panel and Appellate Body reports; clarification of the treatment of *amicus curiae* briefs; and modified procedures for retaliation, including collective retaliation or enhanced surveillance of retaliation.

Members continued to discuss the chairman’s text until the end of May 2003. Some felt that the text captured the essential elements for a final agreement; others felt that there were serious omissions in the text. All members, however, expressed a readiness to continue work beyond 31 May 2003 towards an agreement.

At its meeting on 24 July 2003, the General Council agreed to extend negotiations from 31 May 2003 to 31 May 2004.

## Current status of negotiations

Although all proposals are still on the table, during the last year or so, active negotiations have centered on the following issues:

**Third-party rights:** Under the current DSU rules, it is possible for members, under certain conditions, to join in consultations in a dispute in which they are not the complaining or responding party, to become third-parties at the panel stage, and to become third-participants in the appellate stage. Members are generally supportive of enhanced third-party rights, provided that an adequate balance between the rights of main parties and third-parties is maintained.

**Remand authority:** At present, the Appellate Body’s function is limited to the examination of issues of law and legal interpretation developed by panels, and it is not empowered to make factual findings. This can lead to difficulties if a factual issue arises at the appellate stage which had not been examined by the panel. The issue therefore arises as to whether the Appellate Body should have the possibility to remand the case back to the panel.

**Sequencing:** The word “sequencing” is shorthand for the procedural steps and time-periods needed to deal with a situation where the complaining country claims that the defending country has not implemented the rulings.

- Article 21.5 states that where the two parties disagree whether the rulings have been implemented or not, a panel examines the dispute and reports within 90 days.



- Article 22.2 states that if the defending country fails to implement, the complaining country can ask the Dispute Settlement Body to authorize it to retaliate. Article 22.6 states that, **within 30 days** from the end of the reasonable period of time for implementation, the Dispute Settlement Body authorizes the complaining country to retaliate.

So, there are two key steps with their own time-periods: **90 days for a panel to examine whether a ruling has been implemented**; and **30 days for Dispute Settlement Body to authorize retaliation**. The wording of the Dispute Settlement Understanding does not specify whether these steps have to come one after the other. Hence, according to the current wording of the agreement, it seems that the 30-day period for the Dispute Settlement Body to authorize retaliation runs out **before** the panel has examined whether the defending country has implemented or not.

**Post-retaliation:** The issue arises from the fact that the DSU does not provide any specific procedure for the removal of an authorization to retaliate, once the member concerned has complied, or claims to have complied, with the rulings.

**Composition of panels:** The DSU currently provides for disputes to be examined by panelists selected on an *ad hoc* basis for each case, in consultation with the parties. This process can often cause delay. Negotiators are discussing the possibility of a permanent roster of individuals, retained on a full-time basis, from which panelists would be drawn for each case to speed up the process and to reinforce the independence of panels and quality of their reports.

**Time savings:** Some negotiators have proposed ways of streamlining the procedures, while others are concerned that the procedures already impose a tight schedule and that any shortening of timeframes would prejudice developing countries ability to effectively defend their rights.

**Additional guidance to WTO adjudicative bodies:** Proposals have been submitted relating to the manner in which the Appellate Body and panels carry out their functions, and aimed at increasing the level of member-control over the content of rulings of these bodies.

**Transparency:** Dispute settlement proceedings are confidential to the main parties and, where appropriate, third parties to a dispute. Transparency means opening up the dispute settlement proceedings either to the public (i.e. external transparency) or to WTO members other than those who are already parties to the dispute (i.e. internal transparency). Some developed countries have proposed opening dispute settlement proceedings, while a number of developing countries have opposed such proposals.

### Some terms frequently used in DSU negotiations

**Implementation (DSU Articles 21 & 22):** After the Dispute Settlement Body has adopted the final rulings in a case, the defending country has to implement these rulings by changing or completely removing its trade measure which has been ruled illegal.

**Reasonable period of time (DSU Article 21.3):** If the defending country cannot comply with the rulings immediately, it is given a "reasonable period of time" to implement the rulings. This period of time is either agreed mutually between the two parties, or, failing that, it is decided by an arbitrator. Article 21.3(c) states that a guideline for the arbitrator should be that the reasonable period of time "should not exceed 15 months from the date of adoption".

**Determination of compliance (DSU Article 21.5):** Article 21.5 addresses a situation where the two parties disagree whether the rulings have been implemented or not. It states that such a dispute "shall be decided through recourse to these dispute settlement procedures, including wherever possible resort to the original panel" which has 90 days to report its findings. The panel is referred to as a "compliance panel" — i.e. it examines whether the defending country has complied with the rulings.

Besides referring to "these dispute settlement procedures" and a 90-day panel, Article 21.5 does not

specify any other elements or time-periods for determining compliance. However, normal procedures under the Dispute Settlement Understanding also include a 60-day period for consultations, a possibility of two Dispute Settlement Body meetings before a panel is established, a possibility of appeal of the panel findings, and a 2-3 months appeal process — together, they add up to more than 90 days.

**Compensation (DSU Articles 3.7, 22.1, & 22.2):** Compensation can be negotiated between the two parties in a dispute if the defending country fails to comply with the rulings within the reasonable period of time for implementation. Articles 3.7 & 22.1, however, state that compensation is a temporary measure pending full implementation. Article 22.2 allows 20 days, from the end of the period of implementation, to conclude negotiations. If the negotiations conclude unsuccessfully, the complaining country is allowed to request authorization from the Dispute Settlement Body to retaliate.

**Suspension of concessions or other obligations (DSU Articles 3.7, & 22):** This is commonly referred to as “retaliation” or “sanctions”. A **concession** is, for example, an importing country’s legal commitment not to raise its customs duty on an import above a certain agreed level of tariff. A **suspension of this concession** would mean that the importing country would raise the tariff. An **obligation** is, for example, a country’s legal responsibility to provide protection for intellectual property rights, such as patents and copyrights etc. A **suspension of this obligation** would mean that the country would be free of its legal responsibility to provide such protection. According to the Dispute Settlement Understanding, suspension of concessions or other obligations should be used as a last resort by the complaining country subject, of course, to authorization by the Dispute Settlement Body (Art.3.7), and is a temporary measure pending full implementation (Art.22.1).

**Cross-retaliation (DSU Article 22.3):** The phrase “cross-retaliation” does not appear in the Dispute Settlement Understanding, but is shorthand to describe a situation where the complaining country retaliates (i.e. suspends concessions or other obligations) under a sector or an agreement which has not been violated by the defending country. The circumstances under which cross-retaliation can be authorized are explained in the agreement’s Article 22.3. In preparing its request for authorization by the Dispute Settlement Body to suspend concessions or other obligations (i.e. to retaliate), the complaining country should first seek to retaliate in the same sector where the violation has occurred. If that is not practicable or effective it can seek to retaliate in another sector but under the same agreement where the violation has occurred. And if that is also impracticable or ineffective it can seek to retaliate under another agreement.

**Carousel:** Among the procedures and disciplines for retaliation, the Dispute Settlement Understanding does not contain any obligation on the retaliating country to submit a list of products targeted for sanctions. Nor does the agreement contain any mention of whether or not the retaliating country can change its selection of targeted products. The word “carousel” refers to the possibility of changing the targeted products as and when the country wants, so long as it stays within the authorized level of retaliation.

**Amicus curiae briefs:** *Amicus curiae* means “friend of the court” or “disinterested adviser”.

## TRADE AND ENVIRONMENT

# The "win-win" potential for trade and environment

### *ON THE WEBSITE:*

*[www.wto.org](http://www.wto.org) > trade topics > environment > negotiations*

*DOHA DECLARATION: Paragraphs 31–33*

At Doha, members agreed to launch negotiations on the liberalization of trade in environmental goods and services; on the relationship between WTO rules and trade obligations set out in multilateral environmental agreements (MEAs) and on the exchange of information between those institutions.

### **Liberalizing trade in environmental goods and services**

Ministers agreed to negotiate freer trade on environmental goods and services through the reduction or elimination of tariffs and non-tariff barriers. Examples of environmental goods and services are catalytic converters, air filters or consultancy services on wastewater management.

At the Trade and Environment Committee's first special session, in March 2002, members agreed that the bargaining should take place in the Services Council's negotiating "special session" and in the Negotiating Group on Market Access for Non-Agricultural Products. However, the Trade and Environment Committee's special sessions would oversee those negotiations. And they would try to clarify the concept of what are environmental goods. In the discussion, some members have referred to the lists of environmental goods used by the Organization for Economic Cooperation and Development (OECD) and the Asia Pacific Economic Cooperation forum (APEC).

Currently, several delegations have tabled lists of what they consider environmental goods. These include products to manage pollution or products to manage natural resources. Some lists also include environmentally preferable products, which have a lesser impact on the environment in their end-use than alternative equivalents. The most ambitious lists also cover goods which are more environmentally friendly in their production, such as organic fruit or vegetables.

There are elements of convergence among these lists but there are also fundamental divergences. One of them is the issue of process and production method (PPM). A majority of members believe that goods should not be considered environmental because of the way they have been processed or produced. These members say that it is WTO inconsistent to discriminate between products based on PPM. For developing countries, the use of PPM is equated with richer countries attempting to impose their environmental and social standards on the rest of the world.

Several members have included environmentally preferable products in their lists but most have been cautious to narrow the concept down to end-use or disposal characteristics. In general, there are divergences on how ambitious the list should be. Some members would like to work on a list of core environmental goods, while others would like to see a broader list. Alternatively, some members advocate a different approach to the list: the environmental project approach, introduced by India, would give access to environmental goods and services under a specific project for a finite period of time. The project would have to be approved by a national authority.

### **Identifying trade obligations**

There are approximately 200 multilateral environmental agreements in place today. Only about 20 of these contain trade provisions. For example, the Montreal Protocol for the protection of the ozone layer applies restrictions on the production, consumption and export of aerosols containing chlorofluorocarbons (CFCs). The Basel Convention, which controls trade or transportation of hazardous waste across interna-

tional borders, and the Convention on International Trade in Endangered Species (CITES) are other multilateral environmental agreements that contain trade provisions.

The negotiations aim to clarify the relationship between trade measures taken under the environmental agreements and WTO rules. However, in practice, so far no action taken under a MEA has been challenged in the GATT-WTO system.

### Two approaches: actual obligations and broader principles

Members started the negotiations by attempting to define what a “specific trade obligation” is, and to develop a common understanding on this. Some members advocate identifying individual “specific trade obligations” that the WTO should examine. Others prefer a more general approach that would look at the principles governing the relationship between the WTO and the environmental agreements, and how the environmental agreements’ trade measures might be accommodated in the WTO. Some advocate the principle that there should be no “hierarchical” relationship between the two legal regimes with neither the WTO nor the environmental agreements being dominant.

The Trade and Environment Committee’s special sessions are following both approaches at the same time.

### National experiences

By mid-2004 members were looking at the issue of national coordination in the negotiation and implementation of multilateral environmental agreements. Several delegations presented their national experience. They talked about mechanisms at home to coordinate between different governmental bodies, including between trade and environment ministries. They also presented the processes through which conflicting views were reconciled, the way stakeholders were consulted and the way MEA implementing legislation was developed.

### Exchanging information

Ministers agreed in Doha to negotiate procedures to facilitate the information exchange between the secretariats of multilateral environmental agreements (MEAs) and the WTO. Currently, the Trade and Environment Committee holds information sessions once or twice a year with the different secretariats of the environmental agreements to discuss the trade-related provisions and their dispute settlement mechanisms. The Trade and Environment Committee’s special sessions have also the mandate to negotiate on criteria for the granting of observer status to MEA secretariats. The aim is to guarantee their participation and strengthen the complementarities between their work and that of the WTO.

## SMALL ECONOMIES

### Trade challenges for small economies

*ON THE WEBSITE:*

*[www.wto.org](http://www.wto.org) > trade topics > development*

*DOHA DECLARATION: Paragraph 35*

Many small economies face specific challenges in their participation in world trade, for example they lack economies of scale, have limited natural and human resources and face high transport costs for their exports. Some studies show that a small size may limit an economy's possibilities to diversify local production and that this, in turn, could make it more difficult for small economies to fully integrate into the multilateral trading system.

#### Defining scope and identifying problems

The Doha Declaration mandates, in its paragraph 35, the General Council to examine the problems faced by small and vulnerable economies and to make recommendations to improve the integration of such economies into the multilateral trading system. This is to be done, however, without creating a new or separate sub-category of WTO members. Discussions on the mandate have taken place since 2002 in the Committee on Trade and Development (CTD) meeting in dedicated session.

#### Work to date ...

The proponents of small economies, represented mainly by a group of landlocked countries and island nations, have started to identify various characteristics and problems specific to small and vulnerable economies. These include physical isolation and geographical distance to main markets, lack of adequate market access opportunities for their exports, a high degree of vulnerability and, in some cases, low levels of production, insufficient supply and low competitiveness. In an effort to move forward with the Work Programme, the proponents have started to present suggestions to other members as a first step towards drafting recommendations for actions which could be taken to assist small and vulnerable economies with their integration into the multilateral trading system.

On a parallel track, the proponents of small economies have recently started to present some of their concerns and positions to the DDA negotiating groups such as agriculture and NAMA. Some WTO members, however, and especially some developing countries which claim they are facing many of the same problems as those of the proponents, remain sceptical and have said they have difficulty forming trade-related responses to the concerns raised by the proponents. They view many of the issues identified by the small economies as either falling outside the scope of the WTO's work or as already being addressed in other negotiating groups. While some members believe that it is too early in the negotiations to address the issues of concern of small economies and that more work is required on finding trade-related solutions, others see a complementarity and view the parallel approach being taken in the dedicated session and in the negotiating groups as a way of moving forward and of addressing the specific issues of concern to small and vulnerable economies.

## TRADE, DEBT AND FINANCE

# WTO's contribution to solving debt and financial crises

### *ON THE WEBSITE:*

*[www.wto.org](http://www.wto.org) > trade topics > development*

*DOHA DECLARATION: Paragraph 36*

The Working Group on Trade, Debt and Finance was set up at the Fourth Ministerial Conference in Doha in November 2001. Bearing in mind the financial crisis in Asia and the heavy debt burden borne by many developing countries, members decided to explore how trade could help.

The underlying belief is that markets should be kept open worldwide in periods of financial crisis. This would ensure that crisis-hit economies can continue to count on exports in order to earn foreign exchange, and to help their incomes to grow. The 1998 financial crisis showed how important keeping markets open can be. Many countries in the region were able to bounce back to economic growth led by exports. If access to foreign markets is restricted, indebted countries may not be able to earn enough foreign exchange and to service their external debt. They may have to resort to further unsustainable borrowing.

### **Since then ...**

Since Cancún, the working group has been examining the relationship between trade and finance, between trade and debt, and the relevant WTO provisions. More precisely, it has made good progress by focusing on a list of eight themes:

- trade liberalization as a source of growth
- WTO rules and financial stability
- the importance of market access and the reduction of other trade barriers in the Doha Development Agenda negotiations
- trade and financial markets
- trade financing
- better coherence in the design and implementation of trade-related reforms and monitoring
- the linkages between external liberalization and internal reforms
- external financing, commodity markets and export diversification

Some members made the remarks that many of these issues did not belong in the purview of the WTO. Some members also said that a part of the subjects should be discussed in other WTO fora, such as the liberalization in financial services, the enhancement of market access and the problems of commodity exporters. Others suggested that the working group put forward recommendations. The ACP countries considered, for instance, that the WTO should recommend immediate debt cancellation by relevant organizations or governments. They also suggested the creation of a regular committee on Trade, Debt and Finance.

## TRADE AND TECHNOLOGY TRANSFER

### Exporting knowledge

*ON THE WEBSITE:*

*[www.wto.org](http://www.wto.org) > trade topics > development*

*DOHA DECLARATION: Paragraph 37*

#### The Doha Declaration

A number of provisions in the WTO agreements refer to the need for technology transfer to take place between developed and developing countries. But it is not clear how this takes place in practice and if specific measures might be taken within the WTO to encourage such flows of technology.

WTO ministers decided in Doha to establish a working group to examine the issue, and also any possible recommendations on steps that might be taken within the WTO to increase flows of technology. The working group reports to the General Council.

The working group has examined a number of studies by the Secretariat and by other institutions such as UNCTAD, and also proposals from the members. In addition, members share successful policies and strategies that facilitated the transfer of technology.

#### Since then ...

A group of developing countries has suggested focusing on WTO provisions related to technology transfer with a view to making them operational and meaningful, as well as looking at the ones that have the effect of hindering the flows. They also proposed the examination of restrictive practices adopted by multinational enterprises in this sector. A group of countries advocate that it is important to define the issues, measures and channels for technology transfer to move the work forward. However, so far there is no consensus on those matters.

In mid-2005 Cuba presented a list of possible recommendations that should be presented to the General Council, reiterating the importance of the discussions in the Working Group. Some members believe there is still a lot of work before reaching a definition of the linkage between trade and transfer of technology, and therefore it is premature to discuss possible recommendations. Moreover, developed countries have emphasized the danger in coercing the private sector into giving away its technology. Developed countries believe that this would reduce the appeal for foreign direct investment.

