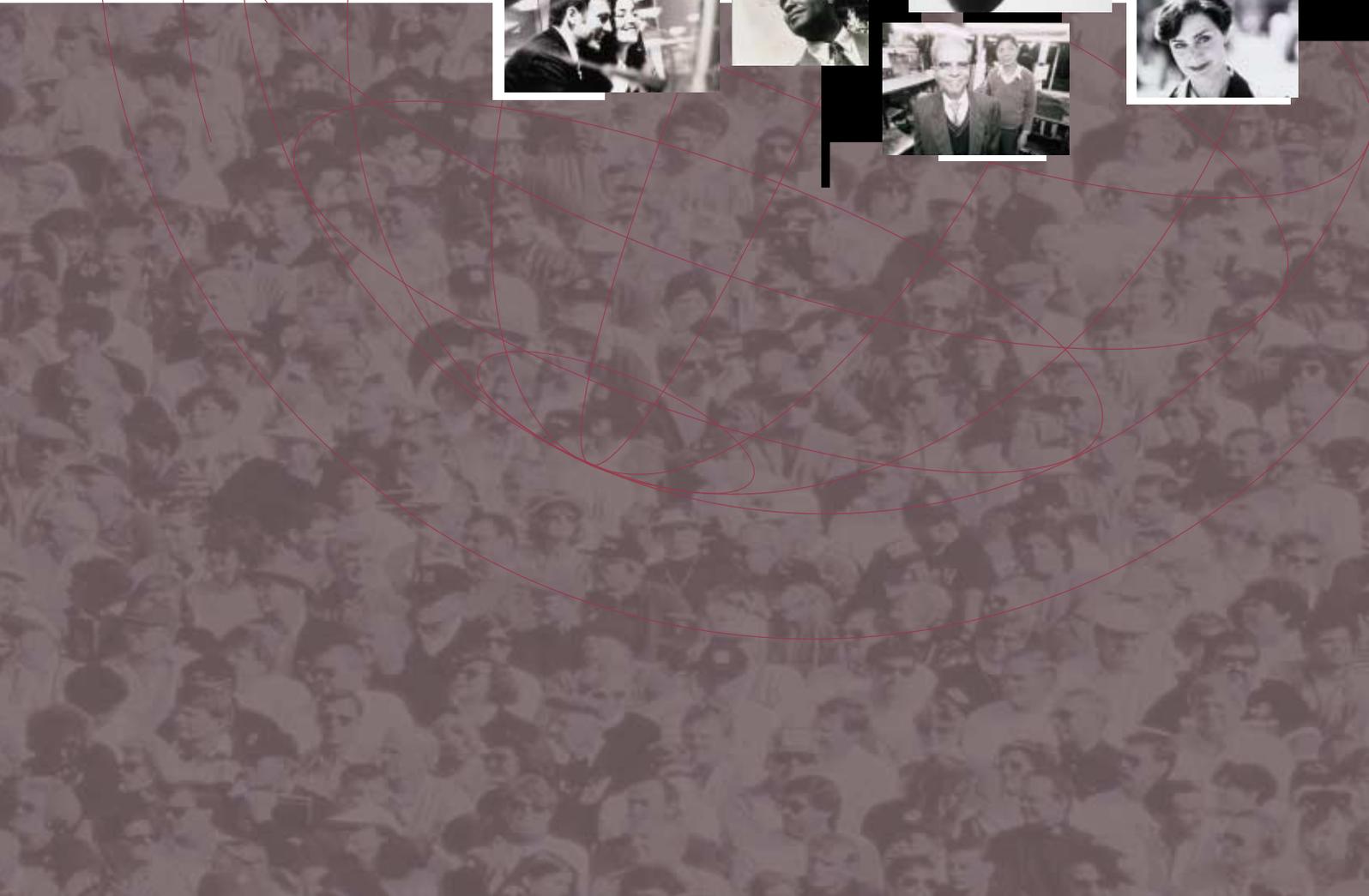




WORLD TRADE
ORGANIZATION

Annual Report 2004



**WTO Members
(As of 31 December 2003)**

Albania	Gabon	Netherlands
Angola	Gambia	New Zealand
Antigua and Barbuda	Georgia	Nicaragua
Argentina	Germany	Niger
Armenia, Rep. of	Ghana	Nigeria
Australia	Greece	Norway
Austria	Grenada	Oman
Bahrain, Kingdom of	Guatemala	Pakistan
Bangladesh	Guinea Bissau	Panama
Barbados	Guinea, Rep. of	Papua New Guinea
Belgium	Guyana	Paraguay
Belize	Haiti	Peru
Benin	Honduras	Philippines
Bolivia	Hong Kong, China	Poland
Botswana	Hungary	Portugal
Brazil	Iceland	Qatar
Brunei Darussalam	India	Romania
Bulgaria	Indonesia	Rwanda
Burkina Faso	Ireland	St. Kitts and Nevis
Burundi	Israel	St. Lucia
Cameroon	Italy	St. Vincent & the Grenadines
Canada	Jamaica	Senegal
Central African Rep.	Japan	Sierra Leone
Chad	Jordan	Singapore
Chile	Kenya	Slovak Republic
China	Korea, Rep. of	Slovenia
Colombia	Kuwait	Solomon Islands
Congo	Kyrgyz Republic	South Africa
Congo, Dem. Rep. of the	Latvia	Spain
Costa Rica	Lesotho	Sri Lanka
Côte d'Ivoire	Liechtenstein	Suriname
Croatia	Lithuania	Swaziland
Cuba	Luxembourg	Sweden
Cyprus	Macao, China	Switzerland
Czech Republic	Madagascar	Chinese Taipei
Denmark	Malawi	Tanzania
Djibouti	Malaysia	Thailand
Dominica	Maldives	Togo
Dominican Republic	Mali	Trinidad and Tobago
Ecuador	Malta	Tunisia
Egypt	Mauritania	Turkey
El Salvador	Mauritius	Uganda
Estonia	Mexico	United Arab Emirates
European Communities	Moldova	United Kingdom
Fiji	Mongolia	United States of America
Finland	Morocco	Uruguay
Former Yugoslav Republic of Macedonia (FYROM)	Mozambique	Venezuela
France	Myanmar	Zambia
	Namibia	Zimbabwe

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ORGANIZATION

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Foreword by the Director-General

The increasing public interest in the WTO's work since its creation in 1995 has been matched by a growing demand for more information about the organization and the multilateral trading system. The WTO Secretariat has worked to meet this expectation by expanding its information activities to include a broader range of publications, an extensive Internet site and numerous outreach activities.

Our efforts to inform and to explain the role and work of the WTO draws on the unique expertise of the WTO Secretariat, presented through research reports, periodicals and annual publications. This year we are expanding our list of annual publications to provide four reports which will present detailed information on separate aspects of the WTO and its work. The current *Annual Report* is published each spring as a guide and compendium covering the institutional aspects of the WTO, its regular activities, the work of WTO Members, and the Secretariat's budget and staff. The *World Trade Report*, published at mid-year, was launched in 2003. Its purpose is to research and analyze problems and issues which currently confront the global trading system.

In the fall of each year the WTO will continue to publish its detailed compilation of *International Trade Statistics*. The fourth annual publication, made public at the end of each year, is my report to the General Council of the WTO to inform on developments in the international trading environment. These four annual publications constitute a comprehensive review of trade issues, developments and initiatives for each year. They are part of the WTO's continuing efforts to work in a manner which is transparent, informative and in tune with the expectations of the public around the world.

A handwritten signature in black ink, reading "S. Panitchpakdi". The signature is written in a cursive, flowing style.

Supachai Panitchpakdi
Director-General

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Abbreviations and symbols

APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of South-East Asian Nations
CEFTA	Central European Free Trade Agreement
CIS	Commonwealth of Independent States
ECU	European currency unit
EFTA	European Free Trade Association
EU	European Union
FDI	Foreign direct investment
GDP	Gross Domestic Product
GNP	Gross National Product
IMF	International Monetary Fund
LAIA	Latin American Integration Association
MERCOSUR	Southern Common Market
NAFTA	North American Free Trade Agreement
OECD	Organisation for Economic Cooperation and Development
TOT	terms of trade
UNCTAD	United Nations Conference on Trade and Development
c.i.f.	cost, insurance and freight
f.o.b.	free on board
n.a.	not available

The following symbols are used in this publication:

...	not applicable
0	figure is zero or became zero due to rounding
\$	United States dollars

Billion means one thousand million.

Minor discrepancies between constituent figures and totals are due to rounding.

Unless otherwise indicated, (i) all value figures are expressed in US dollars; (ii) trade figures include the intra-trade of free trade areas, customs unions, regional and other country groupings; (iii) merchandise trade figures are on a customs basis, and (iv) merchandise exports are f.o.b. and merchandise imports are c.i.f. Data for the latest year are provisional.

Chapter One

OVERVIEW

Introduction

The year 2003 has been marked by important achievements as well as some disappointments for the multilateral trading system and for the Doha Development Agenda (DDA).

The first eight months of 2003 saw very intensive work on all areas of the DDA negotiations in preparation for the WTO's Fifth Ministerial Conference which took place in Cancún, Mexico from 10 to 14 September 2003. Significant progress was made across the board in bringing Members' positions closer together. One major achievement was an historic deal on access to essential medicines which should help poor countries, lacking the capacity to manufacture drugs crucial for addressing public health crises, make use of the compulsory licensing provisions in the WTO's TRIPS Agreement. However, in general the negotiations did not move forward as far or fast as anticipated, with important spring deadlines in agricultural and non-agricultural market access and on dispute settlement being missed.

Likewise, the WTO's Fifth Ministerial Conference produced some significant advances, including in difficult and politically sensitive areas. Ministers, however, were unable to reach agreement during this short period of time on an agreed text which would serve as a framework for guiding the negotiations to a conclusion by the mandated deadline of 1 January 2005. Instead, it was agreed that consultations should continue under the auspices of the General Council, with the aim of taking the action necessary by mid-December to enable Members to move forward. While the December Council meeting did not bring about a major breakthrough, the key issues became clearer and progress has been made towards getting the DDA back on track.

The historic Agreement on TRIPS and Public Health was a clear demonstration of the ability of WTO Members to find compromise ways forward on difficult issues. It is in this spirit that Members must take the negotiations forward in 2004. Bridging gaps between negotiating positions to find a balanced package will require creativity, flexibility and above all leadership at the highest political levels from all Members. While the general economic climate was looking healthier at the end of 2003, particularly in some regions, a successful conclusion to the Doha Development Agenda could contribute to a stronger and more even expansion of world trade and sustained global economic growth.

WTO regular work outside of the negotiations progressed well in 2003. Cambodia and Nepal concluded their accession processes at the Cancún Ministerial Conference. Once ratified, they will become full WTO Members bringing the total Membership up to 148 and the WTO another step closer to becoming a truly universal organization. These accession negotiations were particularly significant as these are the first least-developed countries to join the WTO after negotiating accession under Article XII of the WTO Agreement since its inception in 1995. Also in 2003, the number of disputes brought to the WTO dispute settlement body in its first nine years of existence, exceeded the total amount of disputes brought to the GATT in just under 50 years. This is reflective of both the confidence that Members have in the system and the more extensive mandate of the WTO. The WTO Secretariat undertook over 450 technical assistance activities over the course of the year and 20 Trade Policy Reviews were conducted between January 2003 and end of March 2004. Attention was also focused on policy coherence between the WTO, the IMF and the World Bank in support of the DDA negotiations and also cooperation between WTO and other agencies in technical assistance activities. The WTO Secretariat organized two, one-week briefing sessions on WTO work and the status of the negotiations in July and November 2003 for the 34 WTO Members and Observers without missions in Geneva.

Representatives from interested regional economic organizations were also invited to attend the "Geneva Week" briefing and information sessions. The WTO Secretariat also upgraded its outreach activities with a new programme of specific activities focused on parliamentarians. The WTO's annual Public Symposium was held in June attracting more participants than ever before.

Trade developments

After the lacklustre growth of the first half of 2003, global output and trade accelerated in the second half, largely due to developments in East Asia and the United States. World GDP and world trade expanded by 2.5% and 4.5% respectively, in real terms. Although the trade expansion in 2003 exceeded that of the preceding year, it remained well below the average rate of 6.5% recorded in the 1990s.

Asia and the transition economies recorded both the strongest trade growth and above-average GDP growth. Real merchandise exports and imports of these regions rose at double-digit rates in 2003. North America's imports rose somewhat faster than world trade and twice as fast as its exports, leading to a widening of an already large trade deficit. Linked to its nearly stagnating economy, Western Europe had a trade growth of 1%. Latin America's exports benefited from the global trade expansion, rising as much as the world average, while imports recovered only marginally due to the sluggishness of the region's major economies (i.e. Brazil, Mexico and Venezuela). In contrast, both exports and imports recovered strongly in Africa and are estimated to have expanded even faster than world merchandise trade in 2003. The oil exporting countries have been the most dynamic traders in Africa in 2003.

Nominal dollar trade flows were far more buoyant than real trade due to the impact of higher commodity prices (in particular fuels) and exchange rate developments. World merchandise exports rose by 16% to a new record level of \$7.3 trillion. More than two thirds of this increase is, however, due to dollar price changes. One of the outstanding developments of 2003 was the sharp rise of China's trade. As imports surged by 40%, China became the third largest merchandise importer in the world, ahead of Japan and only behind the EU and the United States. Higher commodity prices are one factor which caused merchandise trade to expand faster than trade in commercial services which was up by 12% to \$1.8 trillion in 2003.

The Doha Development Agenda

The year 2003 was an important one for the DDA. The Trade Negotiations Committee, chaired by the Director-General, is responsible for the overall conduct of the negotiations, under the authority of the General Council. The TNC met on a monthly basis in the period February to July 2003 and provided a useful forum for Members to take an overview of the negotiations and to discuss linkages between issues.

Market access issues were the focus of attention in the early part of the year with deadlines set in all three areas: services; agriculture and non-agricultural market access.

Members were mandated to submit their initial offers of new or improved commitments in the services negotiations by 31 March 2003. Despite a relatively slow start, with 12 offers submitted by that date, a total of 40 offers (covering 54 Members) had been received by year-end. Apart from tourism, many offers focus on important sectors, including banking, insurance, telecommunications, transport and business services that provide economy-wide inputs. This suggests that Members are seeking to capitalize on the negotiations as an opportunity to advance and secure, through external policy bindings, efficiency enhancing reforms in core sectors. While many offers leave scope for further improvement, they are important steps in a longer negotiating process.

In agriculture, the objective was to establish modalities for commitments in the areas of market access, export competition and domestic support by 31 March. In the area of non-agricultural market access, the objective was to reach a common understanding on a possible outline of modalities by the end of March with a view to reaching agreement on those modalities by 31 May. Unfortunately, and in spite of progress in a number of areas, Members were unable to meet these deadlines. Intensive consultations in both areas continued in the run-up to the Fifth Ministerial Conference.

In the area of non-agricultural market access, subsequent discussions on the draft elements of modalities for both tariffs and non-tariff barriers, tabled by the Chair on 16 May, led him to submit a revised version on 19 August. Further consultations were also made on a suggested input for the Draft Cancún Ministerial text that was submitted by the Chairman of the General Council on his own responsibility. Overall, 67 papers have been submitted by delegations to this negotiating group since February 2002. In agriculture, the chair of the negotiations prepared a draft detailed modalities paper, as he had been mandated to do by the Members, in March 2003. However there was no agreement on this and Members then decided to focus instead on preparing the ground for Ministers to agree at Cancún on a

framework for the subsequent development of detailed modalities. The European Communities and the United States made a contribution to this process by submitting a joint framework paper. This triggered a wave of proposals by other delegations, starting with a paper by a newly formed coalition of developing countries – today known as the G20. These submissions served as a basis for consultations conducted by the Chair of the General Council and eventually resulted in the draft Ministerial text on agriculture submitted by the Chairman, on his own responsibility, for consideration at Cancún.

In the rules negotiations the Chairman was able to report to the Trade Negotiations Committee in July, his sense that the greater part of the issues in the area of anti-dumping and subsidies and countervailing measures had been identified, and that discussions would, after the Cancún Ministerial Conference, need to shift from identifying issues to seeking solutions. Discussions also focused on improvements to transparency in regional trade agreements. Consideration was given to specific submissions by participants and furthering of work on “systemic issues”.

