



WTO Newsletter

[home](#) > [resources](#) > [focus newsletter](#) > **focus 57**

[Previous issues](#)
[Contact us](#)

[n](#) [Supachai cites key negotiating areas](#) [back to top](#)



Director-General Supachai Panitchpakdi, in his first annual report to members on developments in the international trading environment released on 15 November 2002, underlined that "trade liberalization and poverty reduction go hand in hand". He cited recent estimates that eliminating trade barriers in all countries could result in welfare gains of up to US\$620 billion annually, of which about one third to one half would go to developing countries.

The Director-General said there is still "unfinished business on tariffs," noting that "tariffs remain an important impediment to international trade, notwithstanding the considerable achievements of the Uruguay Round". He added that even in industrialized countries, where average tariff protection is low, tariff "peaks" exist in certain sectors, notably agricultural products, textiles, clothing and footwear.

Dr. Supachai said another key area of interest is agriculture, which, "despite its small and diminishing contribution to GDP in most developed economies, receives a disproportionate amount of assistance in the form of subsidies and protection at the border".

Market-access conditions are also a key interest of members in trade in services, which are now among the fastest growing segments of world trade. Dr. Supachai said expectations are that "the gains from liberalizing services are substantially greater than those from liberalizing trade in goods".

The Director-General notes that there are around 240 regional trade agreements currently in force, and there could be close to 300 by 2005. He said that when fully in line with the WTO, these agreements can complement the strengthening and liberalization of world trade "but by discriminating against third countries and creating a complex network of trade regimes, such agreements pose systemic risk to the global trading system".

Dr. Supachai also notes that another area of key interest is the increasing use by more members, including developing countries, of contingency measures, particularly anti-dumping actions.

[n](#)

[Former Yugoslav Republic of Macedonia signs membership agreement](#) [back to top](#)



The WTO General Council has cleared the way for the former Yugoslav Republic of Macedonia to become a WTO member. Immediately after the General Council's decision on 15 October, the agreement was signed.

> [More](#)

[n](#)

[Supachai: Disappointing trade figures underscore need to accelerate trade talks](#)

[back to top](#)



Global economic activity strengthened in the first half of 2002 and world trade started to recover from the first quarter onwards, according to the latest WTO figures. But the overall picture is disappointing and WTO Director-General Supachai Panitchpakdi says the need to meet negotiating deadlines is even more pressing.

According to the WTO International Trade Statistics Report, global economic activity strengthened in the first half of 2002 and world trade started to recover from the first quarter onwards. Despite this turnaround at the beginning of the year, the dollar value of world merchandise exports remained at 4 percent below the preceding year's level. In the first six months of 2002 imports of the EU and the United States decreased by 6 percent while those of Japan and Latin America decreased at double digit rates. China and the Russian Federation, however, sharply increased their imports by 10 and 7 percent respectively.

Provided that the momentum of the recovery in OECD countries and in developing Asia is maintained in the last two quarters of this year, the volume of world merchandise trade is projected to expand by 1 percent in 2002. The increase in the dollar prices (on a year to year basis) in the second half of 2002 is expected to be broadly based, affecting all the major product groups, manufactured goods, crude oil and non-fuel products.

The Report noted that 2001 witnessed the first decline in the volume of world merchandise trade since 1982 and the first decrease in world merchandise output since 1991. Global GDP growth edged up only by about 1 percent due to a more resilient services sector. Developments in 2001 represented a dramatic change in comparison to the previous year, when trade and output recorded their best performance in more than a decade.

Dr. Supachai said: "The disappointing trade figures for 2001 and the first half of 2002 underscore the importance of making progress in the Doha Development Agenda negotiations. While the depressed levels for imports and exports reflect macroeconomic factors, it is evident that policy measures must be taken to bolster confidence and provide the underlying assurances necessary to foster higher levels of growth. One such measure would be for political leaders to send a strong signal to consumers, producers and markets that they intend to move forward in the area of further trade liberalization through the DDA".