## TECHNICAL COOPERATION A joint effort to build capacity in developing countries

*ON THE WEBSITE:*

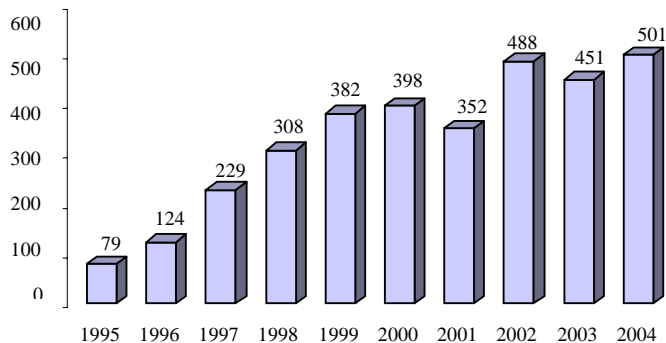
*[www.wto.org](http://www.wto.org) > trade topics > development*

*DOHA DECLARATION: Paragraphs 38–41*

More than three quarters of the WTO's members are developing countries. Of these, 32 are least-developed. Developing countries and nations in transition from central planning require technical assistance to adjust to WTO rules and disciplines, implement obligations, and exercise their rights as members — including drawing on the benefits of an open, rules-based multilateral trading system.

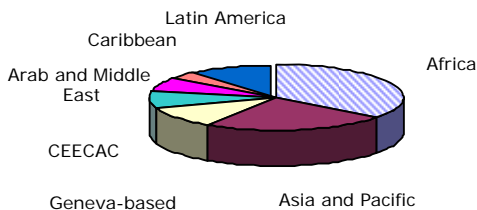
Assisting officials from developing countries in their efforts to better understand WTO rules and procedures — and how these rules and procedure can benefit them — is among the most important aspects of the organization's work. To fulfill their objectives, the training programmes are development-oriented, geographically balanced and aim at impact and results.

**Number of WTO technical assistance activities per year**



Since the WTO's creation in 1995, the number of technical assistance activities has increased from 79 in 1995 to 501 in 2004, driven by rising demand from WTO member governments in the developing world.

### Regional distribution of the technical assistance activities



As for the regional distribution of the technical assistance provided in 2004, the majority of activities were held in Africa, representing 36% of total, followed by Asia and Pacific, nearly one quarter.

### The Doha mandate

When WTO members launched a new round of negotiations in Doha, they acknowledged developing countries' increasing need for technical cooperation in order to allow them to participate fully in the negotiations. At Doha, donors — developed countries and international organizations active in trade issues — pledged to provide the needed support to developing countries.



In Paragraph 41 of the Doha Declaration, WTO member governments reaffirm all technical cooperation and capacity building commitments made throughout the document and add general commitments:

- The Secretariat, in coordination with other relevant agencies, is to encourage WTO developing country members to consider trade as a main element for reducing poverty and to include trade measures in their development strategies.
- The agenda set out in the Doha Declaration gives priority to small, vulnerable, and transition economies, as well as to members and observers that do not have permanent delegations in Geneva.
- Technical assistance must be delivered by the WTO and other relevant international organizations within a coherent policy framework.

After the adoption of the "July package", on 1 August 2004, the training assistance agenda focused on the issues included in the document.

In 2004, donor countries maintained the target amount of CHF 24 million for the Doha Development Agenda Global Trust Fund (DDAGTF), dedicated to technical assistance and training.

## Reference Centres

Since 1997, the WTO has established Reference Centres in developing countries. They provide technical facilities that enable government officials, the press, general public, businesses and academic institutions to access essential documents instantly via the WTO website. WTO provides hardware, software and training. By April 2005, 145 centres had been established in 105 countries including 47 in Africa and Indian Ocean, 21 in Asia and Pacific, 14 in the Caribbean, 8 in the Middle East, 6 in Latin America, and 5 in Eastern Europe.

## Training Courses

The WTO training courses provide government officials from developing countries and economies in transition with an important foundation of knowledge in WTO matters. Many trainees have returned to Geneva as ambassadors representing their countries in the WTO.

In 2004, around 228 participants attended the Geneva-based courses. Typical of this product are the twelve-week Trade Policy Courses (TPC) and the three-week Introduction Courses. Regional Trade Policy Courses (RTPCs) have also been developed since 2002. In 2004, four RTPCs were organized: one for English-speaking Africa in Nairobi, one for French-speaking Africa in Rabat, one for the Caribbean in Kingston, and one for Asia/Pacific in Hong Kong. After three years of implementation, approximately 300 government officials have participated in RTPCs.

## Geneva weeks

In its seventh year, the Geneva Week brings together representatives of WTO member countries who do not have permanent missions in Geneva. These week-long programmes cover all WTO activities and include presentations by other international organizations based in Geneva, including the International Trade Centre (ITC), the United Nations Conference on Trade and Development (UNCTAD), the World Intellectual Property Organization (WIPO) and the International Organization for Standardization (ISO). The Geneva Week usually coincides with important activities already on the agenda including preparations for Ministerial Conferences or other negotiations. Since 2002 there are two Geneva Weeks per year, and the programme is now funded by the regular WTO budget — previously it was funded from trust fund contributions.

## LEAST-DEVELOPED COUNTRIES

### Enhancing trade opportunities

*ON THE WEBSITE:*

*[www.wto.org](http://www.wto.org) > trade topics > development*

*DOHA DECLARATION: Paragraphs 42–43*

The share of least-developed countries in world merchandise exports and imports stood in 2004 at 0.7 and 0.8 per cent respectively. In recent years, WTO members have made significant efforts to help these countries increase their trade through enhanced market access and technical assistance. Efforts have also been made to reinforce their participation in the work of the WTO.

#### Doha decision on least-developed countries

At the Doha Ministerial Conference in November 2001, members renewed their commitment to help least-developed countries (LDCs). Concretely, members committed themselves to "the objective" of duty-free, quota-free market access for products originated from LDCs. They also promised to consider additional measures to improve poorest countries' access to their wealthier markets. And they agreed to make it easier for least-developed countries to join the WTO.

On 12 February 2002, the Sub-Committee on Least-Developed Countries agreed to a work programme in order to implement the commitments of the Doha Declaration.

On **market access**, members will

- work to identify and examine all market access barriers confronting least-developed countries' products
- annually review all market access improvements
- examine possible additional measures to improve market access for least-developed countries' products.

On **technical assistance**, priority is to be given to least-developed countries. Members are encouraged to significantly increase their contribution to technical assistance programmes for these countries.

Additional measures to improve market access include **helping least-developed countries diversify** their exports. Members will consider proposals related to trade and relevant to diversification, and will support the work of other international agencies in this field.

The sub-committee will annually review and possibly make recommendations on the participation of least-developed countries in the multilateral trading system.

#### Least-developed countries in the WTO

The WTO recognizes as "least-developed countries" those given the designation by the United Nations. There are currently 50 least-developed countries on the UN list, of which 32 are WTO members: Angola, Bangladesh, Benin, Burkina Faso, Burundi, Cambodia, Central African Republic, Chad, Democratic Republic of the Congo, Djibouti, Gambia, Guinea, Guinea Bissau, Haiti, Lesotho, Madagascar, Malawi, Maldives, Mali, Mauritania, Mozambique, Myanmar, Nepal, Niger, Rwanda, Senegal, Sierra Leone, Solomon Islands, Tanzania, Togo, Uganda, Zambia.

On 10 December 2002, the General Council adopted a decision which sets guidelines to help least-

developed countries join the WTO more quickly and easily. The decision says WTO members will restrain in seeking concessions and commitments from LDCs negotiating membership. It also says they will be given the transition periods and transitional arrangements foreseen for least-developed countries that were members since the WTO creation.

Since then, two LDCs have successfully concluded their negotiations to become members of the WTO: Nepal and Cambodia, in 2003 (see separate note on accession). There are ten least-developed countries currently negotiating WTO membership: Afghanistan, Bhutan, Cape Verde, Ethiopia, Laos, Samoa, Sao Tome and Principe, Sudan, Vanuatu and Yemen.

### **Participation in world trade**

Between 1990 and 2004, least-developed countries have increased their merchandise exports share from 0.5% to 0.7% and their merchandise imports share from 0.7% to 0.8%. But they remain marginal participants in world trade. Their merchandise exports, as a group, grew by 34 per cent in 2004 to US\$62 billion which can mainly be attributed to oil and commodity-exporting LDCs. The merchandise imports of LDCs continue to exceed exports, rising by more than 17 per cent to US\$ 71 billion.

The picture is similar in services. Globally, in 2003, trade in commercial services accounted for about one-fifth of total trade. But for least-developed countries, commercial services trade accounted only for about one-eighth of their total exports, that is, US\$7 billion. Imports of LDCs in commercial services increased to US\$17 billion. The least-developed countries' deficit of US\$10 billion in commercial services trade continues to be larger than their deficit in merchandise trade.

### **Preferential market access**

Several developed and transition economies — including some of the major markets for least-developed countries' exports — granted duty-free and quota-free market access for all or almost all exports from least-developed countries. They include Canada, the EU, New Zealand, Norway and Switzerland. Among the major developing countries, Singapore and Hong Kong, China already offer duty-free and quota-free access on virtually all products, including products from least-developed countries.

Some other developing countries such as Mauritius, Egypt, and the Republic of Korea, have also given least-developed countries preferential duty-free access to their markets, albeit for more limited ranges of products.

Some of the preferences are based on regions. For instance, India gives preferential access to least-developed fellow-members of the South Asian Association for Regional Cooperation (SAARC). Morocco gives preferential access to 33 African least-developed countries. And the US gives enhanced market access opportunities for 25 least-developed countries of the 37 Sub-Saharan African beneficiaries under the African Growth and Opportunity Act (AGOA).

Recent initiatives have also been taken by member governments. For instance, the expansion of the European Communities, which came into force 1 May 2004, has effectively enlarged the market destination from 15 to 25 countries for LDC exports which enjoy duty-free and quota-free access. Since January 2004, China has extended the tariff concessions to India under the Bangkok Agreement. This initiative came in addition to the preferential tariff rates granted to Bangladesh, India, Laos, the Republic of Korea and Sri Lanka.

### **Participation in the WTO's work**

In the past few years, least-developed countries have become more active in the WTO and its negotiations. Some issues are of vital interest to them, such as cotton which is negotiated in a sub-committee under agriculture (see separate note). But their participation is hampered by the small size of their

delegations and, for some, the lack of a mission in Geneva.

To increase the number of WTO experts in those countries, the WTO Institute for Training and Technical Cooperation has stepped up its activities. They include: national and regional seminars, technical missions, workshops, conferences and symposiums. In 2004, least-developed countries have been involved in a total of 204 activities, which represented 40 per cent of all technical assistance activities. More specifically, in 2004, 13 national activities in LDCs covered one of the four areas referred to in the July package.

For non-residents — delegations which do not have an office in Geneva — “Geneva Weeks” are organized. Least-developed countries’ representatives in other European cities and officials from the capitals are invited to Geneva for a briefing on the state of play of work in the WTO. Non-residents are also kept up to date through briefing notes from the Secretariat. There are 22 WTO members and 9 observers who are not represented permanently in Geneva, 14 of them least-developed countries.

## SPECIAL AND DIFFERENTIAL TREATMENT

### Stronger support for development

*ON THE WEBSITE:*

*[www.wto.org](http://www.wto.org) > trade topics > development*

*DOHA DECLARATION: Paragraph 44*

The WTO agreements contain special provisions which give developing countries special rights and allow other members to treat them more favourably. These are “special and differential treatment provisions” (abbreviated as S&D or SDT). The special provisions include:

- longer time periods for implementing agreements and commitments
- measures to increase trading opportunities for these countries
- provisions requiring all WTO members to safeguard the trade interests of developing countries
- support to help developing countries build the infrastructure to undertake WTO work, handle disputes, and implement technical standards
- provisions related to least-developed country (LDC) members

#### The Doha mandate

In the Doha Declaration, ministers agreed that all special and differential treatment provisions should be reviewed, in order to strengthen them and make them more precise, effective and operational. The declaration (together with the Decision on Implementation-Related Issues and Concerns) mandates the Trade and Development Committee to identify which S&D provisions are mandatory, and to consider the legal and practical implications of turning those that are currently non-binding into mandatory obligations. In addition, the committee is to consider ways in which developing countries, particularly the least developed, may be helped to make best use of special and differential treatment.

A total of 88 proposals on special and differential treatment were made by developing and least-developed countries. Most proposals came from the African Group and the group of least-developed countries. The proposals usually identify parts of an agreement and suggest new wording to introduce new S&D provisions for developing countries or to strengthen existing ones. They relate to most WTO agreements, including the General Agreement on Trade in Services (GATS), the GATT and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).

#### From Doha to Cancún

The initial deadline – July 2002 – had to be extended, and by early 2003 members were still unable to agree on the set of proposals that had been made, nor could they decide whether to harvest the 12 proposals on which consensus was possible. Many members called for the Doha mandate — the Ministerial Declaration and the Implementation Decision — to be clarified.

In February 2003 the General Council instructed the Committee's Special Sessions to suspend further work. In April 2003, as a result of consultations, the Chairman organized the 88 proposals in 3 categories:

- **category one:** 38 proposals on which there appeared to be a greater likelihood of reaching agreement. The General Council, in informal meetings, started to work on those proposals.

- **category two:** 38 proposals which had been made in areas that were under negotiations as part of the Doha Development Agenda, or being otherwise considered in other WTO bodies and which were likely to get a better response within the framework of the negotiations or at the technical level. The Chairman sent the proposals in this group to the concerned bodies and asked them to address them as part of their on-going work.
- **category three:** 12 proposals on which members had wide divergences of views. They were set aside.

By the eve of the Fifth Ministerial Conference, in September 2003 in Cancún, Mexico, members could agree on 28 proposals. They remained as "agreed in principle" while work resumed in the Committee on Trade and Development.

### The "July Package"

By early 2004 members were divided on the way forward. Some wanted to continue to examine proposals. Others wanted to concentrate on cross-cutting issues such as the establishment of a monitoring mechanism on the implementation, objectives and principles of S&D, and the special needs of particular groups of countries. In addition, members had different views whether or not the 28 proposals agreed in principle should be adopted.

As part of the overall negotiations, members approved, on 1 August 2004, a package of framework and other agreements. The package, known as the "July Package", set a new deadline: July 2005.

### The situation as it stands

Members found it difficult to resume work on S&D after the 2004 July Package was agreed. There were still important divergences of view on the way forward. Finally, in early April 2005, the chairman found a compromise: members would resume work on five LDCs' proposals. They include: greater flexibility for LDCs to take up commitments consistent with their level of economic development; improved access for LDCs to temporary waivers regarding one or more of their obligations; duty-free and quota-free market access for goods originating from LDCs; and greater flexibility to use trade-related investment measures as a development tool

Although progress was made on the five proposals, the Chairman announced on 29 July 2005 that he was unable to make specific recommendations to the General Council. The situation was the same at the time of printing.

## IMPLEMENTATION ISSUES

### Progress made but some difficult issues remain

#### *ON THE WEBSITE:*

*[www.wto.org](http://www.wto.org) > trade topics > Doha agenda > implementation decision explained*

#### *DOHA DECLARATION: Paragraph 12*

Concerns related to the issue of implementation of existing WTO agreements have been expressed by some developing countries for many years.

The issue is complex and not easily definable. The implementation issues before Member Governments run across the spectrum of the WTO agreements, covering 23 specific issues such as market access, balance of payments, trade-related investment measures, trade-related intellectual property, customs valuation, safeguards, agriculture and services.

Developing countries' difficulties in implementing WTO accords are also rooted in a series of different factors, as well. In some cases, developing countries have raised implementation issues as a means of addressing perceived inadequacies and inequities in the WTO agreements, including the timeframes in which developing countries were to have implemented the accords into national laws, regulations and practices. In other areas, implementation problems are linked to severe financial and institution capacity constraints which prevent developing country governments from adapting regulations, laws and practices so that they are in compliance with WTO rules. In other instances, the problems involve political sensitivities at home that have hindered implementation of the rules agreed as part of the Uruguay Round agreement that established the WTO.

Those countries which have taken a more cautious approach on implementation-related concerns argue that significant adaptation of the rules cannot be undertaken without mandated negotiations.

Ministers meeting in Singapore for the 1<sup>st</sup> WTO Ministerial Conference in 1996 noted "Implementation thus far has been generally satisfactory, although some Members have expressed dissatisfaction with certain aspects. It is clear that further effort in this area is required, as indicated by the relevant WTO bodies in their reports."

At the WTO's second Ministerial Conference held in Geneva in 1998, a significant number of governments raised the matter and since that meeting the issue has regularly been on the agenda of the General Council and its subsidiary bodies.

Prior to the Seattle Ministerial Conference in 1999, implementation was a very important issue on the negotiating agenda for some developing countries. Disagreement between developed and developing country governments on negotiating these issues was among the principal reasons behind the failure of the Seattle conference. Negotiators have worked hard on this matter since then and have made considerable progress in dealing with the issue.

After the Seattle meeting, there was wide recognition among WTO member governments of the need to address the issue and delegations agreed in 2000 to establish dedicated sessions of the General Council to deal specifically with implementation related issues.

#### **The Doha declaration**

Since before Seattle, more than 100 implementation proposals have been made by WTO Member Governments, nearly all of which were from developing countries.

At the 4<sup>th</sup> Ministerial Conference in Doha in 2001, Ministers resolved certain implementation concerns immediately and charged specific WTO bodies with addressing others in several different ways. These actions addressed nearly half of the issues that had been raised before Seattle.

The Ministers agreed that the remaining issues should be dealt with through negotiations which were mandated as part of the launch of the Doha Development Agenda round of global trade negotiations, through discussions in subsidiary bodies which would be reviewed by the Trade Negotiating Committee (which oversees the seven formal negotiating groups and the negotiations that have transpired in the Committee on Trade and Development).

In Paragraph 12 of the Doha Ministerial Declaration Ministers stated "We shall proceed as follows: (a) where we provide a specific negotiating mandate in this Declaration, the relevant implementation issues shall be address under that mandate; (b) the other outstanding implementation issues shall be addressed as a matter of priority by the relevant WTO bodies, which shall report to the Trade Negotiations Committee .... by the end of 2002 for *appropriate action*."