Negotiations on special and differential treatment, of great interest to many developing countries, took a step forward with agreement by Members to make recommendations for a possible adoption at Cancún of a package of 28 proposals. Even though these recommendations have yet to be adopted, the dedicated work carried out, both in the Special Session of the Committee on Trade and Development and by the Chairman of the General Council has helped to further the overall debate on the importance of trade and development issues and ways to help developing countries better integrate in to the multilateral trading system.

Members continued to submit proposals on the four Singapore issues in each of the respective Working Groups on transparency in government procurement, investment and competition policy, and in the Council for Trade in Goods on trade facilitation. Differences were voiced about the extent to which it would be desirable for the WTO to engage in rule-making in some of these areas and the extent to which any rules that WTO might negotiate should be binding. Some delegations believed that outstanding differences could only be resolved through negotiations themselves, while some others felt that greater clarity was needed before negotiations could be launched. Following the Cancún Ministerial meeting more flexibility was shown by some Members, but there has yet to be final agreement on the treatment of these issues.

In 2003, discussions on trade and environment also advanced. The Committee on Trade and Environment Special Session continued to examine all three components of its DDA mandate. The relationship between the WTO rules and the specific trade obligations in multilateral environmental agreements (MEAs) was discussed. Various avenues for greater information exchange and cooperation between the WTO, MEAs and UNEP were explored, and some criteria for the granting of observer status advanced. On the liberalization of environmental goods and services, the CTE Special Session continued to carry out its mandate in cooperation with the Services Council Special Session and the Negotiating Group on Non-Agricultural Market Access. The Secretariat organized, in cooperation with UNEP, UNCTAD and a number of MEAs, regional seminars for government officials on trade, environment and sustainable development.

The negotiations to improve and clarify the Dispute Settlement Understanding were mandated to be concluded no later than May 2003. On 24 July 2003, acknowledging that the DSB special session needed more time to conclude its work, the General Council agreed to extend the special session’s timeframe to May 2004. One of the main areas of discussion amongst Members has been the issue of the implementation of the DSB’s recommendations and rulings following the adoption of a panel and/or Appellate Body report. While it is true that in all such instances, Members have either already complied with or have expressed their intention to comply with these recommendations and rulings, it is worth noting that compliance has in several cases still not occurred (primarily due to legislative delays or inaction where the underlying WTO-inconsistent measure is a statutory provision) and in other cases has only occurred after very lengthy delays on the part of the implementing Member. Moreover, developing countries have complained that it has been difficult for them, in certain circumstances, to ensure compliance with DSB recommendations on the part of larger trading partners given that developing countries have little effective economic leverage that they can apply in such cases (even where retaliation has been authorized by the DSB).

Preparatory process for the Fifth Session of the Ministerial Conference

The preparatory work for the Fifth Session was focused on laying the ground for the tasks Ministers were to undertake in Cancún as set out in the Doha Ministerial Declaration. These tasks included taking stock of progress in the negotiations, providing any necessary political guidance and taking decisions as necessary. Ministers were mandated to consider reports from various WTO bodies and the Director-General, and take decisions by explicit consensus on modalities of negotiations on the Singapore issues. Ministers were also to set the roadmap to conclude the Round within the remaining fifteen-and-a-half months. The aim of the preparatory work was thus to make as much substantive progress as possible, in order to enable Ministers to focus on key outstanding issues.

Substantive preparations for the Fifth Session were undertaken in a series of informal Heads of Delegations (HODs) meetings convened jointly by the General Council Chairman and the Director-General starting in May. Within this structure, discussion on inputs for an eventual package for Ministers in Cancún started in earnest in June with consideration of a Checklist of Issues circulated by the Chairman. This consultative process continued and complemented the formal consideration of the evolution of this text, and was aimed at maximum transparency and inclusiveness.

On the basis of these consultations, the General Council Chairman, on his own responsibility and in close cooperation with the Director-General, circulated a first draft of a Ministerial text, which was formally considered by the General Council in July. The aim of this text was to facilitate Members' further consideration of substantive inputs to Ministers at Cancún. It was understood that the text did not purport to be agreed in any part and was without prejudice to any delegation's position on any issue. Also in July, the two streams of work – in the negotiating framework under the overall supervision of the TNC, and the other elements of the work programme under the overall supervision of the General Council – came together, and from that point on, all substantive preparatory work was focused in the General Council.

A revised draft Ministerial text was discussed at length over several days at the General Council meeting in August, and subsequently forwarded under the Chairman's own responsibility to the Fifth Session. As stated in the covering letter transmitting the draft text to Ministers for consideration at the Fifth Session, the text was the General Council Chairman's and Director-General's best judgement of what could constitute a workable framework for action by Ministers, and was the product of lengthy and intensive consultations conducted in a transparent and inclusive way. To assist the work of Ministers, the letter described briefly the differences dividing Members in key areas: agriculture, non-agricultural market access, Singapore issues, special and differential treatment, implementation, and cotton.

In August, the General Council also considered and forwarded to Ministers in Cancún reports from all of the relevant bodies on matters under the Doha Development Agenda (DDA). Members also discussed a proposal by Benin on behalf of Benin, Burkina Faso, Chad and Mali regarding specific measures in favour of cotton, and agreed that it would form part of Ministers' deliberations in Cancún as part of the formal Agenda of the Conference.

Results of the Fifth Session

Over the course of over five days of intensive consultative work, Ministers made considerable progress towards fulfilling the Doha mandates. However, as they stated in their joint Ministerial Statement at the end of the Conference, more work needed to be done in some key areas to enable them to proceed towards the conclusion of the negotiations in fulfilment of the commitments taken at Doha. They therefore instructed their officials to continue working on outstanding issues with a renewed sense of urgency and purpose, and taking fully into account all the views expressed in the Conference. They also asked the Chairman of the General Council, working in close cooperation with the Director-General, to coordinate this work and to convene a meeting of the General Council at Senior Officials level no later than 15 December 2003 to take the action necessary at that stage to enable them to move towards a successful and timely conclusion of the negotiations.

Progress since the Fifth Session

In response to the mandate set out by Ministers in Cancún, the Chairman of the General Council, in close cooperation with the Director-General, conducted intensive consultations in

the autumn with Members, both in Geneva and in capitals, with the aim of moving the process forward.

The consultations focused initially on how to get the process moving, and subsequently took up in turn each of four key outstanding issues, namely, agriculture, cotton, non-agricultural market access and the Singapore issues, with a special effort made to keep all Members informed.

In December, the Chairman and the Director-General reported to the General Council that while the consultations had indicated a constructive spirit, there had been little real negotiation or movement towards accommodation among positions or searching for common ground. Their report identified key issues for further work in each of the four areas, while stressing that the initial focus on these four areas in no way lessened the importance of the other issues within the DDA. The General Council agreed to the recommendation in the report that all of the DDA bodies should resume their work early in 2004 to build on the elements that had emerged at and since Cancún, and that the TNC should be reactivated to carry out its Doha mandate to supervise the progress and overall conduct of the negotiations.

The Director-General's intensive programme of contacts with Ministers in capitals and elsewhere to complement the Council Chairman's efforts in Geneva revealed a recognition of the need for flexibility to achieve progress, full support and strong commitment to the multilateral process and a shared will to get back on track.

While the December General Council meeting did not bring about a major breakthrough, the key issues became clearer and progress has been made towards getting the Round back on track. However, there is a need to close the gap between expressions of flexibility, commitment and engagement, and a translation of these into new negotiating positions, and to recapture a sense of urgency.

WTO regular activity

Dispute settlement

The central work of the WTO's dispute settlement system continued throughout the year. During 2003, the DSB received 26 formal requests for consultations. It established panels to deal with 19 new cases, received Notices of Appeal in 5 cases, and adopted panel and/or Appellate Body reports in 15 cases. The year 2003 saw the number of disputes initiated under the dispute settlement system since its creation less than nine years ago pass the 300 mark. This compares to the roughly 300 disputes brought to its predecessor, the General Agreement on Tariffs and Trade (GATT), during its entire existence of almost 50 years. This figure emphasizes two important points: firstly, that Member governments have confidence in the WTO dispute settlement system; and secondly, that the WTO system of agreements, and therefore Members' rights and obligations, are far more extensive than was the case under the GATT. This has led to a great deal of dispute settlement activity under the new system.

Technical assistance and capacity building

The WTO again took on a high level of commitment in providing technical assistance and capacity-building to developing countries. This is in recognition of the considerable expertise all countries need in order to exercise their WTO rights and obligations, to reap the benefits of membership in the multilateral trading system, and to participate fully in the negotiations – defining their interests and understanding the implications of proposals by other players. Trade-related technical assistance is inscribed in the context of the overall goals of economic development and poverty reduction.

In 2003, this commitment was backed by the necessary financial pledges by Members to a trust fund for technical assistance. This enabled the WTO to undertake 451 activities over the course of the year. The initiative to replicate regionally the highly successful trade policy courses held for many years in Geneva was continued. The aim of these courses was not only to provide intensive training in all aspects of the WTO, but also to develop local capacity for training and analysis by involving regional teachers and academics. In more general terms, the technical assistance programme began a shift to activities, including training-of-trainers, research activities, and academic partnerships, designed to enhance sustainability.

Regular technical assistance activities continued to be undertaken jointly between the WTO and other international agencies. Important progress was made in 2003 in two key joint programmes: the Integrated Framework for Least-Developed Countries (IF), and the Joint Integrated Technical Assistance Programme to Selected Least Developed and other

African Countries (JITAP). Inter-agency cooperation in technical assistance and capacity building is to be continued and strengthened. Assistance is needed to help developing countries address supply side constraints so they are able to better benefit from opportunities arising from participation in the multilateral trading system. This involves action that goes beyond the mandate and competence of the WTO.

To help donors and participants have an overall picture of technical assistance activities being provided, the OECD and WTO Secretariats have established a database which gives details of trade-related technical assistance and capacity-building activities of the various bilateral, regional, and multilateral donors. This should help to increase coordination of activities, avoid costly overlap, and ensure transparency.

Coherence in international economic policy making

In furtherance of the WTO's coherence mandate, the Director-General invited the Managing Director of the IMF, Mr. Köhler, and the President of the World Bank, Mr. Wolfensohn, to participate in a special General Council meeting on Coherence in May. Both these Agency Heads emphasized their strong support for the DDA and the contribution it can make to stronger economic growth and poverty reduction. The World Bank and IMF also proposed their assistance in providing financial and technical support for implementation of the Doha Round. These offers of assistance were confirmed at Cancún. In parallel, IMF and WTO staff have worked together to address the issue of the availability of adequate and affordable trade financing for developing countries, particularly in times of financial crisis. The Director General reported on the results of this joint initiative to the General Council in January 2004, and set the stage for follow up work by Members.

Strengthening the WTO as an institution

In terms of accessions, the major achievement of the year 2003 was the conclusion of the accession processes of Cambodia and Nepal. These were the first two LDCs to complete their accession negotiations under the procedures established in 1995 and their accession packages were adopted by Ministers at Cancún. Once ratified, they will become full WTO Members bringing the total Membership up to 148. In 2003, the WTO received two new Members, Armenia and the Former Yugoslav Republic of Macedonia, whose accession negotiations were concluded in 2002. In addition a Working Party was set up to allow Ethiopia to effectively start its accession negotiations. In total, 27 Working Parties were active in 2003, two of which concluded their mandate before the Cancún Ministerial Conference.

The WTO continued to perform its surveillance of Members' trade policies and practices. Between January 2003 and end of March 2004, 20 Trade Policy Reviews were conducted by the Trade Policy Review Body. This exercise continues to be highly appreciated and valued by Members as one of the main elements providing transparency to trade regimes and in bringing greater understanding of, and hence providing improved adherence to, the rules and principles that underpin the multilateral trading system. Increasingly, also, the exercise has become an important element in technical cooperation and capacity building for developing countries.

2003 was also a notable year in terms of WTO relations with civil society, parliamentarians and parliamentary groupings, and international organizations. This year saw the highest level of civil society representation in the WTO's eight year history. The WTO Public Symposium held in June was the most popular ever, attracting some 700 participants. The Symposium is now an important fixture on the yearly calendar of trade-related international events. Similarly, a record 795 NGOs and almost 1,600 of their representatives attended the Cancún Ministerial Conference in September. A new outreach programme was successfully launched which included specific activities for parliamentarians, notably regional workshops in Cape Town (for English-speaking African countries), Trinidad (for Caribbean countries), and Sao Paolo (for Latin American countries). There were also national workshops for parliamentarians conducted in St Lucia, Namibia and Moldova. WTO contacts with key parliamentary groupings such as the Inter-Parliamentary Union (IPU) and Commonwealth Parliamentary Association (CPA) were strengthened through cooperative efforts on the outreach programme. The programme will continue in 2004.

Over the course of the year, the WTO continued its active and constructive engagement with the United Nations system and other international intergovernmental organizations, including through attendance at key international conferences, participation in regular meetings of the relevant institutions, and contributions to reports prepared by these institutions.

Chapter Two

WTO ACTIVITIES

PART I

This chapter provides an outline of the main activities of the WTO during 2003.

I. The Ministerial Conference

The Ministerial Conference of the WTO, composed of representatives of all the Members, is the highest decision-making body of the organization, and is required to meet at least once every two years. Ministerial Conferences review ongoing work, provide political guidance and direction to that work, and set the agenda for further work as necessary.

The Fifth Session of the Ministerial Conference

The Fifth Session of the Ministerial Conference was held in Cancún, Mexico, from 10-14 September 2003. Preparations for the Cancún Ministerial Conference took place in Geneva, starting in May 2003, under the responsibility of the General Council, the executive body of the WTO between Ministerial Conferences.

The Cancún Conference was set to be the mid-point of the negotiations launched in Doha in 2001. At the Doha Conference, it was decided that the Fifth Session would take stock of progress in the negotiations, provide any necessary political guidance, and take decisions as necessary. The Conference was also to take decisions and provide guidance in a number of areas of work under the Doha Development Agenda (DDA), including decisions by explicit consensus on modalities for negotiations on the four "Singapore" Issues (relationship between trade and investment; interaction between trade and competition policy; transparency in government procurement and trade facilitation).

Plenary Meetings

The Fifth Session formally opened on the morning of 10 September under the chairmanship of H.E. Mr Luis Ernesto Derbez, Minister of Foreign Affairs of Mexico, and with addresses by the Honourable Vicente Fox Quesada, President of Mexico, by the Chairman of the Conference, by the Secretary-General of UNCTAD, Mr Rubens Ricupero, on behalf of the UN Secretary-General, Mr Kofi Annan, by the Chairman of the General Council, and by the Director-General of the WTO. Ministers adopted a five-point agenda for the Conference under which they agreed to: (i) review WTO activities; (ii) consider a joint proposal for a sectoral initiative on cotton from Benin, Burkina Faso, Chad and Mali; (iii) adopt a Ministerial text and decisions, and take any other actions necessary; (iv) decide on the date and venue of the Sixth Session; and (v) elect officers to hold office until the end of the Sixth Session. In the course of the formal plenary meetings over the following three days, 134 Members, 13 observer governments and 4 observer international intergovernmental organizations delivered statements under the first agenda item on the overview of WTO activities. In considering the joint proposal for a sectoral initiative on cotton from Benin, Burkina Faso, Chad and Mali under the second agenda item, Ministers noted that this matter would be taken up in the informal consultative process described below, and that they would have an opportunity to review progress on this issue in the course of the Heads-of-Delegations meetings in that informal process. The actions taken by Ministers under item 3 of the agenda are also described below. Ministers, under items 4 and 5 of the agenda, requested the WTO General Council to pursue consultations and to take decisions on the questions of date and venue of the Sixth Session, and the election of officers for that Session.

Informal Consultative Process

At the end of the Opening Ceremony of the Conference on 10 September, the Chairman announced the organization of an intensive consultative process at the level of Heads of Delegations – similar to that followed in Geneva in preparation for Cancún – with the principal aim of facilitating consensus building on a text that could be put forward for formal consideration and action by Ministers under Agenda item 3 of the Conference, in a fully transparent, inclusive and flexible manner. The main forum for this process – which continued throughout the Conference – was informal open-ended meetings of all Heads of Delegations, proceeding in parallel with the formal Plenary Sessions. In order to organize the

limited time in an efficient manner, the Chairman requested the assistance of a number of Ministers to undertake work immediately on his behalf as “Facilitators” on 5 key areas, and report back to the open-ended Heads of Delegation meetings on progress. The Chairman also invited the Director-General to assist him as Facilitator with further work on the sectoral initiative on cotton.