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WTO members, after conducting their second review of the Dominican Republic's trade policies on 7 and 9 October, welcomed the country's stated conviction that trade liberalization is a central pillar of economic growth and development, and acknowledged considerable progress in its modernization efforts since the last review.

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During their review of Zambia's trade policies on 23 and 25 October, members commended the country on its continuing commitment to trade liberalization despite various difficulties. The Chairperson expressed the hope that the Doha Development Agenda would evolve in such a way as to make possible greater access to the country's products, and contribute to the diversification of its economy.

> [More](#)



The Dispute Settlement Body (DSB), on 23 October, adopted Appellate Body reports on disputes involving Argentina's complaint about Chile's price band system for agricultural products and on Peru's complaint about the European Communities' trade description of sardines, respectively.

> [More](#)

The DSB, on 1 October, established two panels: one to examine Brazil's complaint about Florida's "equalizing tax" on processed orange and grapefruit products, and the other to examine the US' final countervailing duty determination with respect to certain softwood lumber from Canada.

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The WTO have issued the following dispute-settlement reports:

- On 27 September, the report of the panel (DS236/R) that had examined Canada's complaint about the United States' preliminary determinations with respect to certain softwood lumber from Canada. [Download the report](#)
- On 26 September, the report of the Appellate Body (DS231/AB/R), which upheld the panel's findings that the European Communities' regulation on the trade description of sardines is inconsistent with the WTO Agreement on Technical Barriers to Trade. [Download the report](#)
- On 23 September, the report of the Appellate Body (DS207AB/R), which upheld the panel's finding that Chile's price band system relating to certain agricultural products is inconsistent with a market-access provision of the Agriculture Agreement. [Download the report](#)

The WTO Secretariat reported, on 23 October, that in the period 1 January to 30 June 2002, 17 members initiated 104 anti-dumping investigations against exports from a total of 39 different countries or customs territories. During the corresponding period of 2001, 19 WTO members had initiated 149 anti-dumping investigations.

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Heads of the three global trade agencies, on 30 October 2002, pledged to enhance their relationship across a range of activities including trade-related technical assistance, research and the sharing of information. UNCTAD Secretary-General Rubens Ricupero and ITC Executive Director Denis Belisle offered their full support to the WTO Director-General in his efforts to bring about a timely, balanced and productive outcome to the Doha Development Agenda round of trade negotiations.

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The Director-General and World Bank President James Wolfensohn, on 10 October 2002, pledged closer cooperation in their efforts to promote a successful conclusion to the Doha Development Agenda trade negotiations.

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The World Bank and the WTO are establishing a new fund, called the Standards and Trade Development Facility, as part of their efforts to link aid to trade opportunities in the fight against poverty. The fund – in cooperation with other organizations – will provide a stimulus to important new projects for developing countries in this critical area, helping them shape and implement international standards on food safety, and plant and animal health. The goal is to provide grants and financial support for technical assistance projects in developing countries through enhanced collaboration between the international organizations involved.

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Trade policies must be linked to development and poverty reduction plans, if they are to drive growth, Director-General Supachai told the second seminar on “trade mainstreaming” on 1 November 2002. These seminars are part of a joint effort by six international organizations and the least-developed countries to integrate trade and development efforts.

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The German government on 4 November 2002 pledged a donation of 1 million euros (about CHF 1.45 million) over two years – 2003 and 2004 – to the WTO Doha Development Agenda Global Trust Fund. This pledge comes on top of approximately CHF 2 million already pledged by Germany for the period 2002-2005.

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A week-long training session on the rules and procedures of WTO dispute settlement ended on 11 October. Thirty government officials participated.

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Dr. Supachai, in a statement to the Committee on Trade and Development on 8 October 2002, said “we are on track to responding credibly and effectively to the technical cooperation and capacity building commitments in the Doha Ministerial Declaration”.

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[contact us](#) : World Trade Organization, rue de Lausanne 154, CH-1211 Geneva 21, Switzerland