### Since then...

This complex implementation picture has been further complicated by disagreements among Member Governments as to the meaning of *appropriate action*, as it is spelled out in Paragraph 12 (b). Some delegations suggest that appropriate action means agreement to the proposals, some suggest that it means the proposals should be the subject of negotiations, while others question whether there is a mandate to conduct negotiations on these proposals at all.

In an effort to make progress, then Chairman of the Trade Negotiations Committee and former WTO Director-General Supachai Panitchpakdi suggested in December 2002 that delegations consider five approaches to addressing these issues. Director-General Supachai proposed that governments deal with the issues in one of the following ways: 1) resolving the issue, 2) agreeing that no further action is needed on the issue, 3) referring the issue to a negotiating body, 4) continuing work in the relevant subsidiary body under enhanced supervision by the TNC and with a clear deadline and 5) undertaking work at the level of the TNC.

In March 2003, Dr. Supachai announced that little progress had been made in his consultations on the outstanding implementation questions. He said he would call on the chairs of the WTO bodies with oversight for specific implementation issues and his deputy directors-general to pursue technical work with Members in areas like technical barriers to trade, customs valuation, safeguards and balance of payments provisions.

Two months of subsequent consultations yielded little progress and Director-General Supachai announced in May 2003 that while consultations would continue under relevant chairs and with his deputies, he himself would conduct the consultations on the Extension of Additional Protection for Geographical Indications to products other than Wines and Spirits. As part of the Uruguay Round, WTO members committed themselves to the establishment of a registry for wines and spirits as the means of extending this additional protection. Some delegations believe that this additional protection should be extended beyond those products to others. In Doha, this issue was carried forward as part of the Paragraph 12 (b) process and strong disagreements remain between those who favour extension and believe this issue to be ripe for serious negotiations and those who oppose the extension – largely because they believe it may hinder their export of agricultural products – and believe that no negotiations should take place.

Such was the sensitivity to this question that Director-General Supachai undertook to resolve the matter in his capacity as Director-General and not as chairman of the Trade Negotiations Committee.

As part of the overall Doha Development Agenda framework accord of 1 August 2004 the General Council instructed the Trade Negotiations Committee and other WTO bodies to "redouble their efforts to find appropriate solutions" to the Paragraph 12(b) issues. Director-General Supachai was instructed to continue



his work on the outstanding issues, including the extension of geographical indications, and to report in July 2005 on the progress. The August 2004 agreement also said that the General Council should take "appropriate action" in July 2005.

A year later, in his final General Council as Director-General, Dr. Supachai said the progress in resolving these issues was insufficient and that some of the problems appeared "intractable." He explained that linking all outstanding implementation issues together made it very difficult to settle any of them. The political differences and entrenched positions regarding the extension of geographical indications were particularly difficult to overcome, he said.

Shortly after his arrival as Director-General on 1 September 2005, Pascal Lamy announced his intention to take on the consultative process on the outstanding implementation issues. In his capacity as Director-General, Mr. Lamy announced at the 19 October General Council that he would call on chairs from relevant WTO bodies to continue with their consultations on these matters. He said two of his Deputies Director-General, Valentine Rugwabiza and Rufus Yerxa, will take up specific implementation tasks. Ms. Rugwabiza taking up the those implementation issues related to WTO rules on Trade Related Investment Matters and Mr. Yerxa will hold consultations on geographical indications and the relationship between rules in the Trade Related Intellectual Property agreement and the Convention on Bio-Diversity.

## ELECTRONIC COMMERCE

# Work continues on issues needing clarification

### *ON THE WEBSITE:*

*[www.wto.org](http://www.wto.org) > trade topics > electronic commerce*

### *DOHA DECLARATION: Paragraph 34*

The growing importance of electronic commerce in global trade led WTO Members to adopt a Declaration on global electronic commerce on 20 May 1998 at the Second Ministerial Conference in Geneva. The Declaration directed the WTO General Council to establish a work programme to examine all trade-related issues arising from electronic commerce. The 1998 Declaration also included a so-called moratorium stating that "Members will continue their current practice of not imposing customs duties on electronic transmission". Under the work programme, issues related to electronic commerce were examined by the Services, Goods and TRIPS (intellectual property) councils, and the Trade and Development Committee.

### The Doha decision

At the Fourth Ministerial Conference in Doha in 2001 ministers agreed to continue the work programme as well as to extend the moratorium on customs duties. At the Fifth Ministerial in Cancun in 2003, ministers reaffirmed the elements agreed at Doha.

### Discussions

The following is a summary of the issues that have emerged from the work programme on electronic commerce since 1998, and from dedicated discussions held under the auspices of the General Council since 2002:

**Downloadable products** A difference of views persists on whether certain downloadable products (e.g. software, the texts of books) should be classified as goods or services. Until the advent of the internet these products (e.g. software on CD-ROMs) were delivered by conventional physical means, and they crossed borders in the form of packaged goods, which are covered by the General Agreement on Tariffs and Trade (GATT). With the advent of electronic commerce and the transmission of digital versions of these products through the internet the question arose as to whether they should be treated as goods, subject to GATT rules, or as services subject to the General Agreement on Trade in Services (GATS). More recently, it was suggested that provisions of both agreements may apply in certain circumstances.

The prevailing perception in the Council for Trade in Goods is that WTO provisions in the goods area can be relevant for electronic transmissions so far as the content of these transmissions can be qualified as goods. In the GATS Council there is a general view that the General Agreement on Trade in Services does not distinguish between technological means of supplying a service, and that its provisions may apply to the supply of services by electronic means.

**E-commerce and development** The Committee on Trade and Development considered it important to keep track of developments in e-commerce in relation to the interests and concerns of developing countries. In this connection, the CTD discussed relevant issues and organized seminars on the revenue implications of e-commerce (2002), government facilitation of e-commerce (2001) and e-commerce and development (1999).

**Intellectual property rights** In the TRIPS Council, Members felt that the novelty and complexity of the intellectual property issues arising from electronic commerce were such that further study was required by the international community. It was noted, however, that a secure and predictable legal environment for intellectual property rights would foster the development of electronic commerce.

## MEMBERS AND ACCESSIONS

### Becoming a member of the WTO

#### ON THE WEBSITE:

[www.wto.org](http://www.wto.org) > *the WTO* > *membership* > *accessions*

Any state or customs territory having full autonomy in the conduct of its trade policies may join (“accede to”) the WTO, but WTO members must agree on the terms.

#### How to join the WTO: the accession process

The process starts with the applying country submitting a formal written request to accede (under Article 12 of the WTO Agreement). The request is considered by the General Council, which sets up a **working party** to examine the application — each application has a separate working party. The working party eventually makes recommendations to the General Council, including a “protocol of accession” at the end of the negotiations. The working party is open to all WTO members.

Broadly speaking the application goes through four stages:

- **First, “tell us about yourself”.** The government applying for membership has to describe all aspects of its trade and economic policies that have a bearing on WTO agreements. This is submitted to working party members in a memorandum covering all aspects of its trade and legal regime, that forms the basis of the working party’s fact-finding exercise.
- **Second, “work out with us individually what you have to offer”.** When the working party has made sufficient progress on principles and policies, parallel bilateral talks begin between the prospective new member and individual countries. They are bilateral because different countries have different trading interests. These talks cover tariff rates and specific market access commitments, and other policies in goods and services. The new member’s commitments are to apply equally to all WTO members under normal non-discrimination rules, even though they are negotiated bilaterally. In other words, the talks determine the benefits (in the form of export opportunities and guarantees) other WTO members can expect when the new member joins.
- **Third, “let’s draft membership terms”.** This is the substantive part of the multilateral membership negotiations. Once the working party has completed its examination of the applicant’s trade regime, and the parallel bilateral market access negotiations are complete, the working party finalizes the terms of accession. These consist of commitments to observe WTO rules and disciplines as soon as the new member joins, or in some cases with transitional periods. They appear in a draft **working party report**, a draft membership treaty (“**protocol of accession**”) and lists (“**schedules**”) of the member-to-be’s commitments.
- **Finally, “the decision”.** The final package, consisting of the report, protocol and lists of commitments, is presented to the WTO General Council or the Ministerial Conference. If a two-thirds majority of WTO members vote in favour, the applicant is free to sign the protocol and to accede to the organization. In many cases, the country’s own parliament or legislature has to ratify the agreement before membership is complete. The applicant becomes a member of the WTO 30 days after it has notified the WTO Secretariat that it has completed ratification.

The accession process can vary in length and can take several years to complete. The shortest accession process has overall taken 2 years 10 months, in the case of the Kyrgyz Republic, and the longest 15 years and 5 months, in the case of China. Much depends on the speed with which the applicant government is able to adjust its trade and legal regime to the requirements of the WTO’s rules and disciplines.

#### Least-developed countries

On 10 December 2002, the General Council agreed a new range of measures enabling the world’s poorest countries, the least-developed countries (LDCs), to join more quickly and easily.

Member governments agreed to be restrained in seeking concessions and commitments on goods and services from least-developed countries negotiating membership. They agreed to apply “special and differential treatment” to those countries as soon as they become members, and to grant transitional periods in specific WTO agreements, taking into account individual development, financial and trade needs. The purpose is to enable them to implement and comply with the rules. In the General Council decision, WTO members also agreed to provide technical assistance. Since the measures were agreed, two least-developed countries successfully concluded their negotiations to become members : Nepal and Cambodia.

### **The new members**

Since the WTO was established on 1 January 1995, 21 new members have joined the WTO through working party negotiations. These are : Albania, Armenia, Bulgaria, China, Cambodia, Croatia, Ecuador, Estonia, Former Yugoslav Republic of Macedonia, Georgia, Jordan, Latvia, Lithuania, Kyrgyz Republic, Moldova, Mongolia, Nepal, Oman, Panama, Saint Kitts and Nevis, and Chinese Taipei. Saudi Arabia becomes a member as of 11 December 2005.

### **The applicants**

With 30 governments currently negotiating their terms of membership, accession will remain a major challenge for WTO members in the years ahead. Their applications are currently being considered by WTO accession working parties. An exception is Vanuatu, whose membership awaits a final decision by its government and then by the General Council. Each of these applicant governments is an observer in the WTO.

Afghanistan  
Algeria  
Andorra  
Azerbaijan  
Bahamas  
Belarus  
Bosnia Herzegovina  
Bhutan  
Cape Verde  
Ethiopia  
Iran  
Iraq  
Kazakhstan  
Lao People's Democratic Republic  
Lebanese Republic  
Libya  
Republic of Montenegro  
Republic of Serbia  
Russian Federation  
Samoa  
Sao Tome and Principe  
Seychelles  
Sudan  
Tajikistan  
Tonga  
Ukraine  
Uzbekistan  
Vanuatu  
Viet Nam  
Yemen

## Some current accessions negotiations

Of the countries applying to join the WTO, these have been more active in their negotiations in the last few months, are close to an agreement, or have aroused more public interest:

### Algeria

Algeria's working party was established on 17 June 1987 and met for the first time in April 1998. Topics under discussion in the working party include: agriculture, the customs system, state trading, transparency and legal reform, and intellectual property. Algeria has made offers on market access in goods and services and the discussion on terms of entry is underway. The 9<sup>th</sup> meeting of the working party took place in October 2005.

### Russian Federation

Russia's working party was established on 16 June 1993. Bilateral market-access negotiations on goods and services have started. In the working party, topics under discussion include: agriculture, the customs system (and customs union and other trade arrangements with CIS states), excise taxation and national treatment, import licensing, industrial subsidies, national treatment, sanitary/phytosanitary measures and technical barriers to trade, trade-related investment measures, intellectual property, and services. Discussion is continuing on a third draft of the working party's report.

Russia is the biggest economy outside the WTO and the accession negotiations are intense and detailed. One of the most important aspects of this negotiation is a wide ranging programme of legislative reforms, which the Russian Parliament plans to complete this year. This set of new or amended laws includes a Customs Code, intellectual property protection, regulation of foreign trade activity, foreign currency regulations and many more. The aim is to create a modern, market oriented and predictable legal environment in tune with WTO agreements and principles and Russia's plans for economic reform.

The 29<sup>th</sup> meeting of the working party was held on October 2005, with additional bilateral meetings held throughout the year. Many of these bilateral meetings involve Russia negotiating market access agreements for goods and services with its trading partners. Other "plurilateral" meetings have focused on dealing in more detail with some contentious issues in the negotiation such as agriculture, sanitary/phytosanitary measures and technical barriers to trade, intellectual property, and services. The working party is also drafting the report of the negotiations and the protocol of accession.

### Ukraine

Ukraine's working party was established on 17 December 1994. Topics under discussion include: agriculture, the customs system, excise and value added tax, import licensing and other non-tariff measures, industrial subsidies, national treatment, services, state trading enterprises, transparency and legal reform, and intellectual property. Bilateral market-access negotiations are continuing on the basis of revised offers in goods and services. Work is underway on the draft report of the working party which specifies members' concerns and Ukraine's commitments. The last meeting was in mid-November 2005.

### Viet Nam

Viet Nam's working party was established on 31 January 1995. The draft Working Party Report (a detailed document summarizing discussions in the Working Party) was circulated in November 2004 and a revision was discussed when the working party met on 15 September 2005. This was its tenth meeting and the chairperson said he expected that by the next meeting Vietnam would have concluded all its remaining bilateral market-access negotiations in goods and services. However, "it is clear that some more work is needed on the various sections of the report," he also said.

## WTO members

### ON THE WEBSITE:

[www.wto.org](http://www.wto.org) > *the WTO > membership > members and observers*

149 governments, as of 11 December 2005, with date of membership (“g” = the 51 original GATT members who joined after 1 January 1995; “n” = new members joining the WTO through a working party negotiation):

<b>Albania</b> 8 September 2000 (n)	<b>Gabon</b> 1 January 1995	<b>New Zealand</b> 1 January 1995
<b>Angola</b> 1 December 1996 (g)	<b>Gambia</b> 23 October 1996 (g)	<b>Nicaragua</b> 3 September 1995 (g)
<b>Antigua and Barbuda</b> 1 January 1995	<b>Georgia</b> 14 June 2000 (n)	<b>Niger</b> 13 December 1996 (g)
<b>Argentina</b> 1 January 1995	<b>Germany</b> 1 January 1995	<b>Nigeria</b> 1 January 1995
<b>Armenia</b> 5 February 2003 (n)	<b>Ghana</b> 1 January 1995	<b>Norway</b> 1 January 1995
<b>Australia</b> 1 January 1995	<b>Greece</b> 1 January 1995	<b>Oman</b> 9 November 2000 (n)
<b>Austria</b> 1 January 1995	<b>Grenada</b> 22 February 1996 (g)	<b>Pakistan</b> 1 January 1995
<b>Bahrain</b> 1 January 1995	<b>Guatemala</b> 21 July 1995 (g)	<b>Panama</b> 6 September 1997 (n)
<b>Bangladesh</b> 1 January 1995	<b>Guinea Bissau</b> 31 May 1995 (g)	<b>Papua New Guinea</b> 9 June 1996 (g)
<b>Barbados</b> 1 January 1995	<b>Guinea</b> 25 October 1995 (g)	<b>Paraguay</b> 1 January 1995
<b>Belgium</b> 1 January 1995	<b>Guyana</b> 1 January 1995	<b>Peru</b> 1 January 1995
<b>Belize</b> 1 January 1995	<b>Haiti</b> 30 January 1996 (g)	<b>Philippines</b> 1 January 1995
<b>Benin</b> 22 February 1996 (g)	<b>Honduras</b> 1 January 1995	<b>Poland</b> 1 July 1995 (g)
<b>Bolivia</b> 13 September 1995 (g)	<b>Hong Kong, China</b> 1 January 1995	<b>Portugal</b> 1 January 1995
<b>Botswana</b> 31 May 1995 (g)	<b>Hungary</b> 1 January 1995	<b>Qatar</b> 13 January 1996 (g)
<b>Brazil</b> 1 January 1995	<b>Iceland</b> 1 January 1995	<b>Romania</b> 1 January 1995
<b>Brunei Darussalam</b> 1 January 1995	<b>India</b> 1 January 1995	<b>Rwanda</b> 22 May 1996 (g)
<b>Bulgaria</b> 1 December 1996 (n)	<b>Indonesia</b> 1 January 1995	<b>Saint Kitts and Nevis</b> 21 February 1996 (n)
<b>Burkina Faso</b> 3 June 1995 (g)	<b>Ireland</b> 1 January 1995	<b>Saint Lucia</b> 1 January 1995
<b>Burundi</b> 23 July 1995 (g)	<b>Israel</b> 21 April 1995 (g)	<b>Saint Vincent &amp; the Grenadines</b> 1 January 1995
<b>Cambodia</b> 23 April 2004 (n)	<b>Italy</b> 1 January 1995	<b>Saudi Arabia</b> 11 December 2005 (n)
<b>Cameroon</b> 13 December 1995 (g)	<b>Jamaica</b> 9 March 1995 (g)	<b>Senegal</b> 1 January 1995
<b>Canada</b> 1 January 1995	<b>Jordan</b> 11 April 2000 (n)	<b>Sierra Leone</b> 23 July 1995 (g)
<b>Central African Republic</b> 31 May 1995 (g)	<b>Japan</b> 1 January 1995	<b>Singapore</b> 1 January 1995
<b>Chad</b> 19 October 1996 (g)	<b>Kenya</b> 1 January 1995	<b>Slovak Republic</b> 1 January 1995
<b>Chile</b> 1 January 1995	<b>Korea</b> 1 January 1995	<b>Slovenia</b> 30 July 1995 (g)
<b>China</b> 11 December 2001 (n)	<b>Kuwait</b> 1 January 1995	<b>Solomon Islands</b> 26 July 1996 (g)
<b>Colombia</b> 30 April 1995 (g)	<b>Kyrgyz Republic</b> 20 December 1998 (n)	<b>South Africa</b> 1 January 1995
<b>Congo</b> 27 March 1997 (g)	<b>Latvia</b> 10 February 1999 (n)	<b>Spain</b> 1 January 1995
<b>Costa Rica</b> 1 January 1995	<b>Lesotho</b> 31 May 1995 (g)	<b>Sri Lanka</b> 1 January 1995
<b>Côte d’Ivoire</b> 1 January 1995	<b>Liechtenstein</b> 1 September 1995 (g)	<b>Suriname</b> 1 January 1995
<b>Croatia</b> 30 November 2000 (n)	<b>Lithuania</b> 31 May 2001 (n)	<b>Swaziland</b> 1 January 1995
<b>Cuba</b> 20 April 1995 (g)	<b>Luxembourg</b> 1 January 1995	<b>Sweden</b> 1 January 1995
<b>Cyprus</b> 30 July 1995 (g)	<b>Macao, China</b> 1 January 1995	<b>Switzerland</b> 1 July 1995 (g)
<b>Czech Republic</b> 1 January 1995	<b>Madagascar</b> 17 November 1995 (g)	<b>Chinese Taipei</b> 1 January 2002 (n)
<b>Democratic Republic of the Congo</b> 1 January 1997 (g)	<b>Malawi</b> 31 May 1995 (g)	<b>Tanzania</b> 1 January 1995
<b>Denmark</b> 1 January 1995	<b>Malaysia</b> 1 January 1995	<b>Thailand</b> 1 January 1995
<b>Djibouti</b> 31 May 1995 (g)	<b>Maldives</b> 31 May 1995 (g)	<b>Togo</b> 31 May 1995 (g)
<b>Dominica</b> 1 January 1995	<b>Mali</b> 31 May 1995 (g)	<b>Trinidad and Tobago</b> 1 March 1995 (g)
<b>Dominican Republic</b> 9 March 1995 (g)	<b>Malta</b> 1 January 1995	<b>Tunisia</b> 29 March 1995 (g)
<b>Ecuador</b> 21 January 1996 (n)	<b>Mauritania</b> 31 May 1995 (g)	<b>Turkey</b> 26 March 1995 (g)
<b>Egypt</b> 30 June 1995 (g)	<b>Mauritius</b> 1 January 1995	<b>Uganda</b> 1 January 1995
<b>El Salvador</b> 7 May 1995 (g)	<b>Mexico</b> 1 January 1995	<b>United Arab Emirates</b> 10 April 1996 (g)
<b>Estonia</b> 13 November 1999 (n)	<b>Moldova</b> 26 July 2001 (n)	<b>United Kingdom</b> 1 January 1995
<b>European Union</b> 1 January 1995	<b>Mongolia</b> 29 January 1997 (n)	<b>United States</b> 1 January 1995
<b>Fiji</b> 14 January 1996 (g)	<b>Morocco</b> 1 January 1995	<b>Uruguay</b> 1 January 1995
<b>Finland</b> 1 January 1995	<b>Mozambique</b> 26 August 1995 (g)	<b>Venezuela</b> 1 January 1995
<b>Former Yugoslav Republic of Macedonia</b> 4 April 2003 (n)	<b>Myanmar</b> 1 January 1995	<b>Zambia</b> 1 January 1995
<b>France</b> 1 January 1995	<b>Namibia</b> 1 January 1995	<b>Zimbabwe</b> 3 March 1995 (g)
	<b>Nepal</b> 13 October 2004 (n)	
	<b>Netherlands — including Netherlands Antilles</b> 1 January 1995	