The basis for work in the informal process was the initial draft Ministerial text forwarded to Ministers by the Chairman of the General Council and the Director-General, taking into account as appropriate the proposals submitted by delegations both before and at Cancún. Facilitators were requested to make themselves available to all delegations wishing to raise issues of particular concern, and to seek the views of all interested Ministers. The Chairman underscored that the task of the Facilitators was to resolve differences and thus facilitate consensus, and that any decisions could ultimately only be taken by the membership as a whole. The Chairman announced his intention also to seek advice from other Ministers on a constant basis in order to get a better view regarding overall balance, and that the Director-General would also seek inputs and advice and report to him.

Table II.1

List of the issue areas and Facilitators

Issue	Facilitator
Agriculture	H.E. Mr George Yeo Minister for Trade and Industry, Singapore
Non-Agricultural Market Access	Mr Henry Ying-Yeng Tang Financial Secretary, Hong Kong, China
Singapore Issues	Hon. Pierre S. Pettigrew Minister for International Trade, Canada
Specific Development Issues	H.E. Dr Mukhisa Kituyi Minister of Trade and Industry, Kenya
Other Issues	Hon. Clement James Rohee Minister of Foreign Trade and International Cooperation, Guyana
Sectoral Initiative on Cotton	Dr Supachai Panitchpakdi Director-General

The work in the informal consultative process on the above issues continued intensively over the following three days and formed the basis for a revised draft Ministerial text circulated by the Chairman on 13 September. This text was considered at a Heads of Delegation meeting which lasted into the early hours of 14 September, and led to further intensive consultations in the morning and early afternoon of 14 September with a large group of Members representing a wide range of regional and other groups. At a final open-ended informal Heads of Delegation meeting in the evening of 14 September, Ministers concluded that consensus on several key issues in the draft Ministerial text remained elusive, and agreed on a six-paragraph Ministerial Statement put forward by the Chairman which, as described below, instructed officials to continue working on outstanding issues with a renewed sense of urgency and purpose and taking into fully into account all the views expressed at the Conference.

Results of the Fifth Session

The results of the Ministerial Conference are described below. While the substantive results of the Conference did not result in the provision of necessary political guidance and the adoption of decisions as necessary regarding the ongoing WTO work programme under the Doha Development Agenda, the Chairman, in closing the Conference, noted that the progress that had been achieved through the discussions had enabled Members to come much closer to what would be a true Development Round.

In the course of the Conference, on 11 September, Ministers took two historic accession decisions, one regarding the Kingdom of Cambodia and the other regarding the Kingdom of Nepal, who represented the first least-developed countries to have successfully completed accession procedures pursuant to Article XII of the Marrakesh Agreement. Their integration into the WTO represented an important further step towards the goal of universal membership, and a significant achievement in fulfilling the commitment undertaken by Ministers at the Doha Ministerial Conference to facilitate and accelerate the accession of least-developed countries to the WTO.

At the close of the Conference on 14 September, Ministers adopted a joint Ministerial Statement, in which they noted that more work needed to be done in some key areas to enable Members to proceed towards the conclusion of the negotiations in fulfilment of the commitments undertaken at Doha, and instructed their officials to continue working on outstanding issues with a renewed sense of urgency and purpose and taking fully into account all the views at the Conference. Ministers further asked the Chairman of the General Council, working in close cooperation with the Director-General, to coordinate this work and to convene a meeting of the General Council at Senior Officials level no later than 15 December 2003 to take the action necessary at that stage to enable Members to move towards a successful and timely conclusion of the negotiations. Ministers undertook to bring into the new phase all the valuable work that had been done at the Conference, and further that, in those areas where a high level of convergence on texts had been reached, that convergence would be maintained while working for an acceptable overall outcome. Notwithstanding this setback, Ministers reaffirmed all the Doha Declarations and Decisions and recommitted themselves to working to implement them fully and faithfully.¹

II. The Doha Development Agenda (DDA)

The Fourth WTO Ministerial Conference was held in Doha, Qatar, from 9 to 14 November 2001. Ministers adopted a Ministerial Declaration setting out a broad work programme for the WTO for the coming years. This work programme, called the Doha Development Agenda, incorporates both expanded negotiations – going beyond the mandated negotiations in agriculture and services which started in 2000 – as well as other activities and decisions designed to address the challenges facing the trading system and interest of the diverse membership of the WTO.

Ministers also adopted a Decision on Implementation-Related Issues and Concerns which represented a significant and credible effort to address the concerns of developing countries regarding their experience with the implementation and operation of existing WTO Agreements, and to facilitate their active participation in the WTO and fuller integration into the multilateral trading system. Under the Decision, Ministers took immediate action to address a number of the concerns raised by developing-country Members and agreed that remaining implementation issues would be addressed in the course of the future work programme of the WTO as set out in the Ministerial Declaration. Ministers further directed that WTO technical assistance should focus, as a matter of priority, on assisting developing countries in this area of activity.

A Declaration on the TRIPS Agreement and Public Health was also adopted by Ministers, in response to the concerns expressed about the possible implications of the TRIPS Agreement for access to drugs. The Declaration emphasizes that the TRIPS Agreement does not and should not prevent Members from taking measures to protect public health and reaffirms the right of Members to use to the full the provisions of the TRIPS Agreement which provide flexibility for this purpose. It makes clear that the TRIPS Agreement should be interpreted and implemented in a manner supportive of WTO Members' right to protect public health. The Declaration includes a number of important clarifications of some of the forms of flexibility available in the Agreement, in particular compulsory licensing and parallel importation. In addition, it provides for an extension until 2016 of the transition period for least-developed countries in regard to the protection and enforcement of patents and undisclosed information with respect to pharmaceutical products.

The negotiations should be concluded no later than 1 January 2005. Negotiations on the Dispute Settlement Understanding are to end in May 2004; those on a multilateral register of geographical indications for wines and spirits, by the Fifth Ministerial Conference in 2003. Progress was to be reviewed at the Fifth Ministerial Conference in Cancún, Mexico, 10-14 September 2003.

The negotiations take place in a Trade Negotiations Committee which was set up by the Doha Declaration, which in turn assigned it to create subsidiary negotiating bodies to handle individual negotiating subjects. The Trade Negotiations Committee (TNC) operates under the authority of the General Council. Other work under the work programme takes place in other WTO councils and committees.

Work of the General Council on the Doha Development Agenda

Matters resulting from the Fourth Session of the Ministerial Conference and Preparations for the Fifth Session

Ministers at Doha in November 2001, in agreeing to a broad and balanced work programme for the WTO for the coming years, tasked the General Council with taking

¹ The full text of the Ministerial Statement can be found in document WT/MIN(03)/20.

specific actions to implement elements of the work programme and to oversee their operation and progress. Ministers also instructed that in addition to the negotiating elements, high priority should also be accorded to the elements of the work programme which did not involve negotiation. These were to be pursued under the overall supervision of the General Council with a progress report submitted to the Fifth Session of the Ministerial Conference.

As part of specific actions to follow up on the Doha work programme and Ministers' directives, the General Council in August 2003 reached an important and historic Decision on an issue outstanding since December 2002 to ensure that all WTO Members – those with little or no manufacturing capacity in the pharmaceutical sector as well as those with such capacity – would be able to use to the full the flexibilities contained in the TRIPS Agreement to protect public health and, in particular, to promote access to medicines for all, as reaffirmed by the Doha Declaration on the TRIPS Agreement and Public Health. This Decision was part of wider national and international action to address the public health problems as recognized in paragraph 1 of the Doha Declaration, and was widely seen as a landmark step in contributing towards the alleviation of specific humanitarian crises in certain regions of the world, in particular in Africa.

With regard to issues and concerns raised by Members concerning implementation of existing WTO agreements, Ministers at Doha, *inter alia*, mandated specific action to a number of WTO bodies by way of concrete follow-up, directing many of them to report to the General Council at various times in 2002. As part of its follow-up function in this area, the General Council in 2003 considered further reports from the Committee on Agriculture – including with regard to implementation of the Marrakesh Ministerial Decision on Least-developed and Net Food-Importing Developing Countries – the Committee on Customs Valuation and the Committee on Trade and Development (CTD) in Special Session on implementation-related issues and concerns referred to them. With regard to the review of special and differential treatment provisions in WTO Agreements – which Ministers at Doha mandated should be reviewed with a view to strengthening them and making them more precise, operational and effective – the General Council undertook considerable efforts to further the work already undertaken in the CTD in Special Session following the Committee's report in February 2003, with the aim of putting in place a package of results, including with regard to further work on outstanding issues, for consideration and action by Ministers at Cancún. As regards the harmonization work programme in the rules of origin area, in view of the technically complex and politically important issues that remain to be considered, the General Council extended to July 2004 the deadline for completion of negotiations on core policy issues. Work on these issues is continuing in consultations conducted by the Chairman of the Committee on Rules of Origin, at the request and on behalf of the General Council Chair. Following resolution of the core policy issues, the WTO Committee on Rules of Origin will complete the remaining technical work by 31 December 2004. In May 2003, at the request of one delegation, the General Council considered an item relating to the review of progress on implementation issues referred to WTO bodies under the Doha Decision on Implementation-related Issues and Concerns. At the Chairman's suggestion, made in the light of the discussion, the Secretariat subsequently circulated a Note showing the status of these issues, which can be found in document WT/GC/W/500.

Under institutional arrangements agreed in October 2002 for the Work Programme on Electronic Commerce – namely, that the Councils for Trade in Services, Trade in Goods and TRIPS, and the CTD would examine and report to the General Council on aspects of electronic commerce relevant to their respective areas of competence, and that the General Council would play a central role in the entire process, keep the work programme under continuous review and consider any trade-related issue of a cross-cutting nature – the General Council held two Dedicated Discussions on cross-cutting issues related to electronic commerce, and in July considered reports from subsidiary bodies on their examination of aspects of electronic commerce related to their areas of work. The General Council also continued to keep under review the Work Programme on Small Economies which, under the framework and procedures agreed in 2002, has been undertaken in dedicated sessions of the Committee on Trade and Development and is a standing item on the Council's agenda.

The General Council continued to keep under regular review the work of the TNC under a standing item on its agenda. In the light of earlier discussions in the TNC, and consultations conducted by the Chairman, the General Council in July agreed that the timeframe for conclusion of the negotiations on clarifications and improvements of the Dispute Settlement Understanding be extended by one year, i.e., to aim to conclude the work by May 2004. The General Council also reviewed a number of reports mandated at Doha for submission and consideration by Ministers at Cancún from subsidiary bodies and from the Director-General on all issues affecting LDCs, as well as on the implementation and adequacy of the technical cooperation and capacity-building commitments in the Doha Ministerial Declaration, which were forwarded to Ministers at Cancún.

As part of the preparations for the Fifth Session of the Ministerial Conference, the General Council in February took decisions regarding the participation of observer Governments and International Intergovernmental Organizations, and the attendance of NGOs at the Session. It also elected the Chairperson and Vice-Chairs for the Session. Discussion on substantive matters to be taken up at the Session began in June with the consideration – at the level of Heads of Delegations – of a Checklist of Issues circulated by the Chairman. In July, two streams of work – in the TNC and in the General Council – came together, and from that point on, all substantive preparatory work was focused in the General Council, conducted in informal meetings of Heads of Delegations. On the basis of these discussions, a first draft of a Ministerial text, circulated by the General Council Chairman on his own responsibility and in close cooperation with the Director-General, was formally considered by the General Council in July, and a revised text in August. After lengthy discussions, the text was forwarded, unchanged, to the Fifth Session under the Chairman's own responsibility together with a covering letter, for further consideration by Ministers. In the course of its preparatory work, the General Council also considered a submission from Benin on behalf of Benin, Burkina Faso, Chad and Mali containing a draft Decision concerning specific measures in favour of cotton with a view to poverty alleviation. The question of a sectoral initiative in favour of cotton, as raised by the four co-sponsor Governments above, was, at their request, included as an item on the formal Agenda of the Fifth Session and considered at Cancún. Also in preparation for the Fifth Session, the General Council considered and forwarded to Ministers at Cancún reports from all of the relevant bodies on matters under the Doha Development Agenda (DDA), as well as annual reports from the General Council and subsidiary bodies. Also in preparation for the Fifth Session, the General Council considered and forwarded to Ministers in Cancún reports from all of the relevant bodies on matters under the Doha Development Agenda (DDA) agreed at the Fourth Session of the Ministerial Conference.

Follow-up to the Fifth Session

In pursuance of the mandate from Ministers in their joint Ministerial Statement at Cancún, the Chairman of the General Council, in close cooperation with the Director-General, conducted an intensive round of consultations in the autumn with Member Governments, both in Geneva as well as in capitals, and met with the widest possible range of the membership. Initial consultations focused on how to move the process forward, and subsequently took up in turn each of four key outstanding issues, namely Agriculture, Cotton, Non-Agricultural Market Access and the Singapore Issues in an intensive series of consultations with individual delegations, regional groupings and other groups, and with non-resident Members. A special effort was made to keep all Members informed, in pursuit of the commitment to transparency and inclusiveness. A particular effort was made to consult regularly with co-ordinators of various groups so they in turn could report to their constituencies. On this basis, the Chairman and the Director-General reported to the General Council in December that, overall, the consultations had indicated a constructive spirit and a good atmosphere, although as delegations had gone deeper into substance, the persisting difficulties had become more apparent. On the positive side, there had been interactive exchanges on substantive issues, progress in a number of areas, and clarification which had provided a clearer sense of possible ways forward. On the negative side, however, there had been little real negotiation or movement towards accommodation among positions, or searching for common ground, with some limited but welcome exceptions. Gaps remained wide, not only among positions, but also between generalized statements of commitment and flexibility, on the one hand, and any concrete manifestation of those statements in negotiating positions, on the other, with a lack of any sense of urgency.

In their report, the Chairman and the Director-General identified key issues for further work in each of the four areas, while stressing that the initial focus on these four areas in no way lessened the importance of the other issues within the Doha Development Agenda, and the importance of other specific development-related issues within the DDA, which would need full attention in 2004, in line with the Doha mandates. Regarding further work on these and other issues, the report recommended that all of the DDA bodies should resume their work early in 2004 to build on the elements that had emerged at and since Cancún, and that the TNC should be reactivated to carry out its Doha mandate to supervise the progress and overall conduct of the negotiations. Reactivating all the bodies was essential not only to ensure transparency and inclusiveness, but also to give renewed momentum to the work that had been suspended since Cancún, and especially to the development dimension of the Round. The next Council Chairman, together with the Director-General, would continue to maintain oversight of those aspects of the DDA which fell outside the TNC's mandate. The report concluded that Members had reached a point where the key issues were much clearer and possible solutions were also becoming visible, but that moving

on to grasp those solutions would require intensive negotiations backed by political determination and willingness to make the necessary compromises.

In a separate statement to the General Council, the Director-General reported that he had continued his intensive programme of contacts with Ministers in capitals and elsewhere to complement the Council Chairman's efforts in Geneva, and had come away from these contacts with the deep impression of a strong willingness and determination to move the DDA forward, of a recognition of the need for flexibility to achieve progress, and of full support and commitment to the multilateral process and a shared will to get back on track.

The Chairman, in summing up the discussion at the meeting, said that although the meeting had not brought a major breakthrough, the key issues were clearer and progress had been made towards getting the Round back on track. There had also been renewed support for trying to conclude the Round on time. However, it remained to close the gap between expressions of flexibility, commitment and engagement, and a translation of these into new negotiating positions, and to recapture a sense of urgency. Regarding process, it was his sense that there was a willingness to restart the work of the negotiating groups as well as other bodies dealing with the Doha agenda, on the understanding that doing so did not in any way mean losing an overview of the process or a sense of the horizontal integration of issues, which remained an essential ingredient for success.

Work Programme

The paragraphs below follow the order of the Work Programme as set out in the Doha Declaration and the Decision on Implementation-related issues and concerns. The relevant mandate is included after each heading.

Implementation-related issues and concerns

"12. We attach the utmost importance to the implementation-related issues and concerns raised by Members and are determined to find appropriate solutions to them. In this connection, and having regard to the General Council Decisions of 3 May and 15 December 2000, we further adopt the Decision on Implementation-Related Issues and Concerns in document WT/MIN(01)/17 to address a number of implementation problems faced by Members. We agree that negotiations on outstanding implementation issues shall be an integral part of the Work Programme we are establishing, and that agreements reached at an early stage in these negotiations shall be treated in accordance with the provisions of paragraph 47 below. In this regard, we shall proceed as follows: (a) where we provide a specific negotiating mandate in this Declaration, the relevant implementation issues shall be addressed 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, established under paragraph 46 below, by the end of 2002 for appropriate action."

Agriculture The Committee on Agriculture (regular meetings) has a mandate from the General Council to pursue three distinct implementation issues. The first concerns a more effective implementation of the Marrakesh Ministerial Decision on Measures concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries (NFIDC Decision). In 2003, the Committee convened a Roundtable with the participation of international organizations to discuss the possibility of establishing a safety net to assist LDCs and net food-importing developing countries during the reform process leading to greater liberalization of trade in agriculture. Building on this work, the Committee adopted a number of recommendations in the context of the NFIDC Decision regarding short-term difficulties in financing food imports (see report G/AG/16). The second implementation matter concerns the management of tariff quota regimes. In order to ensure that tariff quotas are administered in a transparent, equitable and non-discriminatory manner, Members with tariff quotas are required to provide updated notifications which include details on guidelines and procedures for the allotment of tariff quotas. The notifications received in this way have been reviewed by the Committee. The third issue concerns implementation of Article 10.2 of the Agreement on Agriculture regarding the development of internationally agreed disciplines to govern the provision of export credits, export credit guarantees or insurance programmes. Instead of further discussing this matter in the Committee, Members resolved to pursue their interests regarding export credits in the negotiations on agriculture conducted in the Special Session of the Committee. Nonetheless, this implementation issue will be kept on the agenda of the regular Committee meetings, pending the outcome of the negotiations on agriculture.

Customs valuation The Committee on Customs Valuation received a mandate from Ministers at Doha to address five outstanding implementation-related issues and to carry out

the work in paragraph 8.3 of the Decision on Implementation-Related Issues and Concerns, in accordance with paragraph 12 of the Ministerial Declaration. The five outstanding issues concern specific provisions of the Agreement on Customs Valuation, and paragraph 8.3 deals with information exchange among customs administrations aimed at relieving concerns related to the accuracy of the declared value. Following its 2002 report to the General Council in G/VAL/50 (see WTO Annual Report, 2002), the Committee received the requested advice and technical input from the Technical Committee on Customs Valuation. The Chairman of the Committee held a series of informal consultations on the matter, taking into account the information received and the Committee's previous work. However, the Committee was unable to reach a consensus to conclude its work under the Ministerial mandate in paragraph 8.3 of WT/MIN(01)/17. The Committee will continue to address this matter in 2004.

Sanitary and phytosanitary measures The Committee on Sanitary and Phytosanitary Measures, in accordance with paragraph 3.3 of the Ministerial Declaration on Implementation-Related Issues and Concerns, continued its programme to further the implementation of Article 4 of the Agreement (equivalence). The Committee agreed on clarifications of paragraphs 5, 6 and 7 of the Decision on Implementation of Article 4 of the Agreement.² Discussions are continuing on a proposed further clarification of paragraph 5 of the Decision. In addition, as agreed in the Programme for Further Work on equivalence, information was provided by Members and observer organizations regarding their experiences with respect to equivalence during Committee meetings.

The Committee also continued its examination of the implementation of the SPS Agreement and the concerns of developing countries. The Committee adopted in principle a proposal by Canada to enhance the transparency of special and differential treatment, subject to elaboration of the procedure. Discussions on how to elaborate Canada's proposal are continuing. The Committee discussed other suggestions for addressing the special needs of developing countries, including proposals by Egypt and Mexico, initiated in the context of the revision of the recommended procedures for implementing the transparency provisions of the Agreement.

The Committee also considered a number of proposals regarding special and differential treatment which had been referred to it by the General Council and adopted a work plan for the further consideration of these proposals. The Chairperson reported to the General Council the progress made by the SPS Committee to address special and differential treatment and the implementation of the Agreement.³

Trade-related investment measures Pursuant to Paragraph 12(b) of the Doha Ministerial Declaration and the Committee on Trade in Goods (CTG) decision of 7 May 2002, the Committee on Trade-Related Investment Measures was assigned the responsibility for conducting work on the outstanding implementation issues related to the TRIMs Agreement as contained in tires 37 to 40 of document JOB(01)/152/Rev.1. In 2002, the TRIMs Committee met four times to discuss these issues, including a proposal by Brazil and India under tire 40 to amend Article 4 of the TRIMs Agreement (G/TRIMs/W/25). In 2003, at the request of the Chairman of the Trade Negotiations Committee (TNC), informal consultations were held on the outstanding implementation issues with the assistance of the Deputy Directors-General. In the area of TRIMs, consultations continued to focus on tire 40, however no compromise solution was reached. The TNC decided to keep the TRIMs outstanding issues under its review.

Technical barriers to trade The TBT Committee has continued to develop its approach to technical assistance as confirmed by Ministers at Doha. In particular, the Third Triennial Review, which was completed in November 2003, contains specific recommendations on technical assistance which Members will be focusing on over the next three-year cycle.

Textiles and Clothing The Doha Ministerial Decision on Implementation-Related Issues and Concerns contains two proposals relating to possible ATC market access improvements, through the application of quota growth rates. It called upon the Council for Trade in Goods (CTG) to examine them and to make recommendations for appropriate action to the General Council by the end of July 2002.

Given the differences in views among Members, the Chairman of the CTG presented an oral report on the situation to the General Council on 31 July 2002. He noted that no consensus was possible on how best to deal with this issue. He concluded that the General Council could take note of the statements without any prejudice to their positions and that Members should "continue to reflect on the various views that had been expressed".

At the initiative of some delegations of developing countries exporters of textiles and clothing, the meeting of the General Council held in July 2003 discussed again the proposals referred to above, and concluded with no consensus.

Two new problems emerged in 2003 in relation to textiles and clothing. First, recalling par. 4.2 of the Decision on Implementation-related Issues and Concerns, developing exporting Members proposed that the best-efforts commitment contained therein, in relation to "particular consideration before initiating investigations in the context of

² The Decision is contained in G/SPS/19, the agreed clarifications are in G/SPS/19/Add.1 and Add.2.

³ G/SPS/27 and G/SPS/30.

anti-dumping remedies on ... exports ... previously subject to quantitative restrictions under the [ATC]" be converted into a firm binding commitment by Members. Importing Members responded indicating they could not renounce to a right embodied in the WTO Anti-Dumping Agreement. A second issue of concern to developing exporting Members was the fact that, since quotas would no longer be in existence in 2005, their right to "carry over" from next year's quota to fulfill market demand over and above the quantitative limits for 2004 would disappear, with distortive effects on the market access levels for 2004. In this context, they proposed a "notional" 6% increase in the 2004 quota levels to account for the non-existence of "carry over" in this year. Once more, consensus on this issue was also impossible to reach among Members.

Trade-related aspects of intellectual property rights (TRIPS) Article 66.2 of the TRIPS Agreement requires developed country Members to provide incentives to enterprises and institutions in their territories for the purpose of promoting and encouraging technology transfer to least-developed country Members in order to enable them to create a sound and viable technological base. At its meeting in February, the Council adopted a decision on "Implementation of Article 66.2 of the TRIPS Agreement" (IP/C/28), giving effect to the instruction of the Doha Ministerial Conference in paragraph 11.2 of the Decision on Implementation-Related Issues and Concerns to put in place a mechanism for ensuring the monitoring and full implementation of the obligations in question. Pursuant to paragraph 2 of this Decision, the Council took up, at its meeting in November, the annual review of developed country Members' reports on their implementation of Article 66.2.

Paragraph 11.1 of the Doha Decision on Implementation-Related Issues and Concerns directed the TRIPS Council to continue its examination of the scope and modalities for complaints of the types provided for under subparagraphs 1(b) and 1(c) of Article XXIII of GATT 1994 and make recommendations to the Fifth Session of the Ministerial Conference. Ministers had agreed that, in the meantime, Members would not initiate such complaints under the TRIPS Agreement. The Council continued its discussions on this matter at its meetings in February and June, including on options for the recommendations on non-violation and situation complaints it was to make to the Cancún Ministerial Conference. While further consultations in July and August led to a narrowing of differences on the way forward, the Council was not able to submit agreed recommendations to the Ministerial Conference.

Agriculture (Paragraphs 13 and 14)

"13. We recognize the work already undertaken in the negotiations initiated in early 2000 under Article 20 of the Agreement on Agriculture, including the large number of negotiating proposals submitted on behalf of a total of 121 Members. We recall the long-term objective referred to in the Agreement to establish a fair and market-oriented trading system through a programme of fundamental reform encompassing strengthened rules and specific commitments on support and protection in order to correct and prevent restrictions and distortions in world agricultural markets. We reconfirm our commitment to this programme. Building on the work carried out to date and without prejudging the outcome of the negotiations we commit ourselves to comprehensive negotiations aimed at: 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. We agree that special and differential treatment for developing countries shall be an integral part of all elements of the negotiations and shall be embodied in the Schedules of concessions and commitments and as appropriate in the rules and disciplines to be negotiated, so as to be operationally effective and to enable developing countries to effectively take account of their development needs, including food security and rural development. We take note of the non-trade concerns reflected in the negotiating proposals submitted by Members and confirm that non-trade concerns will be taken into account in the negotiations as provided for in the Agreement on Agriculture.

14. Modalities for the further commitments, including provisions for special and differential treatment, shall be established no later than 31 March 2003. Participants shall submit their comprehensive draft Schedules based on these modalities no later than the date of the Fifth Session of the Ministerial Conference. The negotiations, including with respect to rules and disciplines and related legal texts, shall be concluded as part and at the date of conclusion of the negotiating agenda as a whole."

The negotiations on agriculture, which started in January 2000 under Article 20 of the Agreement on Agriculture, continued in 2002 and 2003 under paragraphs 13 and 14 of the Doha Development Agenda in Special Sessions of the Committee on Agriculture. In 2003 five formal meetings of the Special Session were held, each preceded by informal meetings and consultations both between Members and at the request of the Chairman. Throughout the year the Chairman also held many other informal consultations on specific issues to which different groups of participants, and in many cases all participants, were invited. Reports of

the formal meetings, which include summaries of the discussions at the consultations and informal meetings, are in documents TN/AG/R/6, 7, 8, 9, 10 and 10/Corr.1.

According to the Doha Development Agenda modalities for the further commitments in agriculture were to have been established by 31 March 2003. The agreed work programme required the Chairman to prepare and circulate a first draft of modalities in advance of the Special Session held in February 2003 (TN/AG/W/1). Following the discussions at that Session, a limited revision of the draft was distributed on 18 March (TN/AG/W/1/Rev.1). Despite the intensive and focused debate at the meetings the wide differences in positions between Members and the failure to find acceptable compromises meant that it was not possible to establish modalities by the date set out in paragraph 14 of the Doha Development Agenda.

Despite this setback Members continued to work towards the goal of establishing modalities and some progress was made in a number of important areas, particularly in the area of new and revised rules on issues such as export credits, food aid, tariff quota administration and the concepts of Special Products and a special safeguard mechanism for developing countries. However, progress was much more difficult in the key areas of reductions in trade-distorting domestic support, improvements in market access and reductions of, with a view to phasing out, all forms of export subsidies. In his report to the Trade Negotiations Committee of 7 July the Chairman set out a summary of the state of play in the negotiations on that date (TN/AG/10 and Corr.1). This report highlighted areas of differences and set out the key issues that would have to be resolved in the negotiations.

In the preparations for the Fifth Ministerial Conference a number of new initiatives were taken by Members. On 13 August the European Communities and the United States presented a joint text (JOB(03)/157) which set out a framework on which modalities could be based. The actual figures Members would use to prepare their draft Schedules of Commitments would be negotiated after the framework was adopted. The EC-US initiative triggered a wave of other proposals, including papers by:

- the G-20 (WT/MIN(03)/W/6 and Add.1 and 2)⁴;
- the Dominican Republic, Honduras, Nicaragua and Panama (WT/MIN(03)/W/10);
- Japan (JOB(03)/165);
- the G-10 (WT/MIN(03)/W/12 and Add.1)⁵;
- Albania, Croatia, Georgia, Jordan, Moldova and Oman (JOB(03)/170);
- Kenya (JOB(03)/175);
- CARICOM (WT/MIN(03)/W/11);
- a consolidated proposal from the African Union, ACP and LDC groups of countries (WT/MIN(03)/W/17); and
- the Alliance for Strategic Products and Special Safeguard Mechanism (WT/MIN(03)/W/14 and Add.1)⁶.

Following an intensive series of consultations and informal meetings at the General Council level, the Chairman of the General Council prepared and circulated to Members a revised draft Ministerial Declaration (JOB(03)/150/Rev.1), including a draft framework on agriculture. This draft, together with Members' proposals, were used in Cancún in efforts to find an acceptable compromise.

At the 5th Ministerial Conference two sessions of the working group on agriculture were held. In addition more than 25 other meetings and consultations were organized that involved the agriculture facilitator and different groups of Members. During this process great care was taken to ensure that all Members were consulted either directly or through representatives for different groups. Despite the wide differences between Members a considerable amount of progress was made towards finding compromises acceptable to all Members. The input received during the meetings of the agriculture working group and from the consultations were used to prepare a revised draft Ministerial Declaration (JOB(03)/150/Rev.2). However, differences remained on some issues and not all of these had been resolved by the time the Conference ended without adoption of a framework for the further commitments in agriculture (WT/MIN(03)/W/24).

It was clear from the negotiations during the year and in Cancún that the linkages between the three pillars of domestic support, market access and export competition would be one of the most important issues that would have to be resolved. Many Members are concerned about the competition in international markets caused by production and export supports and are reluctant to improve market access while subsidies remain at high levels in other Members' agricultural sectors. However, other Members have pointed out that trade distortions are not caused by direct subsidies alone and tariffs are also used to maintain domestic prices and support farmers. In addition, many Members apply tariffs at rates well below the bound levels set out in their Schedules which suggests they have considerable scope for tariff reductions. All Members have to participate in reform and those that cause the most distortion through their trade and production policies may have to do more but reform also means substantial improvements in market access by all Members.

⁴ Argentina, Bolivia, Brazil, Chile, China, Colombia, Costa Rica, Cuba, Ecuador, Egypt, El Salvador, Guatemala, India, Mexico, Pakistan, Paraguay, Peru, Philippines, South Africa, Thailand, Venezuela.

⁵ Bulgaria; Iceland; Israel; Japan, Korea, Rep. of; Liechtenstein; Mauritius; Norway; Switzerland and Chinese Taipei.

⁶ Barbados; Botswana; Cuba; Dominican Republic; Honduras; Indonesia; Jamaica; Kenya; Mauritius; Mongolia; Nicaragua; Nigeria; Pakistan; Panama; Peru; the Philippines; Tanzania; Trinidad and Tobago; Turkey; Uganda; Venezuela; Zambia and Zimbabwe.

After the Fifth Ministerial Conference work continued at the level of the General Council but, despite the focused and constructive approach taken by Members and their commitment to the Doha Ministerial Declaration, it was not possible to reach agreement on a framework for agriculture by the end of the year.

Services (Paragraph 15)

“15. The negotiations on trade in services shall be conducted with a view to promoting the economic growth of all trading partners and the development of developing and least-developed countries. We recognize the work already undertaken in the negotiations, initiated in January 2000 under Article XIX of the General Agreement on Trade in Services, and the large number of proposals submitted by Members on a wide range of sectors and several horizontal issues, as well as on movement of natural persons. We reaffirm the Guidelines and Procedures for the Negotiations adopted by the Council for Trade in Services on 28 March 2001 as the basis for continuing the negotiations, with a view to achieving the objectives of the General Agreement on Trade in Services, as stipulated in the Preamble, Article IV and Article XIX of that Agreement. Participants shall submit initial requests for specific commitments by 30 June 2002 and initial offers by 31 March 2003.”

In accordance with the mandate set out in paragraph 15 of the Doha Development Agenda, the Special Session of the Council for Trade in Services held four meetings in 2003. The reports of these meetings are contained in documents TN/S/M/6 to TN/S/M/9. The Special Session addressed the following matters.