## BANANAS

### Discussions continue on a long-standing issue

In February 1996, Ecuador, Guatemala, Honduras, Mexico and the United States filed a legal complaint against the European Union's banana import regime, which had been in force since July 1993, claiming that it unfairly restricted the entry of their bananas to the EU. In September 1997, the WTO ruled that the EU's banana import regime was inconsistent with WTO rules for the following reasons:

- the EU's tariff quota allocation, particularly to the ACP (African, Caribbean, Pacific) countries, was contrary to the non-discrimination rule (Article 13 of the GATT - General Agreement on Tariffs & Trade);
- the EU's licensing procedures, which involve the purchase of EU and/or ACP bananas in order to obtain rights to import some Latin American (or other third countries') bananas, were contrary to the MFN (most-favoured-nation) rule and the national treatment rule (Articles 1 & 3 respectively of the GATT); and
- through the impact of this licensing system on the service suppliers of the complaining countries, the licensing procedures were also contrary to the MFN rule and the national treatment rule (Articles 2 & 17) of the GATS – General Agreement on Trade in Services.

In January 1999, the EU introduced a new banana import regime but the WTO ruled in April 1999 that this new regime was also incompatible with the EU's WTO obligations. On 19 April 1999, the WTO granted US authorization to impose sanctions up to an amount of US\$ 191.4 million per year on EU products entering the US market. In May 2000, the WTO granted Ecuador authorization to impose sanctions up to an amount of US\$201.6 million per year on EU exports to Ecuador.

In April 2001, the three governments reached an agreement whereby Ecuador and the US would suspend their sanctions so long as the EU changed its banana import regime from the existing tariff-rate quota system to a tariff-only system by 1 January 2006. Under this new tariff-only system, banana imports would not be subject to quotas; there would be a single tariff for all banana imports, except for ACP bananas which would continue to benefit from a preferential tariff arrangement.

In order to change from a tariff-rate quota system to a tariff-only system, the EU has to modify all its existing WTO market-access commitments relating to bananas. Hence, under WTO rules (Article 28 of GATT), the EU has to re-negotiate with all countries which supply bananas on a non-preferential basis to the EU and reach agreement on the details of the new tariff-only system. At the end of these negotiations, the share of the EU market for these suppliers should be no less than before.

In November 2001, at the WTO Ministerial Conference in Doha, Qatar, all member governments of the WTO adopted a Ministerial Decision which formalized the above elements of the agreement between Ecuador, the US and the EU. The Ministerial Decision also spelt out the procedures and timetable for possible arbitration in the event the EU is unable to reach an agreement with the banana-supplying countries on the new tariff-only system. A related Ministerial Decision adopted at Doha allows ACP bananas to be imported into the EU tariff-free until 31 December 2007.

On 31 January 2005, after several months of consultations with non-preferential banana-supplying countries, the EU informed the WTO of its new banana tariff: € 230 per tonne.

In March/April 2005, a group of Latin American countries requested arbitration under the Doha Ministerial Decision. In August 2005, the arbitration panel ruled that the EU's proposed tariff would not maintain the existing market-access for non-preferential banana suppliers from Latin America.

On 12 September 2005, the EU proposed a revised tariff of € 187 per tonne. The parties held further

consultations, but they were unable to reach a mutually-satisfactory solution. On 26 September 2005, the EU requested a second arbitration. The EU stated that, with the exception of a proposal for a zero tariff, the EU had not been presented with an alternative figure to its proposed tariff, and that there was no basis for seeking a mutually-satisfactory solution in the absence of a counter proposal from the other parties. Hence, the EU requested an arbitration to determine, within 30 days, whether the new EU proposal "has rectified the matter".

On 27 October 2005, the second arbitration report was issued. It determined that the EU's proposed rectification, consisting of a new MFN tariff of € 187 per tonne and a 775,000 ton tariff quota on imports of bananas of ACP origin, would not result in "at least maintaining total market access for MFN banana suppliers". The arbitrator, therefore, concluded that the EU had failed to rectify the matter.



## STATISTICS

### Textiles and Clothing

After more than forty years of trade with import quotas, the textiles and clothing sector eventually became subject to the general rules of the WTO from January 1, 2005. Protection of the textile and clothing sector has a long history. In 1962, a Long-term Agreement regarding International Trade in Cotton Textiles (LTA) was signed under the auspices of GATT. The LTA was renegotiated several times until it was replaced by the Multi Fibre Agreement (MFA) which came into force in 1974. The MFA was negotiated four times and it finally expired in 1994. The expiration of the MFA did not, however, mean the end of the quotas. With the establishment of the WTO in 1995, the Agreement on Textiles and Clothing (ATC) was negotiated as a transitory regime to the full integration of textiles and clothing into the multi-lateral trading system. Four countries had been restricting their imports of textiles and clothing (Canada, the EU, Norway and the United States). The integration took place in four steps over a ten year period, ending on 31 December 2004.

Since the beginning of 2005, imports from previously restricted suppliers increased sharply in the US and the EU. The import increases have been particularly strong from China which led to the imposition of new limitations on Chinese textiles and clothing exports to the United States and the EU. The legal basis for this new selective quantitative restrictions on Chinese exports are in the Report of the Working Party on the Accession of China which is annexed to China's Protocol of Accession to the WTO.

### Leading exporters and importers of textiles, 2004 (Billion dollars and percentage)

	Value	Share in world exports/imports				Annual percentage change			
	2004	1980	1990	2000	2004	2000-04	2002	2003	2004
<b>Exporters</b>									
European Union (25)	71.29	-	-	36.5	36.6	6	3	14	10
extra-EU (25) exports	24.31	-	-	11.2	12.5	9	5	15	15
China a, b	33.43	4.6	6.9	10.4	17.2	20	22	31	24
Hong Kong, China	14.30	-	-	-	-	2	2	5	9
domestic exports	0.68	1.7	2.1	0.8	0.4	-13	-7	-23	-10
re-exports	13.61	-	-	-	-	3	3	8	10
United States	11.99	6.8	4.8	7.1	6.2	2	2	2	10
Korea, Republic of	10.84	4.0	5.8	8.2	5.6	-4	0	-2	1
Taipei, Chinese	10.04	3.2	5.9	7.7	5.2	-4	-4	-2	8
Japan	7.14	9.3	5.6	4.5	3.7	0	-3	7	11
India c	6.85	2.4	2.1	3.9	4.0	6	12	14	...
Turkey	6.43	0.6	1.4	2.4	3.3	15	8	24	22
Pakistan	6.12	1.6	2.6	2.9	3.1	8	6	21	5
Indonesia	3.15	0.1	1.2	2.3	1.6	-3	-10	1	8
Thailand d	2.63	0.6	0.9	1.3	1.3	8	1	14	21
Canada	2.43	0.6	0.7	1.4	1.2	2	1	4	7
Mexico a, d	2.24	0.2	0.7	1.7	1.1	-3	6	-5	7
Switzerland	1.60	2.8	2.5	1.0	0.8	2	-2	6	7
Above 15	176.85	-	-	92.1	91.3	-	-	-	-
<b>Importers</b>									
European Union (25)	67.97	-	-	33.8	33.0	5	2	14	9
extra-EU (25) imports	20.99	-	-	9.9	10.2	7	0	15	14
United States	20.66	4.5	6.2	9.8	10.0	7	10	8	13
China a, b	15.30	1.9	4.9	7.8	7.4	5	4	9	8
Hong Kong, China	14.11	-	-	-	-	1	-1	7	9
retained imports	0.50	3.7	3.8	0.9	0.2	-23	-39	-4	-17
Mexico a, d, e	5.79	0.2	0.9	3.6	2.8	0	3	-2	6
Japan	5.60	2.9	3.8	3.0	2.7	3	-5	11	11
Turkey	4.17	0.1	0.5	1.3	2.0	18	48	21	21
Canada e	4.11	2.3	2.2	2.5	2.0	0	0	1	7
Korea, Republic of	3.38	0.7	1.8	2.1	1.6	0	6	-3	8
Viet Nam d	3.35	...	...	0.8	1.6	25	60	35	20
Romania	3.33	...	0.1	1.0	1.6	18	18	21	16
United Arab Emirates c	2.15	0.8	0.9	1.3	1.2	...	9	6	...
Russian Federation d	2.10	-	-	0.8	1.0	14	3	24	14
Australia e	1.83	2.0	1.3	1.0	0.9	3	13	13	10
Thailand d	1.81	0.3	0.8	1.0	0.9	3	3	3	11
Above 15	142.06	-	-	70.7	69.1	-	-	-	-

a Includes significant shipments through processing zones.

b In 2004, China reported imports of textiles from China amounting to nearly \$2 billion.

c 2003 instead of 2004.

d Includes Secretariat estimates.

e Imports are valued f.o.b.

Source: WTO, *International Trade Statistics 2005*

**Textile exports of selected economies, 1990-04**  
(Million dollars and percentage)

	Value					Share in economy's total merchandise exports	
	1990	2000	2002	2003	2004	2000	2004 a
World	104354 d	154571	154304	172470	194732	2.5	2.2
Argentina	158	257	190	154	198	1.0	0.6
Australia	152	347	283	309	328	0.6	0.3
Bangladesh	343	355	443	476	388	5.6	4.8
Belarus	-	410	381	449	514	5.6	3.7
Brazil	769	897	841	1106	1244	1.6	1.3
Bulgaria		119	180	243	310	2.5	3.1
Canada	687	2204	2181	2264	2431	0.8	0.8
Chile	33	114	83	87	109	0.6	0.3
China b	7219	16135	20562	26900	33428	6.5	5.6
Colombia c	133	268	205	228	240	2.1	1.5
Croatia	-	87	82	111	118	2.0	1.5
Egypt c	554	323	251	278	298	6.9	3.9
El Salvador b, c	38	79	70	72	77	2.7	2.3
European Union (25)	-	56456	57040	64907	71287	2.3	1.9
intra-EU (25) exports	-	39184	38557	43720	46980	2.4	1.9
extra-EU (25) exports	-	17272	18483	21187	24307	2.2	2.0
FYR Macedonia	...	37	36	42	53	2.8	3.2
Hong Kong, China	8213	13441	12422	13087	14296	6.6	5.4
domestic exports	2171	1176	980	757	684	5.0	3.4
re-exports	6042	12265	11441	12330	13612	6.8	5.5
India	2180	5998	6028	6846	...	13.3	10.9
Indonesia	1241	3505	2896	2923	3152	5.4	4.4
Iran, Islamic Rep. of	510	766	726	800	...	2.7	2.4
Israel	270	490	538	606	683	1.6	1.8
Japan	5871	7023	6030	6431	7138	1.5	1.3
Korea, Republic of	6076	12710	10945	10779	10839	7.4	4.3
Macao, China	136	272	326	303	313	10.7	11.1
Malaysia b	343	1270	994	1017	1227	1.3	1.0
Mauritius	36	81	68	77	83	5.2	4.2
Mexico b, c	713	2571	2210	2096	2237	1.5	1.2
Morocco b	203 d	123	139	129	147	1.7	1.5
Nepal	82	182	...	107	...	22.7	16.2
New Zealand	135	142	169	222	252	1.1	1.2
Pakistan	2663	4532	4790	5811	6125	50.2	45.8
Peru	221	128	103	119	149	1.8	1.2
Philippines b, c	132	297	249	270	288	0.7	0.7
Romania	125	...	310	444	562		2.4
Russian Federation c	-	439	431	554	695	0.4	0.4
Singapore	903	907	738	706	698	0.7	0.4
domestic exports	141	293	313	288	281	0.4	0.3
re-exports	762	614	425	418	417	1.0	0.5
South Africa	167	240 d	248	298	301	0.8	0.7
Sri Lanka c	25	244	171	161	157	4.5	2.7
Switzerland	2557	1503	1421	1499	1604	1.9	1.4
Syrian Arab Republic	555	158	168	241	...	3.4	4.2
Taipei, Chinese	6128	11891	9531	9303	10038	8.0	5.8
Tanzania	...	11	14	20	38	1.7	2.6
Thailand c	928	1960	1897	2161	2625	2.8	2.7
Tunisia	112	154	227	268	323	2.6	3.3
Turkey	1440	3672	4244	5262	6428	13.2	10.2
Ukraine c	-	127	158	205	225	0.9	0.7
United States	5039	10952	10664	10886	11989	1.4	1.5
Uruguay	85	65	41	53	63	2.8	2.1
Viet Nam	...	598	848	...	...	4.1	5.1

a Or nearest year.

b Includes significant exports from processing zones.

Source: WTO, *International Trade Statistics 2005*

c Includes Secretariat estimates.

d Break in time series.