Proposals relating to the negotiations under Article XIX of the GATS

Under this agenda item, Members continued to discuss various negotiating proposals submitted to the Special Session on a number of services sectors, modes of supply and other horizontal issues. As has been the case since June 2002, the Council's discussion of this item was structured according to new proposals received. Substantive discussions in 2003 were held on the basis of communications relating to specific sectors and modes, and classification issues in computer-related services, maritime transport services, energy services and movement of natural persons (contained in formal documents TN/S/W/10, TN/S/W/11, S/CSS/69/Add.2 and TN/S/W/14).

Assessment of trade in services

Article XIX:3 of the GATS mandates that the Council carry out an assessment of trade in services in overall terms and on a sectoral basis, with reference to the objectives of the Agreement, including those set out in Article IV:1. The assessment of trade in services figures as a standing item on the agenda of the Special Session, in keeping with the Guidelines and Procedures for the Negotiations on Trade in Services (S/L/93).

The Council's discussions under this item were based on three submissions from China, Malaysia and the United States (TN/S/W/9, TN/S/W/12 and TN/S/W/17), as well as two presentations made, respectively, by representatives from the Organisation for Economic Co-operation and Development and from the International Trade Centre. The former introduced a recent study by the OECD entitled "Services Trade Liberalisation: Identifying Opportunities and Gains", while the latter outlined a programme that aims to assist selected Members in conducting national assessments of trade in services.

Modalities for the treatment of autonomous liberalization

Article XIX:3 of the GATS mandates that the negotiating guidelines establish modalities for the treatment of liberalization undertaken autonomously by Members since previous negotiations. The Council adopted the Modalities for the Treatment of Autonomous Liberalization at its meeting on 6 March 2003 and took into account a statement made by the Chairman on this occasion (TN/S/6 and TN/S/8).

Modalities for special treatment for least-developed countries

Article XIX:3 of the GATS mandates that the negotiating guidelines establish modalities for the special treatment for least-developed country Members under the provisions of paragraph 3 of Article IV (Increasing Participation of Developing Countries).

Discussion on this item continued at the Council's meetings held in March, May and July, on the basis of a revised draft from the LDC Group (TN/S/W/13), as well as informal communications from other Members and the Chairman. The Council adopted the Modalities for the Special Treatment for Least-Developed Countries on 3 September 2003 (TN/S/13).

Along with the Negotiating Guidelines and Procedures (S/L/93) and the Modalities for Treatment of Autonomous Liberalization mentioned above, the adoption of the Modalities for the Special Treatment for LDCs completed the "negotiating architecture" mandated under GATS Article XIX:3 for the current round.

Review of progress in the negotiations

As agreed in July 2002 the Council continued to include this standing item on its agenda as a means to promote transparency, allow the Special Session to fulfill its function as the body overseeing the negotiations, and provide Members with an opportunity to raise issues of concern that might emerge in the course of their consultations, as well as to communicate their impressions on how the negotiations were proceeding. Substantive discussions under this item were held at all meetings held in 2003. Among others, Members presented their initial offers, reported on bilateral consultations, updated the Council on work being conducted in some friends' groups, and reiterated their negotiating interests in terms of sectors, modes of supply and removal of MFN exemptions.

At its meeting in May, the Council agreed to a proposal by a number of developing country Members (TN/S/W/7) to include a sub-item relating to the Implementation of Paragraph 15 of the Guidelines and Procedures for the Negotiations on Trade in Services (S/L/93). Discussions were held under this sub-item at the Council's meetings in July and in October on the basis of a joint statement by a group of Members contained in TN/S/W/16.

Subsequent to a request by the Council at its meeting in July 2003, the Secretariat prepared an informal note on the categories of natural persons subject to commitments under Mode 4.

Consideration of proposals on special and differential treatment provisions

Following the understanding reached at the General Council on 15 May 2003 regarding the consideration of S&D proposals contained, *inter alia*, in the GATS, the Chairman of the Special Session, at the July meeting of the Council, informed Members of his intention to report to the Chairman of the General Council on the status of this work. His report is contained in document TN/S/12.

Reports by the Chairman to the Trade Negotiations Committee

The Chairman of the Special Session of the Council for Trade in Services, subsequent to each meeting, reported to the Trade Negotiations Committee. These reports are contained in documents TN/S/7, TN/S/9, TN/S/10, TN/S/11 and TN/S/14.

Committee on Trade in Financial Services

The Committee held 5 formal meetings during the period under consideration. The reports of these meetings are contained in documents S/FIN/M/39-43. The annual report of the Committee to the Council for Trade in Services is contained in document S/FIN/10, dated 2 December 2003. The Committee continued monitoring the acceptance of the Fifth Protocol to the GATS, which in the period under consideration was ratified by Dominican Republic, Poland and Uruguay. Three Members have yet to ratify the Protocol, namely Brazil, Jamaica, and the Philippines. As part of its work on technical issues, the Committee discussed the relationship between specific commitments on financial services and capital movements. As part of its review of recent developments in financial services trade, the Committee addressed issues related to e-finance, and heard presentations by Malaysia and Turkey (S/FIN/W/28) about latest developments concerning those countries' regulatory regimes for financial services. The Committee also considered a proposal submitted by Antigua and Barbuda on behalf of Antigua and Barbuda, Belize, Fiji, Guyana, Maldives, Solomon Islands, Papua New Guinea and St. Kitts and Nevis (S/FIN/W/29/Rev.1). The proposal aims at addressing the concerns of these countries with regard to the development of international standards related to financial services, and calls for the modification of certain GATS provisions. Finally, at its meeting on 1 December 2003, the Committee carried out the second Transitional Review of the implementation by China of its WTO commitments, pursuant to section 18 of the Protocol on the Accession of the People's Republic of China. The report submitted by the Committee to the Council for Trade in Services on this matter is contained in document S/FIN/11, dated 4 December 2003.

Committee on Specific Commitments

The Committee on Specific Commitments (CSC) is mandated to oversee the implementation of services commitments and the application of the procedures for the modification of schedules and seeks to improve the technical accuracy and coherence of schedules of commitments and lists of MFN exemptions. It has concentrated its work on services classification and the scheduling of commitments, with a view to facilitating the current round of negotiations on trade in services.

During the period under consideration, the Committee held four formal meetings. The reports of those meetings are contained in documents S/CSC/M/27-30. In this period, the consolidation of Members' Schedules of Specific Commitments was concluded, with a view to allowing Members to present their initial offers in one consolidated document. Procedures for the submission and circulation of initial offers, including the use of editorial conventions,

were elaborated. During the reporting period, the Committee considered issues relating to Article XX:2 of the GATS, as mandated by the Council for Trade in Services. The Committee also discussed new classification proposals regarding legal services and energy services. The annual report of the Committee on Specific Commitments to the Council for Trade in Services is contained in document S/CSC/8 and 9 of 3 July and 5 December 2003, respectively.

Working Party on GATS Rules

The Working Party on GATS Rules is mandated to carry out negotiations on emergency safeguard measures (GATS Article X), government procurement (GATS Article XIII) and subsidies (GATS Article XV). In 2003, it held five formal meetings (S/WPGR/M/41-45). Delegations continued their examination of issues related to the question of emergency safeguard measures. Different views continued to be expressed regarding the desirability and feasibility of an emergency safeguard mechanism. On government procurement, discussions focused on the scope of the negotiating mandate, as well as on possible multilateral disciplines, including a proposal for a framework of rules by the delegation of the EC. The Working Party also pursued its consideration of issues related to the potential need for disciplines on trade-distorting subsidies in services. The Chairperson of the Working Party circulated under his responsibility reports on the negotiations on emergency safeguard measures⁷, subsidies⁸, and government procurement⁹. The annual report of the WPGR to the Council for Trade in Services is contained in S/WPGR/13 and the Working Party's update to the annual report of 2002 is to be found in S/WPGR/12.

Working Party on Domestic Regulation

The Working Party on Domestic Regulation (WPDR), established by the Services Council in April 1999, is mandated to develop disciplines to ensure that measures relating to licencing requirements, technical standards and qualification requirements do not constitute unnecessary barriers to trade in services. It also assumed the tasks assigned to the former Working Party on Professional Services, including developing general disciplines for professional services.

The Working Party held five formal and two informal meetings in 2003. Minutes of the formal meetings are found in S/WPDR/M/20 to M/24. Formal papers were submitted by Canada; the European Communities and its Member States; the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu; the United States and the Secretariat (S/WPDR/W/21 to W/27). Informal papers were submitted by Members and the Secretariat.

With respect to the development of disciplines, the Working Party examined a formal paper from the European Communities and its Member States, *Proposal for Disciplines on Licensing Procedures*, as well as Japan's informal paper, *Draft Annex on Domestic Regulation*. Members also discussed an informal paper by Singapore, *GATS Article VI:5 and its relation to the future Article VI:4 Disciplines*, and further reviewed the informal Secretariat paper *Examples of Measures to be Addressed by Disciplines under GATS Article VI:4*. No conclusions have yet been reached on any of the issues raised. At the December formal meeting, Members made preliminary comments on a Secretariat paper on necessity.

Regarding professional services, Members made comments on an informal paper submitted by India on recognition issues, and New Zealand gave a presentation on its domestic recognition procedures under GATS Article VI:6 in the engineering services sector. The Working Party continued to hold discussions on the informal Secretariat paper *Synthesis of Results to Date of the Domestic Consultations in Professional Services*, and the Secretariat updated Members on the results to date of the consultations with international professional services organizations, concerning the potential suitability of the *Disciplines on Domestic Regulation in the Accountancy Sector* for other professions.

Market access for non-agricultural products (Paragraph 16)

"16. We agree to negotiations which shall aim, by modalities to be agreed, 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. Product coverage shall be comprehensive and without a priori exclusions. The negotiations 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, in accordance with the relevant provisions of Article XXVIII bis of GATT 1994 and the provisions cited in paragraph 50 below. To this end, the modalities to be agreed will include appropriate studies and capacity-building measures to assist least-developed countries to participate effectively in the negotiations."

From January to August 2003, the Negotiating Group met five times. The objective of the Group was "to reach agreement on a common understanding on a possible outline of modalities by the end of March 2003 with a view to reaching an agreement on those

⁷ S/WPGR/9, 14 March 2003.

⁸ S/WPGR/10, 30 June 2003.

⁹ S/WPGR/11, 30 June 2003.

modalities by 31 May 2003” in accordance with the “Programme of Meetings for the Negotiations on Market Access for Non-Agricultural Products” (TN/MA/3) adopted by the Group in July 2002. Many proposals on modalities for negotiations were submitted by Members either individually or as co-sponsors during this period of time and substantive discussions took place on all of them. The Group was also presented with an “Overview of Proposals Submitted – Tariffs” (TN/MA/6 and Rev.1) and an “Overview of Proposals Submitted – Non-Tariff Barriers” (TN/MA/9) as foreseen in the “Programme of Meetings...”. These two overviews accompanied by lists of questions from the Chair stimulated discussions on the subject of modalities. Based on the discussions and work undertaken by the Group since its first meeting in 2002, the Chairman issued his “Draft Elements of Modalities for Negotiations on Non-Agricultural Products” on 16 May 2003 (TN/MA/W/35). The exchange at the Group’s meeting in late May 2003 focused on the Chairman’s text and allowed delegations to give their first reaction to the draft. Following additional discussions in July and August a revised draft was prepared and circulated on 19 August 2003. The Chairman presented a full report (TN/MA/12) to the TNC prior to the Cancún Ministerial Meeting on the status of discussions on modalities for market access negotiations on non-agricultural products. Since the Cancún Ministerial Meeting and for the remainder of 2003, the Negotiating Group on Market Access has not met. Post-Cancún consultations on how best to re-launch the Doha negotiations were pursued at the level of the General Council.

Trade-related aspects of intellectual property rights (Paragraphs 17-19)

“17. We stress the importance we attach to implementation and interpretation of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) in a manner supportive of public health, by promoting both access to existing medicines and research and development into new medicines and, in this connection, are adopting a separate Declaration.

18. With a view to completing the work started in the Council for Trade-Related Aspects of Intellectual Property Rights (Council for TRIPS) on the implementation of Article 23.4, we agree to negotiate the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits by the Fifth Session of the Ministerial Conference. We note that issues related to the extension of the protection of geographical indications provided for in Article 23 to products other than wines and spirits will be addressed in the Council for TRIPS pursuant to paragraph 12 of this Declaration.

19. We instruct the Council for TRIPS, in pursuing its work programme including under the review of Article 27.3(b), the review of the implementation of the TRIPS Agreement under Article 71.1 and the work foreseen pursuant to paragraph 12 of this Declaration, to examine, inter alia, the relationship between the TRIPS Agreement and the Convention on Biological Diversity, the protection of traditional knowledge and folklore, and other relevant new developments raised by Members pursuant to Article 71.1. In undertaking this work, the TRIPS Council shall be guided by the objectives and principles set out in Articles 7 and 8 of the TRIPS Agreement and shall take fully into account the development dimension.”

The negotiations relating to the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits (“multilateral system”) are mandated by Article 23.4 of the TRIPS Agreement and the first sentence of paragraph 18 of the Doha Ministerial Declaration, which called for the completion of this work by the Fifth Session of the Ministerial Conference. In 2003, the Special Session of the Council for TRIPS continued its negotiations on the establishment of the multilateral system. In April, the Chair put forward a “Draft Text of Multilateral System of Notification and Registration of Geographical Indications for Wines and Spirits” (JOB(03)/75). Following discussion at a formal meeting and further informal consultations, the Chair informed participants that it was his appreciation that, in the light of the current state of the negotiations in the area and of the Doha Development Agenda as a whole, delegations did not as yet feel in a position to be sufficiently flexible in their positions, in particular with regard to the two key issues of legal effects and participation, to warrant him tabling a new draft text. While progress was made in the negotiations, the Special Session was not able to complete its work prior to the Cancún Ministerial Conference. Further information on this work can be found in the report by the Chair of the Special Session to the TNC (TN/IP/8).

Relationship between trade and investment (Paragraphs 20-22)

“20. Recognizing the case for a multilateral framework to secure transparent, stable and predictable conditions for long-term cross-border investment, particularly foreign direct investment, that will contribute to the expansion of trade, and the need for enhanced

technical assistance and capacity-building in this area as referred to in paragraph 21, we agree that negotiations will take place after the Fifth Session of the Ministerial Conference on the basis of a decision to be taken, by explicit consensus, at that Session on modalities of negotiations.

21. We recognize the needs of developing and least-developed countries for enhanced support for technical assistance and capacity building in this area, including policy analysis and development so that they may better evaluate the implications of closer multilateral cooperation for their development policies and objectives, and human and institutional development. To this end, we shall work in cooperation with other relevant intergovernmental organizations, including UNCTAD, and through appropriate regional and bilateral channels, to provide strengthened and adequately resourced assistance to respond to these needs.

22. In the period until the Fifth Session, further work in the Working Group on the Relationship Between Trade and Investment will focus on the clarification of: scope and definition; transparency; non-discrimination; modalities for pre-establishment commitments based on a GATS-type, positive list approach; development provisions; exceptions and balance-of-payments safeguards; consultation and the settlement of disputes between Members. Any framework should reflect in a balanced manner the interests of home and host countries, and take due account of the development policies and objectives of host governments as well as their right to regulate in the public interest. The special development, trade and financial needs of developing and least-developed countries should be taken into account as an integral part of any framework, which should enable Members to undertake obligations and commitments commensurate with their individual needs and circumstances. Due regard should be paid to other relevant WTO provisions. Account should be taken, as appropriate, of existing bilateral and regional arrangements on investment.”

At its two meetings held in 2003 (14 and 15 April and 10 and 11 June), the Working Group on the Relationship between Trade and Investment continued its work on the clarification of core issues related to a possible multilateral framework on investment, pursuant to Paragraph 22 of the Doha Ministerial Declaration. On the basis of submissions of some Members, the Working Group also took up the subject of obligations of investors and home governments, the relationship between a multilateral framework on investment and the GATS, and the question of whether or not it was desirable to launch negotiations on investment in the WTO. The Working Group also monitored the extensive programme of technical assistance activities carried out in this area by the WTO Secretariat, in close cooperation with the UNCTAD Secretariat, pursuant to Paragraph 21 of the Doha Ministerial Declaration. A summary of the Group's discussions is contained in its report to the General Council (WT/WGTI/7) of 11 July 2003.

Interaction between trade and competition policy (Paragraphs 23-25)

“23. Recognizing the case for a multilateral framework to enhance the contribution of competition policy to international trade and development, and the need for enhanced technical assistance and capacity-building in this area as referred to in paragraph 24, we agree that negotiations will take place after the Fifth Session of the Ministerial Conference on the basis of a decision to be taken, by explicit consensus, at that Session on modalities of negotiations.

24. We recognize the needs of developing and least-developed countries for enhanced support for technical assistance and capacity building in this area, including policy analysis and development so that they may better evaluate the implications of closer multilateral cooperation for their development policies and objectives, and human and institutional development. To this end, we shall work in cooperation with other relevant intergovernmental organizations, including UNCTAD, and through appropriate regional and bilateral channels, to provide strengthened and adequately resourced assistance to respond to these needs.

25. In the period until the Fifth Session, further work in the Working Group on the Interaction between Trade and Competition Policy will focus on the clarification of: core principles, including transparency, non-discrimination and procedural fairness, and provisions on hardcore cartels; modalities for voluntary cooperation; and support for progressive reinforcement of competition institutions in developing countries through capacity building. Full account shall be taken of the needs of developing and least-developed country participants and appropriate flexibility provided to address them.”

In 2003, the Working Group, continued its work in response to the direction provided by paragraph 25 of the Doha Ministerial Declaration. Two formal meetings were held during the year, on 20 and 21 February and 26 and 27 May, respectively. As agreed at an informal

meeting of the Working Group which took place on 17 January 2003, the Group had a focus, at each of the two formal meetings, on the following three substantive elements: (i) elements contained in paragraph 25 of the Doha Ministerial Declaration, including matters raised and questions posed in 2002 to which delegations wished to revert; (ii) the nature and scope of compliance mechanisms that might be applicable under a multilateral framework on competition policy; and (iii) possible elements of progressivity and flexibility that might be included in a multilateral framework on competition policy. In addition, the Working Group had a focus, at each of its meetings in 2003, on technical assistance and capacity-building as called for by paragraph 24 of the Doha Ministerial Declaration. Under this item, the Working Group had an opportunity to monitor progress on activities such as workshops, seminars and courses held in this area, whether organized by the WTO Secretariat, other intergovernmental organizations and/or by Members acting through bilateral and regional channels, and to take note of any specific needs expressed by Members. Following the Working Group's practice in previous years, at each meeting, consideration was also given to the matter of "Stocktaking of national legislation", as an aspect of "Other business". A substantive overview of the work completed by the Group during the year is provided in Report (2003) of the Working Group on the Interaction between Trade and Competition Policy to the General Council (document WT/WGTCP/7), which is available on the WTO website (www.wto.org), under the symbol "wgtcp".

In the months preceding the Cancún Ministerial Conference, Professor Jenny, the Chairman of the Working Group, held consultations, in the capacity of a friend of the Chair of the General Council, on the development of possible modalities for negotiations to be adopted at Cancún in accordance with paragraph 23 of the Doha Declaration. Three options emerged from these consultations, each with support from some Members: (i) a decision launching negotiations which would also have provided guidance as to the substance of the agreement to be negotiated; (ii) an intermediate alternative which would have provided for the development of a system of peer reviews and the establishment of a WTO committee to promote voluntary cooperation in this area but which would not have involved binding obligations or dispute settlement (the so-called "soft law alternative"); and (iii) the continuation of clarificatory work in the Working Group on the basis that the launching of negotiations would be premature. The Chairman of the General Council included the first and third of these options in the Draft Ministerial Text that he forwarded to Ministers for consideration at Cancún.

Transparency in government procurement (Paragraph 26)

"26. Recognizing the case for a multilateral agreement on transparency in government procurement and the need for enhanced technical assistance and capacity building in this area, we agree that negotiations will take place after the Fifth Session of the Ministerial Conference on the basis of a decision to be taken, by explicit consensus, at that Session on modalities of negotiations. These negotiations will build on the progress made in the Working Group on Transparency in Government Procurement by that time and take into account participants' development priorities, especially those of least-developed country participants. Negotiations shall be limited to the transparency aspects and therefore will not restrict the scope for countries to give preferences to domestic supplies and suppliers. We commit ourselves to ensuring adequate technical assistance and support for capacity building both during the negotiations and after their conclusion."

The Working Group on Transparency in Government Procurement held two meetings during the year – on 7 February and on 18 June. The discussion focused on the issues of definition, scope and coverage, domestic review procedures and WTO dispute settlement procedures. The Group considered submissions from the European Communities, the Republic of Korea and the United States at the February meeting; and from the European Communities at the June Meeting. At both meetings the Group also discussed technical assistance and capacity building as called for under paragraph 26 of the Doha Declaration. The reports of these meetings can be found in documents WT/WGTGP/M/17 and 18. In July, the Group sent to the General Council an update (WT/WGTGP/7) to its 2002 annual report (WT/WGTGP/6).

In the months preceding the Cancún Ministerial Conference, Ambassador Saborío Soto, the Chairman of the Working Group, held consultations, in the capacity of a friend of the Chair of the General Council, on the development of modalities of negotiations to be adopted at Cancún in accordance with paragraph 26 of the Doha Declaration. Three options emerged from these consultations, each with support from some Members: a largely procedural decision launching negotiations; a decision launching negotiations which would also provide greater guidance as to the substance of the agreement to be negotiated, with a view to allaying the concerns of some delegations, especially from developing countries; and the continuation of clarificatory work in the Working Group on the basis that the launching

of negotiations would be premature. The Chairman of the General Council included in the draft Ministerial text he forwarded to Cancún the first and third of these options.

Trade facilitation (Paragraph 27)

"27. Recognizing the case for further expediting the movement, release and clearance of goods, including goods in transit, and the need for enhanced technical assistance and capacity building in this area, we agree that negotiations will take place after the Fifth Session of the Ministerial Conference on the basis of a decision to be taken, by explicit consensus, at that Session on modalities of negotiations. In the period until the Fifth Session, the Council for Trade in Goods shall review and as appropriate, clarify and improve relevant aspects of Articles V, VIII and X of the GATT 1994 and identify the trade facilitation needs and priorities of Members, in particular developing and least-developed countries. We commit ourselves to ensuring adequate technical assistance and support for capacity building in this area."

In line with the 2003 work programme adopted at the Council on Trade in Goods meeting of 6 December 2002, the CTG met twice in formal session ahead of the Cancún Ministerial Conference (12-13 March and 12-13 June). In the course of those meetings, delegations addressed the following three agenda items: (i) GATT Articles V, VIII and X; (ii) trade facilitation needs and priorities of Members, particularly of developing and least-developed countries; and (iii) technical assistance and capacity building.

In doing so, Members continued their previous discussions of proposals¹⁰ by delegations on how to possibly improve and clarify GATT Articles V, VIII and X. They further outlined some of their trade facilitation needs and priorities and were briefed on various trade facilitation-related technical assistance and capacity building-activities undertaken by donor Members, the WTO and other international organizations.

Following the June meeting, trade facilitation work continued under the auspices of the General Council, with a series of informal consultations in June, July and August on how to approach the decision to be taken at Cancún in this area.

WTO rules (Paragraphs 28 and 29)

"28. 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 of the GATT 1994 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.

29. We also agree to negotiations aimed at clarifying and improving disciplines and procedures under the existing WTO provisions applying to regional trade agreements. The negotiations shall take into account the developmental aspects of regional trade agreements."

The Negotiating Group on Rules held six further formal meetings during the course of 2003, on 3, 6, and 7 February, 19 to 21 March, 5 to 7 May, 11 June, 18 and 19 June, and 21 and 22 July. Due to issues related to the broader DDA work programme, however, the Group did not meet in the latter part of 2003. Because of the distinct nature of the subject-matter and of the delegations responsible, a separate day of each meeting was set aside for the issue of Regional Trade Agreements (RTAs), and in one case a separate meeting was held for RTAs altogether. The Group received 99 written proposals and other submissions from participants during the course of 2003. Unless otherwise requested by the participant(s) submitting a paper – an eventuality that did not arise during 2003 – papers submitted to the Group are circulated as unrestricted documents in the TN/RL/W... series. The Group also considered certain proposals on special and differential treatment referred to it by the Chairman of the General Council.

With respect to anti-dumping and subsidies and countervailing measures, including fisheries subsidies, paragraph 28 provides that "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". The work of the Group during 2003 focused on this process of issue identification. In his report to the TNC in July 2003, the Chairman indicated that, while further issues would doubtless be identified, it was his sense that the greater part of the issues had been identified. He further indicated his

¹⁰ For an overview of all proposals by delegations in the discussion on trade facilitation, see document "Review, clarification and improvement of GATT Articles V, VIII and X – Proposals made by Delegations" (G/C/W/434).

view that the Group would have to accelerate its work after the Cancún Ministerial Conference, and that it would need to shift its emphasis from identifying issues to seeking solutions. In August 2003, the Chairman circulated a Compilation of Issues and Proposals Identified in the Negotiating Group on Rules.¹¹

With respect to RTAs, for most of the period under review the Group's work has primarily focused on "RTAs transparency" issues. Mostly in an informal mode, discussions progressed on various elements covering *inter alia* the procedures relating to the timing and content of RTA notifications, and a revived, more transparent and efficient RTA review process. The Group also launched a more focused discussion of systemic issues, in particular on RTAs and development; RTAs coverage (in particular the definition of "substantially all trade" in GATT Article XXIV:8); other (restrictive) regulations of commerce (in particular matters related to preferential rules of origin and safeguards); and the primacy of the multilateral trading system and possible RTA negative effects on third parties. The Group has also considered the question of "grandfathering" of existing RTAs and retroactive application of any new rules, but it has been generally held that no useful outcome could be achieved on that issue until the negotiations had progressed significantly.

Dispute Settlement Understanding (Paragraph 30)

"30. We agree to negotiations on improvements and clarifications of the Dispute Settlement Understanding. The negotiations should be based on the work done thus far as well as any additional proposals by Members, and aim to agree on improvements and clarifications not later than May 2003, at which time we will take steps to ensure that the results enter into force as soon as possible thereafter."

Under paragraph 47 of the Declaration, these negotiations are not to be treated as part of a single undertaking. Also, as is apparent from the text of paragraph 30, they were initially expected to be completed in a relatively short timeframe, by May 2003. This mandate followed previous work in the context of an initial "DSU review" mandated by Ministers in Marrakesh (conducted prior to the Seattle Ministerial Conference), and it also followed on subsequent work carried out by Members in the lead-up to the Doha Ministerial Conference.

The negotiations are conducted by the Dispute Settlement Body in Special Session. Between February 2002 and May 2003, the work gradually shifted from a general discussion allowing Members to identify their priorities and objectives in the negotiations, to a more focussed discussion on the basis of negotiating issues identified through proposals put forward by Members. From January to May 2003, discussions focused on specific drafting proposals.

The Chairman presented on 16 May 2003 a draft text, containing proposed improvements and clarifications which he felt could form the basis of an agreed outcome by the end of May. A revised version of this text was issued on 28 May in light of further discussions.¹² However, Members did not reach agreement on a text by that date, and the timeframe for concluding of the negotiations was extended by the General Council on 24 July 2003. At that date, the General Council agreed to the following proposal by the Chairman:

- (i) that the timeframe for conclusion of the negotiations on clarifications and improvements of the DSU be extended by one year, i.e., to aim to conclude the work by May 2004 at the latest;
- (ii) that this continued work build on the work done to date, and take into account proposals put forward by Members as well as the text put forward by the Chairman of the Special Session of the DSB; and
- (iii) that the first meeting of the Special Session of the DSB when it resumed its work be devoted to a discussion of "conceptual ideas."

The discussion of "conceptual ideas" mandated by the General Council took place in November 2003, and was followed, until December, by a general "issue-by-issue" discussion to take stock of participants' positions on the various negotiating issues.

Trade and environment (Paragraphs 31-33)

"31. With a view to enhancing the mutual supportiveness of trade and environment, we agree to negotiations, without prejudging their outcome, on:

- (i) *the relationship between existing WTO rules and specific trade obligations set out in multilateral environmental agreements (MEAs). The negotiations shall be limited in scope to the applicability of such existing WTO rules as among parties to the MEA in question. The negotiations shall not prejudice the WTO rights of any Member that is not a party to the MEA in question;*
- (ii) *procedures for regular information exchange between MEA Secretariats and the relevant WTO committees, and the criteria for the granting of observer status;*

¹¹ TN/RL/W/143. The Compilation does not cover issues and proposals related to RTAs.

¹² The Chairman's text, as of 28 May 2003, is contained in TN/DS/9.

(iii) the reduction or, as appropriate, elimination of tariff and non-tariff barriers to environmental goods and services.

We note that fisheries subsidies form part of the negotiations provided for in paragraph 28. 32. We instruct the Committee on Trade and Environment, in pursuing work on all items on its agenda within its current terms of reference, to give particular attention to:

- (i) the effect of environmental measures on market access, especially in relation to developing countries, in particular the least-developed among them, and those situations in which the elimination or reduction of trade restrictions and distortions would benefit trade, the environment and development;
- (ii) the relevant provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights; and
- (iii) labelling requirements for environmental purposes.

Work on these issues should include the identification of any need to clarify relevant WTO rules. The Committee shall report to the Fifth Session of the Ministerial Conference, and make recommendations, where appropriate, with respect to future action, including the desirability of negotiations. The outcome of this work as well as the negotiations carried out under paragraph 31(i) and (ii) shall be compatible with the open and non-discriminatory nature of the multilateral trading system, shall not add to or diminish the rights and obligations of Members under existing WTO agreements, in particular the Agreement on the Application of Sanitary and Phytosanitary Measures, nor alter the balance of these rights and obligations, and will take into account the needs of developing and least-developed countries.

33. We recognize the importance of technical assistance and capacity building in the field of trade and environment to developing countries, in particular the least-developed among them. We also encourage that expertise and experience be shared with Members wishing to perform environmental reviews at the national level. A report shall be prepared on these activities for the Fifth Session.”

The Committee on Trade and Environment’s work programme spans over a broad range of issues, including goods, services, and intellectual property rights.¹³ Its origins and the terms of reference can be found in Marrakesh Ministerial Decision on Trade and Environment of April 1994.

The mandate of the CTE is twofold:

“to identify the relationship between trade measures and environmental measures in order to promote sustainable development”; and

“to make appropriate recommendations on whether any modifications of the provisions of the multilateral trading system are required, compatible with the open, equitable and non-discriminatory nature of the system”.

Since the Doha Ministerial Session, in November 2001, work has split into two separate tracks: (i) the negotiating track (Paragraph 31¹⁴) conducted in the CTE Special Session (CTESS), and, (ii) the regular work of the CTE (Paragraphs 32 and 33), conducted under the CTE Regular.

The full list of documents that have been circulated in both the CTE Regular and the CTESS since January 1995 (including 2003) is contained in document WT/CTE/INF/5/Rev.2, available on the WTO website.

Negotiations (CTESS)

The discussions of the CTESS, spanning over several meetings, were guided by paragraph 31 of the Doha Ministerial Declaration. One meeting was an information session on the procedures for information exchange between multilateral environmental agreements (MEAs) Secretariats and the WTO, held with the participation of MEAs and the United Nations Environment Program (UNEP). In paragraph 31 Members agreed, with a view to enhancing the mutual supportiveness of trade and environment, to negotiations, without prejudging their outcome, on three specific areas. The first area is about the relationship between existing WTO rules and specific trade obligations set out in MEAs. These negotiations are limited in scope to the applicability of such existing WTO rules as among parties to the MEA in question. Also, the negotiations are not to prejudice the WTO rights of any Member that is not a party to the MEA in question, nor should they add or diminish the rights and obligations of Members under existing WTO agreements.

The second area is about procedures for regular information exchange between MEA Secretariats and the relevant WTO committees, as well as criteria for the granting of observer status. The third area of negotiations is about the reduction, or, as appropriate, elimination of tariff and non-tariff barriers to environmental goods and services. During 2003, proposals were submitted in all three areas (see below).

A long-standing issue in the CTE prior to the Doha Ministerial Conference, has been fish subsidies. In the Doha Declaration, the issue is referred to the Negotiating Group on Rules in the context of negotiations on the Agreement on Subsidies and Countervailing Measures (paragraph 28). Hence the substantive discussion on fish subsidies has largely moved away from the CTE.

¹³ The ten items of the CTE work programme are listed on the WTO website.