**Textile imports of selected economies, 1990-04**  
(Million dollars and percentage)

	Value					Share in economy's total merchandise imports	
	1990	2000	2002	2003	2004	2000	2004 a
Argentina	53	619	170	454	585	2.5	2.6
Australia b	1442	1632	1472	1662	1828	2.3	1.7
Bahrain	71	176	188	152	161	3.8	2.4
Bangladesh	452	1140	1387	1405	1471	12.8	12.2
Belarus	-	256	266	322	403	3.0	2.5
Bolivarian Rep. of Venezuela b	112	286	185	138	365	1.8	2.4
Brazil	252	1110	851	810	1084	1.9	1.6
Bulgaria	...	506	722	956	1105	7.8	7.6
Cambodia	...	432	643	713	867	30.0	42.0
Canada b	2325	4126	3803	3849	4115	1.7	1.5
Chile	203	431	355	359	421	2.3	1.7
China c	5292	12832	13060	14217	15304	5.7	2.7
Colombia	75	558	522	548	685	4.8	4.1
Costa Rica c, d	83	e 165	180	188	203	2.6	2.5
Croatia	-	249	370	428	453	3.2	2.7
Ecuador	22	113	127	122	159	3.0	2.0
Egypt d	211	206	190	206	274	1.5	2.1
El Salvador c, d	111	364	388	423	481	7.4	7.7
European Union (25)	-	55264	54430	62236	67972	2.2	1.8
extra-EU (25) imports	-	16224	15953	18378	20992	1.8	1.6
Hong Kong, China	10182	13716	12065	12931	14110	6.4	5.2
retained imports	4140	1451	623	601	498	4.2	1.8
India	240	575	896	1110	...	1.1	1.4
Indonesia	785	1251	878	663	739	2.9	1.3
Iran, Islamic Rep. of	...	298	239	317	...	2.1	1.2
Israel	474	759	641	658	761	2.1	1.9
Japan	4133	4935	4532	5031	5599	1.3	1.2
Jordan	107	172	381	471	646	3.7	7.9
Korea, Republic of	1947	3359	3239	3131	3385	2.1	1.5
Kuwait	168	212	...	...	...	3.0	2.6
Lebanon	...	178	189	181	...	2.9	2.5
Macao, China	619	902	801	770	799	40.0	23.0
Malaysia c	951	1114	917	839	967	1.4	0.9
Mauritius c	350	411	348	358	335	19.6	12.1
Mexico b, c, d	992	5822	5571	5458	5790	3.3	2.9
Morocco c	361	e 1364	1483	1710	1797	11.8	10.2
Nepal d	42	138	...	142	...	8.8	8.1
New Zealand	396	369	376	430	473	2.7	2.0
Norway	554	509	535	596	657	1.5	1.4
Pakistan	126	130	191	255	310	1.2	1.7
Peru	17	165	198	207	264	2.2	2.6
Philippines c, d	910	1250	1093	1070	1136	3.4	2.7
Romania	67	1715	2370	2871	3329	13.1	10.2
Russian Federation d	-	1248	1482	1833	2099	2.8	2.2
Saudi Arabia	1312	986	1001	1053	...	3.3	2.8
Serbia and Montenegro d	-	284	424	468	...	7.7	5.9
Singapore	1778	1275	1026	1006	1014	0.9	0.6
retained imports	1016	661	601	588	597	0.9	0.7
South Africa b	561	e 570	534	640	821	2.1	1.7
Sri Lanka	412	1483	1317	1380	1534	20.7	19.2
Switzerland	1849	1326	1287	1464	1615	1.6	1.4
Syrian Arab Republic	168	399	252	341	337	10.5	5.4
Taipei, Chinese	1013	1460	1164	1181	1251	1.0	0.8
Thailand d	898	1630	1576	1629	1807	2.6	1.9
Tunisia	790	1207	1425	1496	1654	14.1	13.0
Turkey	567	2124	2839	3441	4170	3.9	4.3
Ukraine d	-	450	516	643	741	3.2	2.6
United Arab Emirates d	983	2055	2000	2147	...	7.7	5.4
United States	6730	15985	16953	18251	20662	1.3	1.4
Viet Nam d	...	1379	2071	2795	3354	8.8	10.8

a Or nearest year.

b Imports are valued f.o.b.

c Includes significant imports into processing zones.

d Includes Secretariat estimates.

e Break in time series.

Source: WTO, *International Trade Statistics 2005*

### Leading exporters and importers of clothing, 2004 (Billion dollars and percentage)

	Value	Share in world exports/imports				Annual percentage change			
	2004	1980	1990	2000	2004	2000-04	2002	2003	2004
<b>Exporters</b>									
European Union (25)	74.92	-	-	27.0	29.0	9	6	18	9
extra-EU (25) exports	19.13	-	-	6.9	7.4	9	4	13	11
China a	61.86	4.0	8.9	18.3	24.0	14	13	26	19
Hong Kong, China	25.10	-	-	-	-	1	-4	3	8
domestic exports	8.14	11.5	8.6	5.0	3.2	-5	-10	-2	-1
re-exports	16.96	-	-	-	-	4	-1	6	13
Turkey	11.19	0.3	3.1	3.3	4.3	14	21	24	12
Mexico a, b	7.20	0.0	0.5	4.4	2.8	-4	-3	-5	-2
India c	6.62	1.7	2.3	3.1	2.8	7	10	10	...
United States	5.06	3.1	2.4	4.4	2.0	-12	-14	-8	-9
Romania	4.72	...	0.3	1.2	1.8	19	17	25	16
Indonesia	4.45	0.2	1.5	2.4	1.7	-2	-13	4	8
Bangladesh	4.44	0.0	0.6	2.0	1.7	3	-7	13	0
Thailand b	4.05	0.7	2.6	1.9	1.6	1	0	1	12
Viet Nam b	3.98	...	...	0.9	1.5	22	41	35	12
Korea, Republic of	3.39	7.3	7.3	2.5	1.3	-9	-8	-8	-7
Tunisia	3.27	0.8	1.0	1.1	1.3	10	4	1	20
Pakistan	3.03	0.3	0.9	1.1	1.2	9	4	22	12
Above 15	206.32	-	-	78.6	80.3	-	-	-	-
<b>Importers</b>									
European Union (25)	121.66	-	-	39.9	45.0	10	7	19	14
extra-EU (25) imports	65.86	-	-	20.9	24.4	11	7	20	15
United States	75.73	16.4	24.0	32.4	28.0	3	1	7	6
Japan	21.69	3.6	7.8	9.5	8.0	2	-8	11	11
Hong Kong, China	17.13	1.6	6.2	7.7	6.3	2	-2	2	7
retained imports	0.17	0.9	0.7	0.8	0.1	-44	-16	-38	-83
Russian Federation b	5.46	-	-	1.3	2.0	19	27	25	13
Canada d	5.22	1.7	2.1	1.8	1.9	9	2	12	16
Switzerland	4.34	3.4	3.1	1.5	1.6	8	7	15	9
Korea, Republic of	2.75	0.0	0.1	0.6	1.0	20	38	13	8
Australia d	2.67	0.8	0.6	0.9	1.0	9	11	20	22
Mexico a, b, d	2.58	0.3	0.5	1.7	1.0	-8	-5	-9	-15
Singapore	2.06	0.3	0.8	0.9	0.8	2	7	8	6
retained imports	0.56	0.2	0.3	0.3	0.2	0	18	-7	12
United Arab Emirates b, c	2.05	0.6	0.5	0.7	0.8	...	15	15	...
Norway	1.67	1.7	1.1	0.6	0.6	7	10	13	8
China a	1.54	0.1	0.0	0.6	0.6	7	6	5	8
Saudi Arabia c	1.03	1.6	0.7	0.4	0.4	...	6	13	...
Above 15	250.61	-	-	93.7	93.0	-	-	-	-

a Includes significant shipments through processing zones.

b Includes Secretariat estimates.

c 2003 instead of 2004.

d Imports are valued f.o.b.

Source: WTO, *International Trade Statistics 2005*

### Clothing exports of selected economies, 1990-04 (Million dollars and percentage)

	Value					Share in economy's total merchandise exports	
	1990	2000	2002	2003	2004	2000	2004 a
World	108129	d 197413	203038	232488	258097	3.1	2.9
Albania	...	97	120	153	196	37.1	32.9
Bahrain	21	261	375	206	177	4.2	2.4
Bangladesh	643	3907	3947	4461	4442	61.2	54.5
Belarus	-	262	292	341	401	3.6	2.9
Brazil	247	282	221	296	350	0.5	0.4
Brunei Darussalam	10	...	207	218	...	...	5.3
Bulgaria	...	701	1092	1500	1753	14.5	17.7
Cambodia	...	970	1313	1600	1981	69.8	70.8
Canada	328	2077	1989	1966	1995	0.8	0.6
China b	9669	36071	41302	52061	61856	14.5	10.4
Colombia	460	520	523	637	868	4.0	5.4
Costa Rica b, c	54	d 385	397	302	263	6.6	4.2
Croatia	-	469	511	595	631	10.6	7.9
Dominican Republic b, c	782	2868	2366	2278	2262	50.0	39.3
Egypt c	144	243	208	233	284	5.2	3.7
El Salvador b, c	184	1673	1841	1964	2083	56.9	63.2
European Union (25)	-	53273	57958	68455	74921	2.2	2.0
intra-EU (25) exports	-	39729	42785	51249	55793	2.4	2.2
extra-EU (25) exports	-	13544	15173	17206	19128	1.7	1.6
Fiji	80	156	106	135	146	26.7	21.5
FYR Macedonia	-	318	334	409	478	24.1	28.8
Honduras c	64	472	475	510	551	34.5	35.8
Hong Kong, China	15406	24214	22430	23158	25097	11.9	9.5
domestic exports	9266	9935	8338	8202	8138	42.2	40.7
re-exports	6140	14279	14091	14956	16960	8.0	6.9
India	2530	6178	6037	6625	...	13.7	10.5
Indonesia	1646	4734	3945	4105	4454	7.2	6.2
Israel	482	729	549	485	525	2.3	1.4
Iran, Islamic Rep. of	...	125	183	228	...	0.4	0.7
Jordan	11	115	520	683	1017	6.1	25.7
Korea, Republic of	7879	5027	3962	3640	3391	2.9	1.3
Lesotho	...	261	234	290	335	77.7	46.1
Macao, China	1111	1849	1648	1834	1952	72.8	69.4
Malaysia b	1315	2257	2000	2057	2326	2.3	1.8
Mauritius	619	948	949	980	939	60.9	46.9
Mexico b, c	587	8631	7751	7343	7197	5.2	3.8
Moldova	-	76	98	119	157	16.0	15.9
Morocco	722	d 2401	2437	2847	3020	32.3	30.9
Nepal	50	209	...	226	...	26.0	34.1
Pakistan	1014	2144	2228	2710	3026	23.8	22.6
Peru	120	504	530	653	883	7.2	7.0
Philippines b, c	1733	2536	2611	2250	2270	6.4	5.7
Romania	363	2328	3251	4069	4717	22.5	20.1
Russian Federation c	-	460	538	673	535	0.4	0.3
Serbia and Montenegro c	-	130	158	176	...	7.6	6.6
Singapore	1588	1825	1653	1798	1822	1.3	1.0
domestic exports	995	504	386	356	324	0.6	0.3
re-exports	593	1321	1267	1442	1498	2.2	1.8
South Africa	85	d 218	256	310	257	0.7	0.6
Sri Lanka c	638	2812	2350	2513	2763	51.8	48.0
Switzerland	686	607	763	1113	1257	0.8	1.1
Taipei, Chinese	3987	3015	2187	2102	1951	2.0	1.1
Thailand c	2817	3757	3571	3615	4050	5.4	4.2
Tunisia	1126	2227	2696	2722	3268	38.1	33.7
Turkey	3331	6533	8057	9962	11193	23.5	17.7
Ukraine c	-	417	503	568	671	2.9	2.1
United States	2565	8629	6032	5537	5059	1.1	0.6
Uruguay	153	103	50	60	68	4.5	2.3
Viet Nam c	...	1821	2633	3555	3982	12.6	15.5

a Or nearest year.

b Includes significant exports from processing zones.

Source: WTO, *International Trade Statistics 2005*

c Includes Secretariat estimates.

d Break in time series.

**Clothing imports of selected economies, 1990-04**  
(Million dollars and percentage)

	Value					Share in economy's total merchandise exports	
	1990	2000	2002	2003	2004	2000	2004 a
Albania	...	68	98	126	143	6.3	6.3
Argentina	6	316	57	70	119	1.3	0.5
Australia b	711	1858	1819	2190	2667	2.6	2.5
Bangladesh	14	185	182	...	130	2.1	1.1
Bolivarian Rep. of Venezuela b	101	390	247	125	226	2.4	1.5
Brazil	59	185	153	154	215	0.3	0.3
Bulgaria	...	179	327	455	491	2.8	3.4
Canada b	2388	3690	4013	4501	5223	1.5	1.9
Chile	52	501	488	502	666	2.7	2.7
China c	48	1192	1356	1422	1542	0.5	0.3
Costa Rica c, d	17 e	308	265	203	179	4.8	2.2
Croatia	-	278	251	331	378	3.5	2.3
Ecuador	1	23	64	80	121	0.6	1.5
El Salvador c, d	171	569	645	690	554	11.5	8.8
European Union (25)	-	82699	89519	106865	121656	3.2	3.2
extra-EU (25) imports	-	43305	47446	57103	65863	4.7	5.1
Hong Kong, China	6913	16008	15701	15950	17129	7.5	6.3
retained imports	773	1728	1609	994	170	5.0	0.6
Iceland	75	88	78	104	117	3.4	3.3
India	2	26	30	45	...	0.1	0.1
Indonesia	16	39	42	27	54	0.1	0.1
Israel	61	471	541	541	625	1.3	1.5
Japan	8765	19709	17601	19485	21687	5.2	4.8
Jordan	28	61	93	99	126	1.3	1.5
Korea, Republic of	151	1307	2256	2547	2747	0.8	1.2
Kuwait	206	317	...	...	...	4.4	4.2
Lebanon	...	171	239	263	...	2.8	3.7
Macao, China	26	214	292	306	400	9.5	11.5
Malaysia c	76	148	168	172	244	0.2	0.2
Mexico b, c, d	573	3602	3342	3034	2583	2.1	1.3
Morocco c	8 e	232	257	282	309	2.0	1.8
New Zealand	149	401	429	520	619	2.9	2.7
Norway	1231	1287	1361	1542	1666	3.7	3.5
Peru	1	59	90	108	92	0.8	0.9
Philippines c, d	14	75	66	83	90	0.2	0.2
Romania	26	322	...	581	645	2.5	2.0
Russian Federation d	-	2689	3860	4824	5461	6.0	5.7
Saudi Arabia	833	813	909	1026	...	2.7	2.8
Serbia and Montenegro d	-	46	97	145	...	1.2	1.8
Singapore	920	1881	1808	1944	2060	1.4	1.3
retained imports	328	560	541	501	562	0.7	0.7
South Africa b	108 e	223	207	349	620	0.8	1.3
Sri Lanka	11	...	103	105	113	...	1.4
Switzerland	3437	3160	3449	3977	4343	3.8	3.9
Taipei, Chinese	290	978	832	823	993	0.7	0.6
Thailand d	29	131	138	156	197	0.2	0.2
Tunisia	191	438	541	540	626	5.1	4.9
Turkey	16	264	283	422	651	0.5	0.7
Ukraine d	-	60	94	128	124	0.4	0.4
United Arab Emirates d	514	1422	1780	2047	...	5.3	5.2
United States	26977	67115	66731	71277	75731	5.3	5.0
Viet Nam d	...	450	331	480	430	2.9	1.4

a Or nearest year.

b Imports are valued f.o.b.

c Includes significant imports into processing zones.

d Includes Secretariat estimates.

Source: WTO, *International Trade Statistics 2005*

e Break in time series.

## STATISTICS

# Facts and Figures

### World trade and output

#### Selected Indicators, 1948-2004

	1948	1950	1973	1990	2000	2004	Average annual percentage change		
							1948–73	1973–00	2000–04
<b>World merchandise exports</b>									
Billion current \$	58	61	579	3,338	6,270	8,907	9.7	9.2	9.2
Billion constant 1990\$	304	376	1797	3,338	6,180	7,261	7.4	5.0	4.1
Exports per capita, constant 1990\$	123	149	458	645	1,016	1,137	5.4	3.3	2.9
<b>World exports of manufactures</b>									
Billion current \$	22	23	348	2,390	4,688	6,570	11.7	10.1	8.8
Billion constant 1990\$	93	112	955	2,390	4,752	5,625	9.8	6.3	4.3
Exports per capita, constant 1990\$	38	44	244	455	781	881	7.8	4.6	3.1
<b>World output</b> (Indices, 1990=100)									
Total merchandise production	16.9	18.4	64.3	100.0	128.8	140.4	5.5	2.6	2.2
Manufacturing production	10.9	12.8	60.3	100.0	130.9	143.0	7.1	2.9	2.2
GDP (billion, constant 1990\$)	3,935	4,285	13,408	22,490	28,192	30,791	5.0	2.8	2.2
GDP per capita (constant 1990\$)	1,591	1,700	3,420	4,280	4,633	4,822	3.1	1.1	1.0
GDP (billion, current \$, at market rates) a	...	775	4,908	22,490	29,569	32,757	8.4	7.2	2.6
<b>World population</b> (million)	2,473	2,521	3,920	5,280	6,085	6,385	1.9	1.6	1.2
<b>Trade to GDP</b>									
Ratio of exports of goods and services to GDP, at constant 1990 prices, %	...	8.0	14.1	19.3	28.1	30.9	...	...	...
Merchandise trade to GDP									
at current prices	...	7.9	11.8	14.8	21.2	27.2	...	...	...
at constant prices	...	8.8	13.4	14.8	21.9	23.6	...	...	...

a Growth rates refer to 1950 instead of 1948.

Sources. Population: UN World Population Prospects 2004 revision. GDP, current dollars: IMF World Economic Outlook. GDP, 1990 prices: World Bank.

Merchandise production and trade: WTO International Trade Statistics.