¹⁴ Paragraph numbers refer to the Doha Ministerial Declaration unless otherwise stated.

Paragraph 31(i) – WTO rules and “specific trade obligations” in MEAs

United States	TN/TE/W/20	10 February 2003
Switzerland	TN/TE/W/21	10 February 2003
Canada	TN/TE/W/22	10 February 2003
India	TN/TE/W/23	20 February 2003
Hong Kong, China	TN/TE/W/24	20 February 2003
Norway	TN/TE/W/25	20 February 2003
Japan	TN/TE/W/26	25 April 2003
Hong Kong, China	TN/TE/W/28	30 April 2003
Malaysia	TN/TE/W/29	30 April 2003
European Communities	TN/TE/W/31	14 May 2003
Switzerland	TN/TE/W/32	13 May 2003
China	TN/TE/W/35	27 June 2003
China	TN/TE/W/35/Rev.1	3 July 2003
Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu	TN/TE/W/36	3 July 2003
Australia	TN/TE/W/37	7 July 2003

Paragraph 31(ii) – Information exchange and criteria for observer status

Switzerland	TN/TE/W/30	30 April 2003
European Communities	JOB(03)/116	17 June 2003

Paragraph 31(iii) – Environmental goods and services

State of Qatar	TN/TE/W/19	28 January 2003
	TN/MA/W/24	
State of Qatar	TN/TE/W/19/Corr.1	21 February 2003
	TN/MA/W/24/Corr.1	
State of Qatar	TN/TE/W/27	25 April 2003
	TN/MA/W/33	
OECD Secretariat	TN/TE/W/33	21 May 2003
	WT/CTE/W/228	
United States	TN/TE/W/34	19 June 2003
	TN/MA/W/18/Add.4	
United States	TN/TE/W/38	7 July 2003
	TN/MA/W/18/Add.5	

Regular work (CTE Regular)

Following the Doha Ministerial Declaration, the CTE restructured its work so as to better reflect the mandate therein. The Declaration instructs the CTE, in pursuing work on all items on its agenda within its current terms of reference, to give particular attention to the following issues:

- the effects of environmental measures on market access, especially in relation to developing countries, in particular the LDCs, and those situations where the elimination or reduction of trade restrictions and distortions would benefit trade, the environment and development;
- the relevant provisions of the agreement on TRIPS; and
- labelling requirements for environmental purposes.

During the four meetings held in 2003, each of these items was discussed. The CTE also continued its analysis of the other items of its work programme. Moreover, Members discussed technical assistance and capacity building pursuant to Paragraph 33. The Doha Declaration recognizes the importance of technical assistance and capacity building in the field of trade and environment to developing countries, in particular the LDCs. In 2003, as part of continued technical assistance in the trade and environment area, the Secretariat organized, in cooperation with the UNEP, UNCTAD, as well as a number of MEAs, five regional seminars on trade and environment for government officials from developing and least-developed countries. These were held in Bolivia, Djibouti, Hungary, Jamaica and South Africa. The objective of these regional seminars is to raise awareness on the linkages between trade, environment and sustainable development and to enhance the dialogue between policy-makers from Ministries of both trade and environment in developing, transition and least-developed WTO Member (and acceding) governments. Paragraph 33 also encourages the sharing of expertise and experience on national environmental reviews. Some Members informed the CTE of their experience in this respect.

In accordance with the Doha mandate, the CTE reported to the Fifth Ministerial Conference in Cancún on the work undertaken since Doha under both Paragraphs 32 and 33.¹⁵

¹⁵ WT/CTE/8.

Regarding sustainable development (Paragraph 51), Ministers agreed in Doha that the CTE and the Committee on Trade and Development (CTD) shall, within their respective mandates, each act as a forum to identify and debate developmental and environmental aspects of the negotiations, in order to help achieve the objective of having sustainable development appropriately reflected. In 2003, the CTE received briefings by the Secretariat on relevant developments in the following negotiating areas: agriculture, market access for non-agricultural products, rules and services.

Small economies (Paragraph 35)

"35. We agree to a work programme, under the auspices of the General Council, to examine issues relating to the trade of small economies. The objective of this work is to frame responses to the trade-related issues identified for the fuller integration of small, vulnerable economies into the multilateral trading system, and not to create a sub-category of WTO Members. The General Council shall review the work programme and make recommendations for action to the Fifth Session of the Ministerial Conference."

Members continued their Work Programme on Small Economies in 2003 during three formal meetings. Detailed reports of these meetings can be found in documents WT/COMTD/SE/M/4-6. In the run-up to the Fifth Ministerial Conference, Members considered possible language for a paragraph relating to small economies in the Ministerial Declaration. The delegations of Barbados, Belize, Bolivia, Cuba, Dominican Republic, Fiji Islands, Honduras, Mauritius, Paraguay, Solomon Islands, Sri Lanka, Tonga and Trinidad and Tobago introduced a draft decision on small economies requesting the WTO General Council to use the proposals already made by the proponents of the Work Programme on Small Economies as the basis for making recommendations to the Fifth Ministerial Conference. After having considered the issue, Members submitted a report to the General Council contained in document WT/COMTD/SE/1.

After the Fifth Ministerial Conference, Members suggested that proponents review their proposals in light of the comments they had received. The proponents agreed to do so for the next meeting. The issue of landlocked developing economies was also raised at the 6th Dedicated Session. The Members who raised the issue referred to recommendations circulated at the Fifth Ministerial Conference in document WT/MIN(03)/W/22 by a group of WTO Members and others who were candidates for accession (Afghanistan, Armenia, Azerbaijan, Bolivia, Botswana, Bhutan, Burkina Faso, Kazakhstan, Kyrgyz Republic, Laos, Malawi, Mali, Mongolia, Paraguay, Rwanda, Swaziland, Uganda, Zambia and Zimbabwe).

Members requested the preparation of specific trade-related proposals which they believe would address the concerns of landlocked countries. It was agreed that any such proposal would be considered at the next Dedicated Session.

Trade, debt and finance (Paragraph 36)

"36. We agree to an examination, in a Working Group under the auspices of the General Council, of the relationship between trade, debt and finance, and of any possible recommendations on steps that might be taken within the mandate and competence of the WTO to enhance the capacity of the multilateral trading system to contribute to a durable solution to the problem of external indebtedness of developing and least-developed countries, and to strengthen the coherence of international trade and financial policies, with a view to safeguarding the multilateral trading system from the effects of financial and monetary instability. The General Council shall report to the Fifth Session of the Ministerial Conference on progress in the examination."

The mandate reflects concerns of Members about the effects on trade and the trading system of a variety of international financial problems, most importantly unstable capital flows, the threat of recurring financial crises, and unsustainable foreign indebtedness.

The work programme for 2003 focused on the adoption of the report of the Working Group to the General Council and the Ministerial Conference in Cancún, on a consensus basis. To this end, two formal meetings, held in March and June 2003, as well as several informal meetings were necessary to reach an agreement on WTO document WT/WGTDF/2, which reports on the work to date and embodies proposed themes for further examination by the Working Group, after the Ministerial Conference. Among the main themes identified are the relationship between trade and finance, WTO and market access, trade financing, the timing and sequencing of internal and external reforms, and the issue of commodities trade and the terms of trade. Written contributions to the Group's work have been made by Argentina, Cuba, the European Communities and the African Group. The WTO Secretariat, together with the IMF, the UNCTAD, the World Bank and regional development banks have also provided a number of written and oral submissions.

Cooperation with other intergovernmental organizations is essential, since to the extent agreement can be reached on solutions to problems in this area, they are likely to involve action beyond the mandate and competence of the WTO.

Trade and transfer of technology (Paragraph 37)

"37. We agree to an examination, in a Working Group under the auspices of the General Council, of the relationship between trade and transfer of technology, and of any possible recommendations on steps that might be taken within the mandate of the WTO to increase flows of technology to developing countries. The General Council shall report to the Fifth Session of the Ministerial Conference on progress in the examination."

At the formal meeting of the Working Group on Trade and Transfer of Technology (Working Group) held on 28 November 2002, Members adopted the Work Programme for 2003,¹⁶ based on which the Working Group held three formal sessions in 2003. The reports of these meetings are contained in documents WT/WGTT/M/5-7.

The work undertaken by the Working Group in 2003 included the consideration of submissions by Members and a background paper prepared by the Secretariat titled. "A Taxonomy of Country Experiences on International Technology Transfers" containing case studies relating to the relationship of trade and transfer of technology. Discussions were also held on the elements of the Working Group's report to the General Council for reporting the progress of work to the Ministers at Cancún.

During the course of the year a number of submissions were made to the Working Group as part of its examination of the relationship between trade and transfer of technology. These included a submission by the delegations of Cuba, Egypt, Honduras, India, Indonesia, Jamaica, Kenya, Mauritius, Pakistan and Zimbabwe on "Provisions Relating to Transfer of Technology in WTO Agreements". In the paper it was stressed that as a first step in fulfilling the Working Group's mandate, it would be important to examine the extent to which the existing WTO provisions relating to technology transfer had been effectively implemented.

A second submission was made by the delegation of the European Communities titled "Reflection Paper on Transfer of Technology to Developing and Least-Developed Countries". The paper, which was also submitted to the TRIPS Council, identified the different components that in the proponents view made up the concept of transfer of technology and the ways in which those components complement and interact with each other. It looked at the different types of technology that could be transferred and the ways in which those technologies could be acquired. The paper discussed the important role in the context of technology transfer of the private sector, effective IPR protection regimes and the absorptive capacity of host countries. It also considered incentives that could promote and encourage technology transfer to Least-Developed Countries (LDCs).

Subsequently, the delegations of Cuba, India, Indonesia, Jamaica, Kenya, Nigeria, Pakistan, Tanzania, Venezuela and Zimbabwe made a joint submission on "Possible recommendations on steps that might be taken within the mandate of the WTO to increase flows of technology to developing countries". The paper highlighted a number of areas where the proponents felt that recommendations could be made by the Working Group on concrete and practical steps to facilitate transfer of technology to developing countries in the context of the mandate contained in paragraph 37 of the Doha Ministerial Declaration. The recommendations made in that submission included an examination of the different provisions contained in various WTO Agreements relating to technology transfer; the restrictive practices adopted by multinational enterprises in the area of transfer of technology; the impact of tariff peaks and tariff escalation in developed countries on technology transfer; the difficulties faced by developing countries in meeting the standards set by WTO agreements due to the lack of required technology; and the need for and desirability of internationally agreed disciplines on transfer of technology.

A submission titled "Creating Incentives for the Transfer of Technology of Environmentally Sound Technologies" was made by the delegation of Switzerland which examined the Swiss experience with transfer of technology to developing countries through technology centres operating in the field of Environmentally Sound Technologies (ESTs). The submission noted the beneficial effects of a stable, transparent and enforceable enabling environment on the transfer of ESTs.

At the final meeting of the Working Group held on 10 July 2003, Members adopted the Working Group's report to the General Council.¹⁷ It was forwarded to the General Council for consideration at its 24-25 July 2003 Meeting and for reporting to the Fifth Ministerial Conference. Since the Fifth Ministerial Conference work in the Working Group has remained suspended and as decided by Members initial consultations have focused on the four main areas of divergence; namely agriculture, cotton, NAMA and the Singapore issues.

¹⁶ Annex of document WT/WGTT/4.

¹⁷ WT/WGTT/5.

Technical cooperation and capacity building (Paragraphs 38-41)

38. We confirm that technical cooperation and capacity building are core elements of the development dimension of the multilateral trading system, and we welcome and endorse the New Strategy for WTO Technical Cooperation for Capacity Building, Growth and Integration. We instruct the Secretariat, in coordination with other relevant agencies, to support domestic efforts for mainstreaming trade into national plans for economic development and strategies for poverty reduction. The delivery of WTO technical assistance shall be designed to assist developing and least-developed countries and low-income countries in transition to adjust to WTO rules and disciplines, implement obligations and exercise the rights of membership, including drawing on the benefits of an open, rules-based multilateral trading system. Priority shall also be accorded to small, vulnerable, and transition economies, as well as to Members and Observers without representation in Geneva. We reaffirm our support for the valuable work of the International Trade Centre, which should be enhanced.

39. We underscore the urgent necessity for the effective coordinated delivery of technical assistance with bilateral donors, in the OECD Development Assistance Committee and relevant international and regional intergovernmental institutions, within a coherent policy framework and timetable. In the coordinated delivery of technical assistance, we instruct the Director-General to consult with the relevant agencies, bilateral donors and beneficiaries, to identify ways of enhancing and rationalizing the Integrated Framework for Trade-Related Technical Assistance to Least-Developed Countries and the Joint Integrated Technical Assistance Programme (JITAP).

40. We agree that there is a need for technical assistance to benefit from secure and predictable funding. We therefore instruct the Committee on Budget, Finance and Administration to develop a plan for adoption by the General Council in December 2001 that will ensure long-term funding for WTO technical assistance at an overall level no lower than that of the current year and commensurate with the activities outlined above.

41. We have established firm commitments on technical cooperation and capacity building in various paragraphs in this Ministerial Declaration. We reaffirm these specific commitments contained in paragraphs 16, 21, 24, 26, 27, 33, 38-40, 42 and 43, and also reaffirm the understanding in paragraph 2 on the important role of sustainably financed technical assistance and capacity-building programmes. We instruct the Director-General to report to the Fifth Session of the Ministerial Conference, with an interim report to the General Council in December 2002 on the implementation and adequacy of these commitments in the identified paragraphs."

The principal vehicle for giving effect to the undertakings contained in paragraphs 38-41 in 2003 was the Technical Assistance Plan (WT/COMTD/W/104/Rev.2). In addition there was a reorganization of the Secretariat designed, *inter alia*, to optimize the delivery of this part of the WTO's work programme. The Technical Cooperation Division and the Training Institute were merged in March 2003, and the Development Division created.

Technical assistance and training activities comprised regional and national seminars on all aspects of the WTO agreements and negotiation issues, Geneva-based courses, including four 12-week trade policy courses, specialized courses, introduction courses specifically aimed at LDCs, introduction days for newly arrived participants in WTO work (delegates, staff and NGOs), and a briefing for participants in internship programmes. Particular mention may be made of the 12-week trade policy course held for the second time for English-speaking Africa in collaboration with the University of Nairobi. Technical assistance for non-resident Members and Observers was enhanced by the provision of two "Geneva weeks", where a full briefing is given on current issues and the state of play. In the same vein, mention should be made of the seven advanced courses for senior officials on the DDA, which were held in the regions.

In all, 431 activities were carried out in 2003, which represents 99% of what was foreseen in the plan for that year.

An enhanced programme of collaboration with the academic community was pursued: workshops for university professors in the field of international trade were held in several regions, either in connection with the regional trade policy course programme or as stand alones. Likewise, 2003 saw the launch of two other initiatives: the first trade clinic was conducted in Sierra Leone. The trade clinic is designed to give particular assistance to countries emerging from periods of strife or other situations where their capacity to integrate the multilateral trading system is particularly vulnerable. Needs assessment is critical to this concept.

In order to assist the Secretariat in carrying out its responsibilities in technical assistance and training, and to amplify its limited resources, the second initiative was a programme for outsourcing to institutional and individual resources.

Some other features of the 2003 TRTA programme are:

- (i) **The Joint Integrated Technical Assistance Programme (JITAP)** Concrete and practical benefits on human and institutional capacity building have been delivered by this

Programme. In 2003, a total of 16 African countries were beneficiaries under JITAP, namely (Benin, Botswana, Burkina Faso, Cameroon, Côte d'Ivoire, Ghana, Kenya, Malawi, Mali, Mauritania, Mozambique, Senegal, Tanzania, Tunisia, Uganda, and Zambia).

- (ii) **The Integrated Framework (IF)** The IF is a mechanism for integrating trade priorities into national development plans/poverty reduction strategy papers, to help make trade an engine for economic growth. It is also important as a mechanism to assist in the coordinated delivery of trade-related technical assistance.
- (iii) **WTO/OECD Trade Capacity Building Data Base (TCBDB)** In 2003, the WTO and the OECD updated the web-based Trade Capacity Building Data Base with 2002 and preliminary 2003 information reported by technical assistance providers. The TCBDB is available for consultation by any interested party at the following internet address: <http://tcbdb.wto.org>. Based on the detailed information available in the TCBDB, the WTO and the OECD produced in July 2003 the Second Joint Report on Trade-Related Technical Assistance and Capacity Building. This report shows, in volume and value terms, projects and activities being delivered in response to the Doha mandates by TA-providers (countries as well as multilateral and regional institutions).