### World exports of merchandise and commercial services, 1990-2004

#### (Billion dollars and percentage)

	Value	Annual percentage change					
		2004	1990-00	2000-04	2001	2002	2003
Merchandise	8907	6.5	9.2	-4.1	4.8	16.5	21.2
Commercial services	2125	6.6	9.4	0.2	6.7	13.6	17.9

Source: WTO, International Trade Statistics 2005



**World trade and output growth by sector, 2000-2004**  
**Annual percentage change in volume**

	Exports		Output	
	2000-2004	2004	2000-04	2004
Manufactures	4.5	10.0	2.0	4.0
Agricultural products	3.0	3.5	2.0	3.0
Mining products	2.5	5.5	2.0	4.0
<b>Total merchandise</b>	<b>4.0</b>	<b>9.0</b>	<b>2.0</b>	<b>4.0</b>

Source: WTO, *International Trade Statistics 2005*

**Developing economies' trade and output growth, 1990-2004**  
**Annual percentage change**

	Developing economies					World	
	2002	2003	2004	1990-00	2000-04	1990-00	2000-04
GDP	4.0	5.0	6.0	5.0	4.5	2.5	2.0
Merchandise export volume	8.0	11.0	12.5	9.0	7.5	6.5	4.0
Merchandise import volume	4.5	10.0	15.5	8.5	7.0	6.5	4.5
Merchandise export value	7.0	18.0	27.0	9.0	10.5	6.5	9.0
Merchandise import value	4.0	16.5	27.5	8.5	10.5	6.5	9.0

Source: WTO, *International Trade Statistics 2005*

**Merchandise exports and imports of least-developed countries by selected country grouping,  
2004 – (Million dollars and percentage)**

	Exports					Imports				
	Value	Annual percentage change				Value	Annual percentage change			
	2004	2000-04	2002	2003	2004	2004	2000-04	2002	2003	2004
Least developed countries	61825	14	10	16	34	71233	13	5	22	17
Oil Exporters	29168	18	17	20	52	16945	22	25	27	19
Angola	13850	15	27	14	46	6500	21	18	46	19
Equatorial Guinea	5190	47	21	33	76	1410	33	-29	142	15
Yemen	4150	0	-1	12	11	4190	16	18	26	14
Sudan	3778	20	15	30	49	4075	27	25	18	41
Chad	2200	86	-2	141	393	770	25	142	-38	-24
Exporters of manufactures	17022	9	5	9	19	23728	7	-6	18	14
Bangladesh	8150	6	1	14	17	12026	8	-5	21	15
Myanmar	2850	15	28	-18	15	2220	-2	-18	-11	6
Cambodia	2798	19	28	10	32	3170	13	11	12	22
Madagascar	990	5	-48	76	16	1230	5	-37	84	11
Nepal	756	-2	-23	17	14	1870	4	-4	24	7
Lesotho	726	35	33	29	51	1400	15	9	38	26
Haiti	391	5	2	24	13	1306	6	12	5	10
Lao People's Dem. Rep.	361	2	-10	20	1	506	-1	-18	12	5
Exporters of commodities	15635	15	7	17	22	30561	14	6	24	19
Zambia	1576	24	-6	2	67	2143	21	-4	24	38
Senegal	1529	14	6	25	15	2710	16	17	18	13
Mozambique	1504	43	-6	58	44	1970	14	19	39	12
Congo, Dem. Rep. of	1413	17	14	19	10	1873	16	35	28	33
Tanzania	1338	19	13	39	10	2490	13	-1	30	14
Mali	1123	19	21	5	22	1320	13	-12	31	16
Togo	771	21	20	44	25	1050	17	7	46	21
Guinea	700	1	-3	-14	15	690	3	11	-4	8
Benin	672	14	20	24	21	865	9	23	10	16
Ethiopia	639	7	5	5	27	3080	25	-8	29	44
Uganda	635	8	4	12	19	1491	-1	-29	14	15
Burkina Faso	445	21	10	33	37	1155	17	13	25	25
Malawi	441	4	-9	13	-4	792	10	23	1	13
Afghanistan	420	23	150	40	20	2300	43	50	53	0
Mauritania	410	3	-8	4	22	400	6	-5	1	11
Niger	370	7	3	22	9	560	9	8	23	14
Somalia	310	13	4	-25	39	610	15	1	14	18
Liberia	235	-8	-4	15	-13	900	8	-2	11	32
Maldives	172	12	20	15	13	645	13	0	20	37
Bhutan	165	13	7	18	24	400	23	3	26	61
Sierra Leone	139	81	69	88	51	286	18	45	15	-5
Central African Republic	120	-7	4	-17	-2	150	6	12	9	15
Rwanda	99	17	-24	-3	57	285	8	-12	4	10
Solomon Islands	97	9	23	28	31	100	2	-26	22	22
Guinea-Bissau	81	7	-14	28	17	86	10	-6	19	25
Burundi	47	-2	-22	25	24	176	4	-7	21	13
Djibouti	41	7	13	3	11	275	7	1	21	16
Vanuatu	37	9	0	35	37	128	10	-13	18	22
Eritrea	35	-1	174	-33	0	650	8	27	10	10
Gambia	22	10	30	-8	83	200	2	10	25	8
Cape Verde	15	8	10	18	15	386	14	18	27	10
Comoros	15	21	33	25	-25	115	13	20	33	-4
Samoa	11	-6	-7	7	-27	168	12	4	1	23
Sao Tome and Principe	6	19	90	33	-10	45	11	9	36	7
Kiribati	2	-16	-29	-22	-20	48	5	5	-7	20
Tuvalu	0	78	736	9	-33	18	38	217	40	16
Timor Leste	...	...	...	...	...	...	...	...	...	...
Memorandum item:										
World a	9153000	9	5	16	21	9495000	9	4	16	21

a Includes significant re-exports or imports for re-export.

Note: Data for 2004 are largely estimated.

### Leading merchandise exporters and importers in Asia, 2004 (Billion dollars and percentage)

	Value 2004	Share 2000 2004		Annual percentage change							
				Value				Volume			
				2000-04	2002	2003	2004	2000-04	2002	2003	2004
<b>Exporters</b>											
Asia	2388.4	100.0	100.0	10	8	18	25	8.0	11.0	11.0	14.0
China	593.3	15.0	24.8	24	22	35	35	...	...	...	...
Japan	565.8	28.9	23.7	4	3	13	20	3.0	8.0	5.0	11.0
Hong Kong, China	265.5	-	-	7	6	13	16	8.0	9.0	14.0	15.0
domestic exports	20.0	1.4	0.8	-4	-10	7	2	-3.0	-7.0	1.0	5.0
re-exports	245.6	-	-	8	7	14	17	10.0	10.5	15.0	16.0
Korea, Republic of	253.8	10.4	10.6	10	8	19	31	13.0	13.0	17.0	22.5
Taipei, Chinese	182.4	9.1	7.6	5	7	11	21	1.0	9.0	4.0	8.0
Singapore	179.6	8.3	7.5	7	3	15	25	9.0	5.0	16.0	21.0
domestic exports	98.6	4.7	4.1	6	1	19	24	9.0	2.5	22.0	18.0
re-exports	81.0	3.6	3.4	8	5	10	26	9.0	8.0	9.0	24.0
Malaysia	126.5	5.9	5.3	7	7	12	21	...	...	...	...
Thailand	97.4	4.2	4.1	9	5	18	21	5.0	13.5	9.0	6.0
Australia	86.4	3.9	3.6	8	3	10	21	1.0	1.0	-2.0	3.0
India	75.6	2.6	3.2	16	14	16	32	11.5	17.0	3.0	18.0
Indonesia	72.3	3.9	3.0	3	3	8	13	-2.0	-3.0	-1.0	-1.5
Philippines	39.7	2.4	1.7	0	12	1	7	3.0	22.0	-5.0	-3.0
Viet Nam	25.6	0.9	1.1	15	11	21	27	...	...	...	...
New Zealand	20.4	0.8	0.9	11	5	15	23	5.0	5.5	3.0	7.0
Pakistan	13.4	0.5	0.6	10	7	20	12	9.5	12.0	12.0	5.0
<b>Importers</b>											
Asia	2224.2	100.0	100.0	10	6	19	27	8.0	8.0	13.0	14.0
China	561.2	15.0	25.2	26	21	40	36	...	...	...	...
Japan	454.5	25.3	20.4	5	-3	14	19	3.5	2.0	7.0	7.0
Hong Kong, China	272.9	...	...	6	3	12	17	8.0	8.0	13.0	14.0
retained imports	27.3	2.3	1.2	-6	-22	-1	13	-4.0	-8.0	-6.0	-2.0
Korea, Republic of	224.5	10.7	10.1	9	8	18	26	7.0	12.0	7.0	12.0
Taipei, Chinese	168.4	9.3	7.6	5	5	13	32	4.5	8.0	6.5	15.5
Singapore	163.9	9.0	7.4	5	0	10	28	4.0	0.5	6.5	22.0
retained imports	82.8	5.0	3.7	2	-4	9	30	...	...	...	...
Australia	109.4	4.8	4.9	11	14	23	23	8.5	14.5	12.0	15.0
Malaysia	105.3	5.5	4.7	6	8	5	26	...	...	...	...
India	97.3	3.4	4.4	17	12	26	37	8.0	4.0	11.0	17.0
Thailand	95.4	4.1	4.3	11	4	17	26	5.0	11.0	9.0	12.0
Indonesia	54.9	2.9	2.5	6	2	10	30	3.0	2.0	5.0	19.0
Philippines	42.3	2.5	1.9	3	6	6	7	4.5	2.0	1.0	-2.0
Viet Nam	31.1	1.0	1.4	19	22	28	23	...	...	...	...
New Zealand	23.2	0.9	1.0	14	13	23	25	9.0	9.0	11.0	15.0
Pakistan	17.9	0.7	0.8	13	10	16	38	8.0	9.0	1.0	23.0
<b>Memorandum items:</b>											
<b>ASEAN (10)</b>											
Exports	551.8	26.1	23.1	6	5	13	20	...	...	...	...
Imports	500.1	25.4	22.5	7	5	10	25	...	...	...	...
<b>SAPTA (7)</b>											
Exports	104.0	3.9	4.4	13	10	16	27	...	...	...	...
Imports	138.2	5.4	6.2	14	9	23	33	...	...	...	...

Source: WTO, *International Trade Statistics 2005*

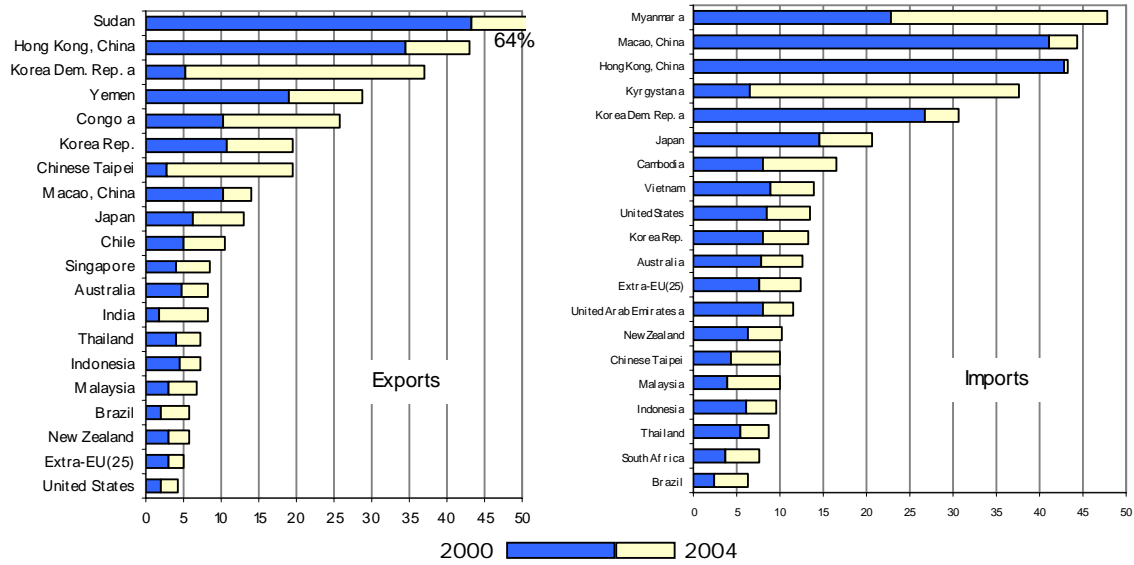
### Leading exporters and importers of commercial services in Asia, 2004 (Billion dollars and percentage)

	Value	Share		Annual percentage change			
	2004	2000	2004	2000-04	2002	2003	2004
<b>Exporters</b>							
Asia	450	100.0	100.0	10	7	9	27
Japan	95	23.8	21.1	7	2	8	25
China	62	9.8	13.8	20	20	18	34
Hong Kong, China	54	12.6	11.9	8	9	6	18
Korea, Republic of	40	9.7	8.9	8	-3	15	27
India	40	...	8.8	...	14	21	...
Singapore	37	9.5	8.1	6	3	2	19
Taipei, Chinese	26	6.5	5.7	6	9	7	11
Australia	25	5.9	5.5	8	7	18	20
Thailand	19	4.5	4.2	8	18	3	21
Malaysia	17	4.5	3.7	5	3	-9	24
New Zealand	8	1.4	1.7	16	18	25	23
Macao, China	8	1.1	1.7	23	19	17	44
Indonesia <sup>a</sup>	7	1.6	1.5	...	22	-21	...
Philippines	4	1.3	0.9	1	-3	9	24
Viet Nam <sup>a</sup>	4	0.9	0.8	...	5	11	...
<b>Importers</b>							
Asia	512	100.0	100.0	8	5	8	25
Japan	134	31.3	26.2	4	0	3	22
China	72	9.7	14.0	19	18	19	31
Korea, Republic of	50	8.9	9.7	11	11	10	25
India	41	...	8.0	...	5	23	...
Singapore	36	7.4	7.1	7	5	-1	23
Taipei, Chinese	30	6.9	5.8	4	2	4	20
Hong Kong, China	30	6.6	5.8	5	4	1	16
Australia	26	4.9	5.0	9	7	19	22
Thailand	23	4.1	4.5	11	14	9	28
Indonesia <sup>a</sup>	21	4.2	4.2	...	8	2	...
Malaysia	19	4.5	3.7	3	-2	7	8
New Zealand	7	1.2	1.3	11	10	18	24
Pakistan	5	...	1.0	...	-5	48	...
Philippines	5	1.7	1.0	-6	-22	19	5
Viet Nam <sup>a</sup>	5	0.9	0.9	...	9	13	...

<sup>a</sup> Includes Secretariat estimates.

Source: WTO, *International Trade Statistics 2005*

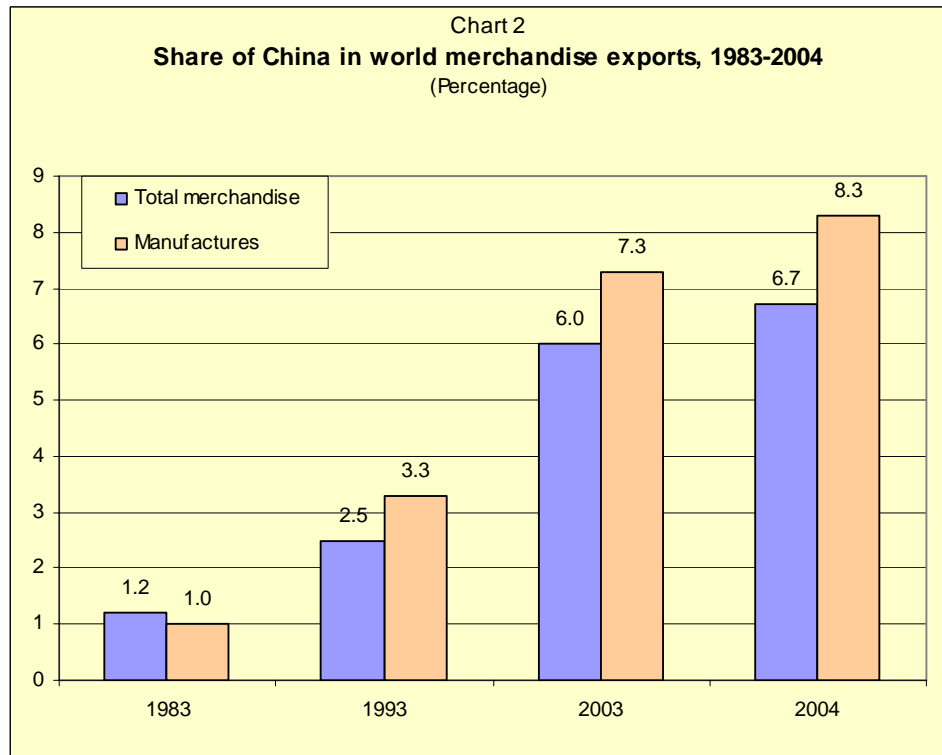
**Share of China in selected economies' merchandise exports and imports, 2000 and 2004**  
(Percentage share)



a 2003 instead of 2004.

Source: WTO, International Trade Statistics 2005

**Share of China in world merchandise exports, 1983-2004**



Source: WTO.

**Merchandise exports of Asia by destination, 2004**  
**(Billion dollars and percentage)**

	Value	Share		Annual percentage change			
	2004	2000	2004	2000-04	2002	2003	2004
World	2388.4	100.0	100.0	10	8	18	25
Intra-Asia	1201.3	48.8	50.3	10	10	20	26
China	269.5	7.4	11.3	22	27	36	30
Japan	203.9	9.6	8.5	6	-1	14	22
Australia and New Zealand	66.5	2.4	2.8	13	14	23	26
Other Asia	661.3	29.3	27.7	8	8	16	26
North America	533.1	26.4	22.3	5	6	8	20
United States	481.9	24.2	20.2	5	6	8	19
Other North America	51.3	2.2	2.1	9	12	6	30
Europe	416.9	17.4	17.5	10	4	24	24
European Union (25)	390.0	16.4	16.3	10	4	23	24
Other Europe	26.9	1.0	1.1	13	5	45	29
Middle East	75.1	2.5	3.1	16	13	19	26
Africa	44.9	1.3	1.9	19	5	25	42
South Africa	12.0	0.4	0.5	16	7	33	47
Other Africa	32.8	1.0	1.4	20	4	22	40
South and Central America	39.4	1.8	1.6	8	-7	7	40
Brazil	11.1	0.5	0.5	8	-8	7	53
Other South and Central America	28.3	1.3	1.2	8	-6	7	35
Commonwealth of Independent States (CIS)	25.3	0.5	1.1	35	24	66	46
Russian Federation	17.3	0.3	0.7	32	20	58	47
Other CIS	8.0	0.1	0.3	39	37	84	43
Inter-regional trade	1134.7	49.9	47.5	8	5	15	24

Source: WTO, *International Trade Statistics 2005*

**China's merchandise trade by product, values and shares, 2004**  
(Billion dollars and percentage)

	Total values			Share in total trade		Share in world trade	
	Exports	Imports	Balance	Exports	Imports	Exports	Imports a
Agricultural products	24.12	42.28	-18.16	4.1	7.5	3.1	5.4
Food	20.82	21.12	-0.31	3.5	3.8	3.3	3.4
Fish	6.63	2.34	4.29	1.1	0.4	9.5	3.4
Other food products	14.18	18.78	-4.60	2.4	3.3	2.5	3.4
Raw materials	3.31	21.16	-17.85	0.6	3.8	2.1	13.5
Fuels and mining products	25.70	89.15	-63.45	4.3	15.9	2.0	7.0
Ores and other minerals	1.95	27.00	-25.05	0.3	4.8	1.7	23.3
Fuels	14.48	47.99	-33.51	2.4	8.6	1.5	4.8
Non-ferrous metals	9.28	14.16	-4.89	1.6	2.5	5.4	8.2
Manufactures	542.37	428.27	114.10	91.4	76.3	8.3	6.5
Iron and steel	13.88	23.39	-9.51	2.3	4.2	5.2	8.8
Chemicals	26.36	65.47	-39.11	4.4	11.7	2.7	6.7
Pharmaceuticals	3.23	1.90	1.33	0.5	0.3	1.3	0.8
Other chemicals	23.13	63.57	-40.45	3.9	11.3	3.2	8.7
Other semi-manufactures	44.06	21.13	22.93	7.4	3.8	7.0	3.3
Machinery and transport	268.26	252.83	15.43	45.2	45.0	7.7	7.3
Office and telecom equipment	171.78	128.71	43.07	29.0	22.9	15.2	11.4
EDP and office equipment	87.10	29.63	57.47	14.7	5.3	20.7	7.1
Telecommunications equipment	68.50	24.63	43.87	11.5	4.4	17.9	6.4
Integrated circuits	16.18	74.46	-58.27	2.7	13.3	4.9	22.5
Transport equipment	22.28	23.79	-1.51	3.8	4.2	1.8	2.0
Automotive products	6.27	14.43	-8.16	1.1	2.6	0.7	1.7
Other transport equipment	16.01	9.37	6.64	2.7	1.7	4.5	2.6
Other machinery	74.20	100.32	-26.13	12.5	17.9	6.5	8.8
Power generating machinery	4.65	6.76	-2.12	0.8	1.2	...	...
Non-electrical machinery	26.81	57.93	-31.12	4.5	10.3	...	...
Electrical machinery	42.74	35.63	7.11	7.2	6.3	...	...
Textiles	33.43	15.30	18.12	5.6	2.7	17.2	7.9
Clothing	61.86	1.54	60.31	10.4	0.3	24.0	0.6
Other manufactures	94.52	48.60	45.92	15.9	8.7	12.3	6.3
Personal and household goods	34.13	1.26	32.87	5.8	0.2	20.6	0.8
Scientific and controlling instruments	11.06	33.30	-22.25	1.9	5.9	5.9	17.7
Miscellaneous manufactures	49.34	14.04	35.30	8.3	2.5	11.9	3.4
Total merchandise	593.33	561.23	32.10	100.0	100.0	6.7	6.3

a Share of China's imports (cif) in world exports (fob).

Source: WTO, International Trade Statistics 2005

**Merchandise exports of Asia by product, 2004**  
(Billion dollars and percentage)

	Value	Share in ex-ports of Asia		Share in world exports		Annual percentage change			
	2004	2000	2004	2000	2004	2000-04	2002	2003	2004
Total merchandise exports	2388.4	100.0	100.0	26.4	26.8	10	8	18	25
Agricultural products	143.1	6.1	6.0	18.3	18.3	9	9	11	18
Food	111.7	4.7	4.7	17.9	17.8	10	9	10	18
Fish	24.3	1.2	1.0	36.4	34.9	6	4	7	15
Other food products	87.4	3.5	3.7	15.3	15.7	11	10	11	19
Raw materials	31.4	1.4	1.3	19.8	20.1	7	8	16	18
Fuels and mining products	184.4	7.6	7.7	14.4	14.4	10	0	20	34
Ores and other minerals	28.7	1.0	1.2	25.3	24.8	14	2	30	33
Fuels	121.2	5.2	5.1	12.8	12.2	9	-2	19	33
Non-ferrous metals	34.6	1.3	1.4	17.5	20.1	12	4	17	42
Manufactures	1997.5	84.2	83.6	29.8	30.4	9	9	18	25
Iron and steel	65.2	2.1	2.7	24.6	24.5	17	13	26	51
Chemicals	168.1	6.1	7.0	17.3	17.2	14	11	24	28
Pharmaceuticals	13.5	0.5	0.6	8.0	5.5	11	6	16	18
Other chemicals	154.6	5.6	6.5	19.4	21.2	14	12	24	28
Other semi-manufactures	134.6	5.5	5.6	20.5	21.3	10	10	14	24
Machinery and transport equipment	1174.7	50.8	49.2	32.1	33.8	9	9	18	25
Office and telecom equipment	624.7	27.5	26.2	47.3	55.1	8	11	18	25
EDP and office equipment	224.2	10.7	9.4	47.7	53.3	6	8	13	19
Telecommunications equipment	188.0	6.2	7.9	36.0	49.1	16	13	25	34
Integrated circuits	212.6	10.6	8.9	57.3	64.3	5	12	18	24
Transport equipment	248.4	10.1	10.4	20.2	20.6	10	12	16	21
Automotive products	172.5	6.9	7.2	19.9	20.4	11	15	16	20
Other transport equipment	75.8	3.2	3.2	21.0	21.1	9	7	16	22
Other machinery	301.6	13.2	12.6	26.3	26.6	8	5	18	28
Textiles	87.8	4.2	3.7	44.9	45.1	6	5	12	16
Clothing	120.7	5.5	5.1	46.5	46.8	7	5	15	13
Other manufactures	246.5	9.9	10.3	30.4	32.1	11	7	20	26
Personal and household goods	57.9	2.3	2.4	32.7	35.0	11	9	16	22
Scientific and controlling instruments	55.4	1.6	2.3	22.5	29.4	20	11	43	51
Miscellaneous manufactures	133.3	6.0	5.6	32.7	32.1	8	6	15	19

Source: WTO, *International Trade Statistics 2005*



## JARGON BUSTER

### Country groupings

Increasingly, countries are getting together to form groups and alliances in the WTO. In some cases they even speak with one voice using a single spokesman or negotiating team.

This is partly the natural result of economic integration — more customs unions, free trade areas and common markets are being set up around the world. It is also seen as a means for smaller countries to increase their bargaining power in negotiations with their larger trading partners. It also means that a country with a small delegation might increase its participation, if it is part of an alliance with others with similar goals. In addition, countries with diverging interests may get together to narrow differences and help achieve consensus among the whole membership. In this case, sometimes groups are specifically created to compromise and break a deadlock rather than to stick to a common position.

Below are the compositions of some of the most active groupings in the WTO; and also some more formal regional and economic alliances (which are not necessarily present at WTO debates).

**ACP** African, Caribbean and Pacific countries. Group of 77 countries (56 members) with preferential trading relations with the EU under the former Lomé Treaty now called the Cotonou Agreement: Angola, Antigua and Barbuda, Barbados, Belize, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Congo, Cote d'Ivoire, Cuba, Democratic Republic of the Congo, Djibouti, Dominica, Dominican Republic, Fiji, Gabon, The Gambia, Ghana, Grenada, Guinea, Guinea-Bissau, Guyana, Haiti, Jamaica, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Papua New Guinea, Rwanda, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Senegal, Sierra Leone, Solomon Islands, South Africa, Suriname, Swaziland, Tanzania, Togo, Trinidad and Tobago, Uganda, Zambia, Zimbabwe

**African Group** All African WTO members, currently 41 countries. It holds joint positions in many negotiating issues.

**Andean Community** Bolivia, Colombia, Ecuador, Peru and Venezuela.

**APEC** Asia Pacific Economic Cooperation forum. Nineteen WTO members and two governments on accession negotiation: Australia, Brunei Darussalam, Canada, Chile, People's Republic of China, Hong Kong, China, Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, Philippines, Russia, Singapore, Chinese Taipei, Thailand, United States, Viet Nam.

**ASEAN** Association of Southeast Asian Nations. Eight ASEAN members are members of the WTO — Brunei, Cambodia, Indonesia, Malaysia, Myanmar, the Philippines, Singapore and Thailand. The other ASEAN members — Laos and Vietnam — are negotiating WTO membership.

**Cairns Group** Group of agricultural exporting nations lobbying for agricultural trade liberalization. It was formed in 1986 in Cairns, Australia just before the beginning of the Uruguay Round. Current membership: Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Paraguay, Philippines, South Africa, Thailand and Uruguay.

**Caricom** The Caribbean Community and Common Market, comprising 15 countries.

**EFTA** European Free Trade Association comprising Iceland, Liechtenstein, Norway and Switzerland.

**EU** European Union, in the WTO officially called the European Communities.

**European Communities** Official name of the European Union in the WTO. It holds the responsibility for all 25 member states' trade policies. The EC is itself a member of the WTO as are all member states individually, and it always speaks as one (though delegates of individual members hold seats in meetings).

- FANs** "Friends of Antidumping negotiations". Brazil, Chile, Israel, Japan, Korea, Norway, Switzerland, Chinese Taipei, Thailand and Hong Kong, China.
- FIPs** the "five interested parties", also known as the Five or the Quint: Australia, Brazil, the EU, India and the US, meeting since 2004 to try to break deadlock in agriculture.
- G-7** Group of seven leading industrial countries: Canada, France, Germany, Italy, Japan, United Kingdom and the United States.
- G-8** G7 plus Russia.
- G-10** Coalition of countries lobbying for agriculture to be treated as diverse and special because of non-trade concerns (currently 9 members): Chinese Taipei, Rep of Korea, Iceland, Israel, Japan, Liechtenstein, Mauritius, Norway and Switzerland. Not to be confused with the Group of Ten Central Bankers.
- G-20** Coalition of countries (currently 21) pressing for ambitious reforms of agriculture in developed countries with some flexibility for developing countries: Argentina, Bolivia, Brazil, Chile, China, Cuba, Egypt, Guatemala, India, Indonesia, Mexico, Nigeria, Pakistan, Paraguay, Philippines, South Africa, Thailand, Tanzania, Uruguay, Venezuela, Zimbabwe. Not to be confused with the Group of 20 finance ministers and heads of Central Banks.
- G-33** Also called "Friends of Special Products" in agriculture, understood to comprise 42 countries: Antigua and Barbuda, Barbados, Belize, Benin, Botswana, China, Congo, Côte d'Ivoire, Cuba, Dominican Republic, Grenada, Guyana, Haiti, Honduras, India, Indonesia, Jamaica, Kenya, Rep. Korea, Mauritius, Madagascar, Mongolia, Mozambique, Nicaragua, Nigeria, Pakistan, Panama, Peru, Philippines, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Senegal, Sri Lanka, Suriname, Tanzania, Trinidad and Tobago, Turkey, Uganda, Venezuela, Zambia, Zimbabwe
- G-90** Coalition of African, ACP and least-developed countries (currently 64 members of the WTO): Angola, Antigua-Barbuda, Bangladesh, Barbados, Belize, Benin, Botswana, Burkina Faso, Burundi, Cambodia, Cameroon, Central African Republic, Chad, Congo, Cote d'Ivoire, Cuba, Democratic Republic of the Congo, Djibouti, Dominica, Dominican Republic, Egypt, Fiji, Gabon, Ghana, Grenada, Guinea (Conakry), Guinea Bissau, Guyana, Haiti, Jamaica, Kenya, Lesotho, Madagascar, Malawi, Maldives, Mali, Mauritania, Mauritius, Morocco, Mozambique, Myanmar, Namibia, Nepal, Niger, Nigeria, Papua New Guinea, Rwanda, Saint Kitts & Nevis, Saint Lucia, Saint Vincent & the Grenadines, Senegal, Sierra Leone, Solomon Islands, South Africa, Suriname, Swaziland, Tanzania, The Gambia, Togo, Trinidad & Tobago, Tunisia, Uganda, Zambia, Zimbabwe.
- GRULAC** Informal group of Latin-American members of the WTO.
- ITCB** International Textiles and Clothing Bureau — Geneva-based group of some 20 developing country exporters of textiles and clothing.
- MERCOSUR** Customs union comprising Argentina, Brazil, Paraguay and Uruguay.
- NAFTA** North American Free Trade Agreement, comprising Canada, Mexico and the US.
- RAMs** Recently acceded members, a coalition of countries that recently joined the WTO, arguing for lesser commitments in the current negotiations because of the liberalization they have undertaken as part of their membership agreements. In the agriculture negotiations, six speak as a group: Albania, Croatia, Georgia, Jordan, Moldova and Oman.
- SACU** Southern African Customs Union comprising Botswana, Lesotho, Namibia, South Africa and Swaziland.

## JARGON BUSTER

### An informal guide to 'WTOspeak'

**accounting rate** In telecoms, the charge made by one country's telephone network operator for calls originating in another country.

**ad valorem tariff** A tariff rate charged as percentage of the price.

**Agenda 21** The Agenda for the 21st Century — a declaration from the 1992 Earth Summit (UN Conference on the Environment and Development) held in Rio de Janeiro.

**agricultural product** Defined for the coverage of the WTO's Agriculture Agreement, by the agreement's Annex 1. This excludes, for example, fish and forestry products. It includes various degrees of processing for different commodities.

**anti-dumping duties** GATT's Article 6 allows anti-dumping duties to be imposed on goods that are deemed to be exported below their normal prices, thus causing injury to producers of competing products in the importing country. These duties are equal to the difference between the goods' export price and their normal value, if dumping causes injury.

**Appellate Body** An independent seven-person body that considers appeals in WTO disputes. When one or more parties to the dispute appeals, the Appellate Body reviews the findings in panel reports.

**Article XX** (i.e. 20) A GATT article listing allowed exceptions to the trade rules.

**ATC** The WTO Agreement on Textiles and Clothing, which integrated trade in this sector back to GATT rules on 1 January 2005. The ATC expired on 1 January 2005.

**AVE** Ad-valorem equivalent: a specific or other non-ad-valorem duty that is converted to its percentage or ad valorem equivalent.

**automaticity** In disputes, the "automatic" chronological progression for settling trade disputes in regard to panel establishment, terms of reference, composition and adoption procedures.

**Basel Convention** A multilateral environmental agreement dealing with hazardous waste.

**Berne Convention** A treaty, administered by WIPO, for the protection of the rights of authors in their literary and artistic works.

**binding, bound** See "tariff binding"

**BIT** Bilateral investment treaties

**border protection** Any measure which acts to restrain imports at point of entry.

**box** In agriculture, a category of domestic support. **Green box**: supports considered not to distort trade and therefore permitted with no limits. **Blue box**: permitted supports linked to production, but subject to production limits, and therefore minimally trade-distorting. **Amber box**: supports considered to distort trade and therefore subject to reduction commitments.

**BSE** Bovine spongiform encephalopathy, or "mad cow disease".

**BTA** Border tax adjustment

**CAP** Common Agricultural Policy — The EU's comprehensive system of production targets and marketing mechanisms designed to manage agricultural trade within the EU and with the rest of the world.

**carry forward** When an exporting country uses part of the following year's quota during the current year.

**carry over** When an exporting country utilizes the previous year's unused quota.

**CBD** Convention on Biological Diversity. It aims for the equitable sharing of benefits arising out of the utilization of genetic resources, and includes provisions concerning the access to genetic resources and the transfer of relevant technologies.

**circumvention** Getting around commitments in the WTO such as commitments to limit agricultural export subsidies. Includes avoiding quotas and other restrictions by altering the country of origin of a product; measures taken by exporters to evade anti-dumping or countervailing duties.

**CITES** Convention on International Trade in Endangered Species. A multilateral environmental agreement.

**Codex Alimentarius** FAO/WHO commission that deals with international standards on food safety.

**commercial presence** Having an office, branch, or subsidiary in a foreign country. In services, "mode 3" (see "modes of delivery").

**compound tariff** A tariff expressed as a combination of an "ad valorem" duty and a "specific" duty, added together or one subtracted from the other.

**compulsory licensing** For patents: when the authorities license companies or individuals other than the patent owner to use the rights of the patent — to make, use, sell or import a product under patent (i.e. a patented product or a product made by a patented process) — without the permission of the patent owner. Allowed under the WTO's TRIPS (intellectual property) Agreement provided certain procedures and conditions are fulfilled. See also government use.

**counterfeit** Unauthorized representation of a registered trademark carried on goods identical or similar to goods for which the trademark is registered, with a view to deceiving the purchaser into believing that he/she is buying the original goods.

**countervailing measures** Action taken by the importing country, usually in the form of increased duties, to offset subsidies given to producers or exporters in the exporting country.

**CTD** The WTO Committee on Trade and Development

**CTE** The WTO Committee on Trade and Environment.

**CTG** Council for Trade in Goods — oversees WTO agreements on goods.

**customs union** Members apply a common external tariff (e.g. the European Union).

**deficiency payment** A type of agricultural domestic support, paid by governments to producers of certain commodities and based on the difference between a target price and the domestic market price or loan rate, whichever is the less.

**de minimis** A minimal (i.e. small) permitted amount: for trade-distorting domestic support in agriculture (of the amber box type), developed countries are allowed up to 5% of their agricultural production, developing countries up to 10%.

**distortion** When prices and production are higher or lower than levels that would usually exist in a competitive market.

**domestic support** (Sometimes "internal support".) In agriculture, any domestic subsidy or other measure which acts to maintain producer prices at levels above those prevailing in international trade; direct payments to producers, including deficiency payments, and input and marketing cost reduction measures available only for agricultural production.

**DSB** Dispute Settlement Body — when the WTO General Council meets to settle trade disputes.

**DSU** Dispute Settlement Understanding, the WTO agreement that covers dispute settlement — in full, the Understanding on Rules and Procedures Governing the Settlement of Disputes.

**dumping** Occurs when goods are exported at a price less than their normal value, generally meaning they are exported for less than they are sold in the domestic market or third-country markets, or at less than production cost.

**EEP** Export Enhancement Programme — programme of US export subsidies given generally to compete with subsidized agricultural exports from the EU on certain export markets.

**electronic commerce** The production, advertising, sale and distribution of products via telecommunications networks.

**EST** Environmentally-sound technology.

**EST&P** Environmentally-sound technology and products.

**ex ante, ex post** Before and after a measure is applied.

**exhaustion** In intellectual property protection, the principle that once a product has been sold on a market, the intellectual property owner no longer has any rights over it. (A debate among WTO member governments is whether this applies to products put on the market under compulsory licences.) Countries' laws vary as to whether the right continues to be exhausted if the product is imported from one market into another, which affects the owner's rights over trade in the protected product. See also parallel imports.

**export-performance measure** Requirement that a certain quantity of production must be exported.

**FDI** Foreign direct investment.

**food security** Concept which discourages opening the domestic market to foreign agricultural products on the principle that a country must be as self-sufficient as possible for its basic dietary needs.

**Framework** (Sometimes Agreed Framework) Annexes of General Council decision of 1 August 2004 outlining key points of modalities in agriculture and non-agricultural market access.

**free trade area (FTA)** Trade within the group is duty-free but members set their own tariffs on imports from non-members (e.g. NAFTA).

**free-rider** A casual term used to infer that a country which does not make any trade concessions, profits, nonetheless, from tariff cuts and concessions made by other countries in negotiations under the most-favoured-nation principle.

**GATS** The WTO's General Agreement on Trade in Services.

**GATT** General Agreement on Tariffs and Trade, which has been superseded as an international organization by the WTO. An updated General Agreement is now the WTO agreement governing trade in goods. **GATT 1947**: The official legal term for the old (pre-1994) version of the GATT. **GATT 1994**: The official legal term for new version of the General Agreement, incorporated into the WTO, and including GATT 1947.

**general obligations** Obligations which should be applied to all services sectors at the entry into force of the GATS agreement.

**geographical indications** Place names (or words associated with a place) used to identify products (for example, "Champagne", "Tequila" or "Roquefort") which have a particular quality, reputation or other characteristic because they come from that place.

**government use** For patents: when the government itself uses or authorizes other persons to use the rights over a patented product or process, for government purposes, without the permission of the patent owner. See also compulsory licensing.

**GSP** Generalized System of Preferences — programmes by developed countries granting preferential tariffs to imports from developing countries.

**Harmonized System** An international nomenclature developed by the World Customs Organization, which is arranged in six-digit codes allowing all participating countries to classify traded goods on

a common basis. Beyond the six-digit level, countries are free to introduce national distinctions for tariffs and many other purposes.

**harmonizing formula** Used in tariff negotiations for much steeper reductions in higher tariffs than in lower tariffs, the final rates being "harmonized" i.e. closer together. Examples include "Swiss formula" and "tiered formula".

**initial commitments** Trade liberalizing commitments in services which members are prepared to make early on.

**integration programme** In textiles and clothing, the phasing out of Multifibre Arrangement restrictions in four stages starting on 1 January 1995 and ending on 1 January 2005.

**intellectual property rights** Ownership of ideas, including literary and artistic works (protected by copyright), inventions (protected by patents), signs for distinguishing goods of an enterprise (protected by trademarks) and other elements of industrial property.

**internal support** See "domestic support" (agriculture).

**International Office of Epizootics** (Now known in English as the World Organization for Animal Health.) Deals with international standards concerning animal health.

**IPRs** Intellectual property rights.

**ITA** Information Technology Agreement, or formally the Ministerial Declaration on Trade in Information Technology Products.

**ITC** The International Trade Centre, originally established by the old GATT and is now operated jointly by the WTO and the UN, the latter acting through the UN Conference on Trade and Development (UNCTAD). Focal point for technical cooperation on trade promotion of developing countries.

**July Package** Package of Doha Development Agenda issues negotiated in July 2004 and agreed by the General Council on 1 August 2004. The package sealed key issues that were deadlocked at the 2003 Cancún Ministerial Conference. Included frameworks or outlines of modalities in agriculture and non-agricultural market access.

**LCA** Life cycle analysis — a method of assessing whether a good or service is environmentally friendly.

**LDCs** Least-developed countries.

**linear formula** Tariff reduction formula in the form of a linear function. The simplest form is a straight percentage cut e.g. a cut of 80% or 32%. Linear formulas have less of a narrowing effect on the final range of tariffs.

**Lisbon Agreement** Treaty, administered by the World Intellectual Property Organization (WIPO), for the protection of geographical indications and their international registration.

**local-content requirement** Demand that the investor purchase a certain amount of local materials for incorporation in the product.

**Madrid Agreement** Treaty, administered by the World Intellectual Property Organization (WIPO), for the repression of false or deceptive indications of source on goods.

**mailbox** In intellectual property, refers to the requirement of the TRIPS Agreement applying to WTO members which do not yet provide product patent protection for pharmaceuticals and for agricultural chemicals. Since 1 January 1995, when the WTO agreements entered into force, these countries have to establish a means by which applications of patents for these products can be filed. (An additional requirement says they must also put in place a system for granting "exclusive marketing rights" for the products whose patent applications have been filed.)

**MEA** Multilateral environmental agreement.

**MFA** Multifibre Arrangement (1974-94), under which countries whose markets are disrupted by increased imports of textiles and clothing from another country were able to negotiate quota restrictions.

- MFN** Most-favoured-nation treatment (GATT Article 1, GATS Article 2 and TRIPS Article 4), the principle of not discriminating between trading partners.
- mixed tariff** A tariff expressed as a conditional combination of an “ad valorem” duty and a “specific” duty, one applying below a limit, the other applying above it.
- modality** A way to proceed. In WTO negotiations, modalities set broad outlines — such as formulas or approaches for tariff reductions — for final commitments.
- modes of delivery** How international trade in services is supplied and consumed. Mode 1: cross border supply; mode 2: consumption abroad; mode 3: foreign commercial presence; and mode 4: movement of natural persons.
- Montreal Protocol** A multilateral environmental agreement dealing with the depletion of the earth’s ozone layer.
- multifunctionality** Idea that agriculture has many functions in addition to producing food and fibre, e.g. environmental protection, landscape preservation, rural employment, food security, etc. See *non-trade concerns*.
- multi-modal** Transportation using more than one mode. In the GATS negotiations, essentially door-to-door services that include international shipping.
- national schedules** In services, the equivalent of tariff schedules in GATT, laying down the commitments accepted — voluntarily or through negotiation — by WTO members.
- national treatment** The principle of giving others the same treatment as one’s own nationals. GATT Article 3 requires that imports be treated no less favourably than the same or similar domestically-produced goods once they have passed customs. GATS Article 17 and TRIPS Article 3 also deal with national treatment for services and intellectual property protection.
- natural persons** People, as distinct from juridical persons such as companies and organizations.
- non-ad-valorem tariff** A tariff that is not expressed as a percentage of the price or value. Can be “specific”, “compound”, “mixed” or some other form. These other forms can be determined by complex technical factors; for example, the duty can be based on the percentage content of the agricultural component (sugar, milk, alcohol content, etc.) or its strength (e.g. the degree of sweetness).
- non-agricultural products** In the non-agricultural market access negotiations, products not covered by Annex 1 of the Agriculture Agreement. Fish and forestry products are therefore non-agricultural, along with industrial products in general.
- non-linear formula** For tariff reductions (or subsidy cuts), a formula in the form of a mathematical function that is non-linear, usually designed so that higher tariffs have proportionately steeper cuts. The “Swiss formula” is a particular kind of non-linear formula.
- non-trade concerns** Similar to multifunctionality. The preamble of the Agriculture Agreement specifies food security and environmental protection as examples. Also cited by members are rural development and employment, and poverty alleviation.
- NTBs** Non-tariff barriers, such as quotas, import licensing systems, sanitary regulations, prohibitions, etc. Same as “non-tariff measures”.
- NTMs** Non-tariff measures, such as quotas, import licensing systems, sanitary regulations, prohibitions, etc. Same as “non-tariff barriers”.
- nuisance tariff** Tariff so low that it costs the government more to collect it than the revenue it generates.
- nullification and impairment** Damage to a country’s benefits and expectations from its WTO membership through another country’s change in its trade regime or failure to carry out its WTO obligations.

- offer** In a negotiation, a country's proposal for its own further liberalization, usually an offer to improve access to its markets.
- panel** In the WTO dispute settlement procedure, an independent body established by the Dispute Settlement Body, usually consisting of three experts, to examine and issue recommendations on a particular dispute in the light of WTO provisions.
- parallel imports** When a product made legally (i.e. not pirated) abroad is imported without the permission of the intellectual property right-holder (e.g. the trademark or patent owner). Some countries allow this, others do not.
- Paris Convention** Treaty, administered by the World Intellectual Property Organization (WIPO), for the protection of industrial intellectual property, i.e. patents, utility models, industrial designs, etc.
- peace clause** Provision in Article 13 of the Agriculture Agreement saying agricultural subsidies committed under the agreement cannot be challenged under other WTO agreements, in particular the Subsidies Agreement and GATT. Expired at the end of 2003.
- piracy** Unauthorized copying of materials protected by intellectual property rights (such as copyright, trademarks, patents, geographical indications, etc) for commercial purposes and unauthorized commercial dealing in copied materials.
- PPM** Process and production method.
- price undertaking** Undertaking by an exporter to raise the export price of the product to avoid the possibility of an anti-dumping duty.
- product-mandating** Requirement that the investor export to certain countries or region.
- protocols** Additional agreements attached to the GATS. The Second Protocol deals with the 1995 commitments on financial services. The Third Protocol deals with movement of natural persons.
- prudence, prudential** In financial services, terms used to describe an objective of market regulation by authorities to protect investors and depositors, to avoid instability or crises.
- PSI** Preshipment inspection — the practice of employing specialized private companies to check shipment details of goods ordered overseas — i.e. price, quantity, quality, etc.
- QRs** Quantitative restrictions — specific limits on the quantity or value of goods that can be imported (or exported) during a specific time period.
- reform process/programme** The Uruguay Round Agriculture Agreement starts a reform **process**. It sets out a first step, in the process, i.e. a **programme** for reducing subsidies and protection and other reforms. Current negotiations launched under Article 20 are for continuing the reform **process**.
- Rome Convention** Treaty, administered by the World Intellectual Property Organization (WIPO), United Nations Educational, Scientific and Cultural Organization (UNESCO) and International Labour Organization (ILO), for the protection of the works of performers, broadcasting organizations and producers of phonograms.
- rules of origin** Laws, regulations and administrative procedures which determine a product's country of origin. A decision by a customs authority on origin can determine whether a shipment falls within a quota limitation, qualifies for a tariff preference or is affected by an anti-dumping duty. These rules can vary from country to country.
- S&D** (Sometimes "SDT".) "Special and differential treatment" provisions for developing countries. Contained in several WTO agreements.
- safeguard measures** Action taken to protect a specific industry from an unexpected build-up of imports — generally governed by Article 19 of GATT. The Agriculture Agreement and Textiles and Clothing Agreement have different specific types of safeguards: "**special safeguards**" in agriculture, and "**transitional safeguards**" in textiles and clothing. See also SSM.



**schedule** In general, a WTO member's list of commitments on market access (bound tariff rates, access to services markets). Goods schedules can include commitments on agricultural subsidies and domestic support. Services commitments include bindings on national treatment. Also: "schedule of concessions", "schedule of specific commitments".

**schedule of concessions** List of bound tariff rates.

**sensitive products** In the agriculture negotiations, all countries will be allowed extra flexibility in market access for these products.

**Singapore issues** Four issues introduced to the WTO agenda at the December 1996 Ministerial Conference in Singapore: **trade and investment, trade and competition policy, transparency in government procurement, and trade facilitation**. Currently only trade facilitation is part of the negotiations.

**SP** Special products: products for which developing countries are to be given extra flexibility in market access for food and livelihood security and rural development. Agreed in the 1 August 2004 agriculture framework.

**specific commitments** See "schedule".

**specific tariff** A tariff rate charged as fixed amount per quantity such as \$100 per ton. See "ad valorem tariff".

**SPS** Sanitary and phytosanitary measures or regulations — implemented by governments to protect human, animal and plant life and health, and to help ensure that food is safe for consumption.

**SSM** Special safeguard mechanism: in the agriculture negotiations, a safeguard that developing countries will be able to use to deal with import surges, price falls or both.

**subsidy** There are two general types of subsidies: export and domestic. An export subsidy is a benefit conferred on a firm by the government that is contingent on exports. A domestic subsidy is a benefit not directly linked to exports. See also "domestic support".

**swing** In textiles and clothing, when an exporting country transfers part of a quota from one product to another restrained product.

**Swiss formula** A kind of "non-linear" tariff reduction formula — i.e. one that has proportionately steeper cuts on higher tariffs — whose coefficient also sets the maximum possible final tariff.

**tariff binding** Commitment not to increase a rate of duty beyond an agreed level. Once a rate of duty is bound, it may not be raised without compensating the affected parties.

**tariff escalation** Higher import duties on semi-processed products than on raw materials, and higher still on finished products. This practice protects domestic processing industries and discourages the development of processing activity in the countries where raw materials originate.

**tariff peaks** Relatively high tariffs, usually on "sensitive" products, amidst generally low tariff levels. For industrialized countries, tariffs of 15% and above are generally recognized as "tariff peaks".

**tariffication** Procedures relating to the agricultural market-access provision in which all non-tariff measures are converted into tariffs.

**tariffs** Customs duties on merchandise imports. Levied either on an **ad valorem** basis (percentage of value) or on a **specific basis** (e.g. \$7 per 100 kgs.). Tariffs give price advantage to similar locally-produced goods and raise revenues for the government.

**TBT** The WTO Agreement on Technical Barriers to Trade.

**Tiered formula** Approach to tariff reductions that sets higher cuts for higher tariffs by grouping products into tiers according to the height of their tariffs. Agreed in the 1 August 2004 framework for agriculture, which also prescribes a tiered approach for reducing trade-distorting domestic supports.

**TMB** The Textiles Monitoring Body, consisting of a chairman plus 10 members acting in a personal capacity, oversaw the implementation of commitments under the Agreement on Textiles and Clothing.

**TPRB, TPM** The **Trade Policy Review Body** is the General Council operating under special procedures to review trade policies and practices of individual WTO members under the **Trade Policy Review Mechanism**.

**trade facilitation** Removing obstacles to the movement of goods across borders (e.g. simplification of customs procedures).

**trade-balancing measure** Requirement that the investor use earnings from exports to pay for imports.

**transitional safeguard mechanism** In textiles and clothing, allows members to impose restrictions against individual exporting countries if the importing country can show that both overall imports of a product and imports from the individual countries are entering the country in such increased quantities as to cause — or threaten — serious damage to the relevant domestic industry.

**transparency** Degree to which trade policies and practices, and the process by which they are established, are open and predictable.

**TRIMs** Trade-related investment measures (note small “s”).

**TRIPS** Trade-Related Aspects of Intellectual Property Rights (note capital “S”).

**UNCITRAL** United Nations Centre for International Trade Law, drafts model laws such as the one on government procurement.

**UNCTAD** The UN Conference on Trade and Development.

**UPOV** International Union for the Protection of New Varieties of Plants (Union internationale pour la protection des obtentions végétales)

**Uruguay Round** Multilateral trade negotiations launched at Punta del Este, Uruguay in September 1986 and concluded in Geneva in December 1993. Signed by Ministers in Marrakesh, Morocco, in April 1994.

**Uruguay Round approach** For tariff reductions, a flexible formula that specifies average percentage reductions, allowing variations around the average subject to a minimum percentage cut.

**variable levy** Customs duty rate which varies in response to domestic price criterion.

**VRA, VER, OMA** Voluntary restraint arrangement, voluntary export restraint, orderly marketing arrangement. Bilateral arrangements whereby an exporting country (government or industry) agrees to reduce or restrict exports without the importing country having to make use of quotas, tariffs or other import controls.

**waiver** Permission granted by WTO members allowing a WTO member not to comply with normal commitments. Waivers have time limits and extensions have to be justified.

**Washington Treaty** Treaty for the protection of intellectual property in respect of lay-out designs of integrated circuits.

**WCO** World Customs Organization, a multilateral body located in Brussels through which participating countries seek to simplify and rationalize customs procedures.

**WIPO** World Intellectual Property Organization.

## MORE INFORMATION

These briefing notes focus on issues in the Doha Agenda. More background information can be found on the WTO website and in various WTO publications, including:

*10 Benefits of the WTO*

*10 Common Misunderstandings about the WTO*

*The WTO in brief*

*GATS, Fact and Fiction*

*Understanding the WTO*. In booklet and interactive electronic versions. You can obtain this from WTO publications, or browse or download electronic versions from the WTO website <http://www.wto.org>

*Guide to the Uruguay Round Agreements*. By the WTO Secretariat, published jointly by the WTO and Kluwer Law International

Some of these, including these briefing notes, are also available on the CD-ROM included in the press pack.