The Secretariat's efforts to create a culture of cooperation with other providers of TRTA, whether international, regional or bilateral, continued unabated, and a number of MOUs enshrining such cooperation were developed and signed in 2003.

The preparations of the TA Plan for 2004 saw the introduction of new concepts, in particular a product-based approach, with clear objectives for each product, a shift toward products that procure sustainable capacity building, and an accrued flexibility in the implementation of activities, in particular national ones, so as to be able to respond better to the needs of beneficiaries.

In financial terms the programme for 2003 called for contributions of approximately CHF30 million, of which CHF6 million was for the regular budget, and the balance in trust funds made up of donations.

Further information on the technical assistance and training programme and activities in 2003 can be found in the Director-General's report to the Cancún Ministerial Conference under Paragraph 41 DDA (WT/MIN/(03)/3).

Least-developed countries (Paragraphs 42 and 43)

"42. We acknowledge the seriousness of the concerns expressed by the least-developed countries (LDCs) in the Zanzibar Declaration adopted by their Ministers in July 2001. We recognize that the integration of the LDCs into the multilateral trading system requires meaningful market access, support for the diversification of their production and export base, and trade-related technical assistance and capacity building. We agree that the meaningful integration of LDCs into the trading system and the global economy will involve efforts by all WTO Members. We commit ourselves to the objective of duty-free, quota-free market access for products originating from LDCs. In this regard, we welcome the significant market access improvements by WTO Members in advance of the Third UN Conference on LDCs (LDC-III), in Brussels, May 2001. We further commit ourselves to consider additional measures for progressive improvements in market access for LDCs. Accession of LDCs remains a priority for the Membership. We agree to work to facilitate and accelerate negotiations with acceding LDCs. We instruct the Secretariat to reflect the priority we attach to LDCs' accessions in the annual plans for technical assistance. We reaffirm the commitments we undertook at LDC-III, and agree that the WTO should take into account, in designing its work programme for LDCs, the trade-related elements of the Brussels Declaration and Programme of Action, consistent with the WTO's mandate, adopted at LDC-III. We instruct the Sub-Committee for Least-Developed Countries to design such a work programme and to report on the agreed work programme to the General Council at its first meeting in 2002.

43. We endorse the Integrated Framework for Trade-Related Technical Assistance to Least-Developed Countries (IF) as a viable model for LDCs' trade development. We urge development partners to significantly increase contributions to the IF Trust Fund and WTO extra-budgetary trust funds in favour of LDCs. We urge the core agencies, in coordination with development partners, to explore the enhancement of the IF with a view to addressing the supply-side constraints of LDCs and the extension of the model to all LDCs, following the review of the IF and the appraisal of the ongoing Pilot Scheme in selected LDCs. We request the Director-General, following coordination with heads of the other agencies, to provide an interim report to the General Council in December 2002 and a full report to the Fifth Session of the Ministerial Conference on all issues affecting LDCs."

Accessions

The Doha Ministerial Declaration welcomes new Members of the WTO and states that importance is attached to "concluding accession proceedings as quickly as possible. In

particular, we are committed to accelerating the accession of least-developed countries.” (paragraph 9).

A separate section on the accession of LDCs notes that “ ... Accession of LDCs remains a priority for the Membership. We agree to work to facilitate and accelerate negotiations with acceding LDCs. We instruct the Secretariat to reflect the priority we attach to LDCs’ accessions in the annual plans for technical assistance. ...” (paragraph 42).

The commitment to accelerate the accession of LDCs is being addressed in the Sub-committee on LDCs. In 2003, the Sub-Committee considered the item on accession of LDCs at its 32nd Session, its 33rd Session and its 34th Session. The Sub-Committee at its 32nd Session stressed on the implementation and regular monitoring of the Guidelines on the Accession of LDCs as forwarded by the Sub-Committee and adopted by the General Council on 10 December 2002.¹⁸ Such monitoring would include exchange of views with the Chairs of LDCs’ Accession Working Parties as well as periodic reports by the Secretariat on technical assistance for LDCs accessions. The Chairpersons of the Accession Working Parties of Bhutan, Cape Verde, Ethiopia, Nepal and Yemen attended and briefed the 33rd Session of the Sub-Committee. The exchange of views and sharing of best practices between Members and acceding governments indicated that the Guidelines were increasingly being used. Members of the Sub-Committee supported a two-track strategy with regard to LDC accessions, namely: (i) to complete by Cancún or as quickly as feasible, the accession of LDCs whose negotiations had advanced; and (ii) to activate as quickly as possible LDC accessions which had remained inactive. A paper on the state-of-play of LDCs’ accessions and technical assistance provided by the WTO to acceding LDCs was also considered at the meeting (Job(03)/87). Steps taken to facilitate and accelerate LDCs’ accessions and implement the Guidelines were highlighted in the Status Report of the Director-General to the Fifth Ministerial Conference (WT/MIN(03)/2). At its 34th Session, the Sub-Committee welcomed the accession of Cambodia and Nepal. It also took note of an update on the state-of-play of LDCs’ accessions contained in document Job(03)/191.

Special and differential treatment (Paragraph 44)

“44. We reaffirm that provisions for special and differential treatment are an integral part of the WTO Agreements. We note the concerns expressed regarding their operation in addressing specific constraints faced by developing countries, particularly least-developed countries. In that connection, we also note that some Members have proposed a Framework Agreement on Special and Differential Treatment (WT/GC/W/442). We therefore agree that all special and differential treatment provisions shall be reviewed with a view to strengthening them and making them more precise, effective and operational. In this connection, we endorse the work programme on special and differential treatment set out in the Decision on Implementation-Related Issues and Concerns.”

Paragraph 12 of the Decision on Implementation Related Issues and Concerns, required Members “to report to the General Council with clear recommendations for a decision by July 2002”. Failure to meet this deadline led to the extension of the deadline to 31 December 2002. However, lack of agreement on most of the Agreement-specific proposals and on the “way forward” resulted in the deadline being further extended to 10 February 2003.

During 2003, one formal meeting and a number of informal meetings were held at which Members continued their consideration of the Agreement-specific proposals. During those meetings a further three submissions were made, by the African Group, the LDCs and the United States. The first two submissions suggested new language for a number of proposals, while the submission by the United States outlined views on ways in which the outstanding Agreement-specific proposals should be treated in the future. Consultations were held with a view to coming to an agreement on as many of the Agreement-specific proposals before the reporting deadline of 10 February 2003.

At the formal meeting held on 6 and 10 February Members were able to agree in principle to an additional eight Agreement-specific proposals. With respect to the “way forward”, Members agreed to recommend that the General Council take note of the recommendations on the Agreement-specific proposals (contained in Annex III of the report)¹⁹ on which Members had agreed in principle and decided to revert to the question of their adoption to a later date. In view of the apparent differences amongst Members the Special Session also recommended that the General Council provide clarification, as it considered appropriate, regarding paragraph 44 of the Doha Ministerial Declaration and paragraph 12 of the Decision on Implementation-Related Issues and Concerns, and the legal and practical means to give effect to the mandate contained therein. In the interim, it was suggested that the General Council instruct the Special Session of the CTD to suspend further work. At that meeting, the General Council took note of the report and of the statements that were made, and agreed that the Chairman of the General Council, in coordination with the Chairman of the CTD in Special Session, undertake consultations on how to move the process forward.

¹⁸ WT/L/508.

¹⁹ TN/CTD/7.

In pursuance of this mandate, the Chairman of the General Council began consultations on how to take forward the review of all S&D treatment provisions. On the basis of those consultations the Chairman circulated an approach paper²⁰ based on two fundamental premises, namely that all the Agreement-specific proposals remain on the table and will be addressed; and that an informal categorization of the proposals was essential in order to address them in an efficient manner. Accordingly, all the 88 Agreement-specific proposals were divided into three broad categories. Category I contained 38 proposals comprised the 12 proposals on which Members had agreed in principle, and 26 other proposals on which there appeared to be a greater likelihood of making recommendations and which appeared to have a greater developmental value. Category II comprised 38 proposals, 27 of which had been made in areas on which mandated negotiations were ongoing, and 11, the operative part of which was being considered in the respective WTO bodies. Finally, category III contained 12 proposals on which there appeared to be a wide divergence of views, and on which progress did not seem possible without a certain degree of redrafting of the original text. During the course of the consultations, the Chairman of the General Council also sought the help of the Friends of the Chair (Ambassadors of Brazil, Bangladesh, EC, Kenya, Norway and the United States) on some of the proposals in category I. The Friends attempted to find language which could bridge the gap between Members while remaining faithful to the aim of the proponents. The consultations resulted in varying degrees of convergence on the proposals.

After lengthy and protracted consultations Members were able to agree to make recommendations for possible adoption by the Ministers at Cancún on a number of Agreement-specific proposals. Accordingly, Annex C to the draft Ministerial text contained 25 recommendations by Members for specific action on 26 agreement-specific proposals. This progress was reflected in paragraph 11 of the revised draft ministerial text sent to Cancún, which provided for the adoption of the decisions in Annex C of that text. It also provided for work on the proposals referred to negotiating or other WTO bodies to be continued therein, under the close monitoring of the General Council, and for work on the remaining agreement-specific proposals, as well as on all other outstanding issues, to be carried out in the CTD in Special Session. During the consultations carried out at Cancún by the Kenyan Minister as the "facilitator" on development issues, some Members expressed concern about the value of the recommendations contained in Annex C of the draft Ministerial text and stressed that the proposed package should be strengthened by the addition of some Agreement-specific proposals. Accordingly, in an endeavour to meet these concerns a further three recommendations were included in Annex C at Cancún.

However, like the draft Ministerial text, Annex C too was not adopted at Cancún. After Cancún the work of the Special Session was suspended following the decision by Members to initially focus on the four main areas of agriculture, cotton, NAMA and the Singapore issues. As a result the 28 Agreement-specific proposals on which there is an in-principle agreement, are yet to be adopted. It is hoped that work in this area will re-start early in 2004.

Trade Negotiations Committee

The Trade Negotiations Committee (TNC) was established by Ministers at Doha, with the specific tasks of establishing appropriate negotiating mechanisms as required and supervizing the progress of the negotiations. Operating under the authority of the General Council, the TNC played a key role in the preparations for the Cancún Ministerial Conference.

The Committee met 6 times in 2003, discussing reports by the Chairpersons of the 7 bodies it had established to undertake negotiations in specific subject areas. It also continued the work on outstanding implementation issues it had started in 2002. Its meeting in June 2003 was marked by the visit of the President of Burkina Faso, H. E. Mr Blaise Compaoré, who presented a proposal for a sectoral initiative in favour of cotton in the agriculture negotiations on behalf of his country, Benin, Chad and Mali.

At its last meeting before the Ministerial Conference, the TNC received reports from its subsidiary bodies and undertook an overview of the negotiations in relation to the Fifth Ministerial Conference. These reports, together with a report by the TNC Chairman were submitted to the General Council in July 2003 for subsequent transmittal to Ministers at Cancún. In reporting to the July General Council, the Chairman said that his report showed that progress had been made on all fronts, but overall it was still insufficient. Members did not yet have a real negotiation. Too often negotiators had just been waiting for the other person to show his hand. He stressed the need to direct all possible negotiating energy to unblocking the main strategic issues in the remaining weeks before Cancún.

²⁰ Job(03)68.

III. WTO accession negotiations

An important task facing the WTO is that of making the new multilateral trading system truly global in scope and application. The 146 Members of the WTO (as of end January 2004) account for more than 90% of world trade. Many of the nations that remain outside the world trading system have requested accession to the WTO and are at various stages of a process that has become more complex because of the WTO's increased coverage relative to GATT. With many of the candidates currently undergoing a process of transition from centrally-planned to market economies, accession to the WTO offers these countries – in addition to the usual trade benefits – a way of underpinning their domestic reform process.

In 2003, the WTO received two new members: Armenia in February, and the Former Yugoslav Republic of Macedonia in April 2003. A major achievement was the adoption, at the Ministerial Conference in Cancún, of the accession packages of Cambodia and Nepal. This made Cambodia and Nepal the first two LDCs to complete their accession negotiations under the procedures established in 1995.

WTO membership is open to any State or customs territory having full autonomy in the conduct of its trade policies. Accession negotiations concern all aspects of the applicant's trade policies and practices, such as market access concessions and commitments on goods and services, legislation to enforce intellectual property rights, and all other measures which form a government's commercial policies. Applications for WTO membership are the subject of individual working parties. Terms and conditions related to market access (such as tariff levels and commercial presence for foreign service suppliers) are the subject of bilateral negotiations. As of 31 December 2003, there were 25 governments in the process of accession to the WTO:

Algeria, Andorra, Azerbaijan, Bahamas, Belarus, Bhutan, Bosnia-Herzegovina, Cape Verde, Ethiopia, Kazakhstan, Lao PDR, Lebanon, Russian Federation, Samoa, Saudi Arabia, Serbia and Montenegro, Seychelles, Sudan, Tajikistan, Tonga, Ukraine, Uzbekistan, Vanuatu, Viet Nam, and Yemen.

After the Doha Ministerial, as mandated negotiations in goods, services and TRIPS and consultations in other important sectors within the WTO continue, there is a strong interest by a significant number of acceding governments to join the WTO as soon as possible. This desire has received wide support from WTO Members who are committed to accelerating the accession process to the maximum extent possible on the basis of meaningful market-access commitments and the acceptance of the rules and disciplines of the WTO system. (See Section II on the Doha Development Agenda above).

IV. Work of the General Council

The General Council (GC) is entrusted with carrying out the functions of the WTO, and taking actions necessary to this effect, in the intervals between meetings of the Ministerial Conference, in addition to carrying out the specific tasks assigned to it by the WTO Agreement. Work of the General Council in relation to the Doha Development Agenda is covered in Section II above. During the period under review, the work of the General Council included the following.

Accessions

During the period covered by this report, the General Council considered an application from the Government of Ethiopia for accession to the WTO Agreement, and established a working party to examine the application as a first step in the accession negotiation process.

Waivers under Article IX of the WTO Agreement

The General Council granted a number of waivers from obligations under the WTO Agreement as set out in Table II.2 below.

In December, under provisions of Article IX:4 of the WTO Agreement requiring that any waiver granted for a period of more than one year be reviewed not later than one year after it is granted, the General Council conducted a review of the following waivers:

- El Salvador – Agreement on Implementation of Article VII of GATT 1994, granted on 8 July 2002 until 7 March 2005 (WT/L/476).
- LDCs – Article 70.9 of the TRIPS Agreement with respect to pharmaceutical products, granted on 8 July 2002 until 1 January 2016 (WT/L/478).

- Canada – CARIBCAN, granted on 14 October 1996 until 31 December 2006 (WT/L/185).
- Preferential Tariff Treatment for Least-Developed Countries, granted on 15 June 1999 until 30 June 2009 (WT/L/304).
- Switzerland – Preferences for Albania and Bosnia-Herzegovina, granted on 18 July 2001 until 31 March 2004 (WT/L/406).
- United States – Former Trust Territory of the Pacific Islands, granted on 14 October 1996 until 31 December 2006 (WT/L/183).
- Cuba – Article XV:6 of GATT 1994, granted on 20 December 2001 until 31 December 2006 (WT/L/440).
- Colombia – Extension of the Application of Article 5.2 of the Agreement on Trade-Related Investment Measures, granted on 20 December 2001 until 31 December 2003 (WT/L/441).
- EC – Autonomous Preferential Treatment to the Countries of the Western Balkans, granted on 8 December 2000 until 31 December 2006 (WT/L/380).
- EC – Transitional Regime for the EC Autonomous Tariff rate Quotas on Imports of Bananas, granted on 14 November 2001 until 31 December 2005 (WT/L/437).
- EC – The ACP-EC Partnership Agreement, granted on 14 November 2001 until 31 December 2007 (WT/L/436).
- Turkey – Preferential Treatment for Bosnia-Herzegovina, granted on 8 December 2000 until 31 December 2006 (WT/L/381).
- United States – Caribbean Basin Economic Recovery Act, granted on 15 November 1995 until 31 December 2005 (WT/L/104).

In the course of the review, and noting that Turkey had signed a Free-Trade Agreement with Bosnia-Herzegovina – which had entered into force on 1 July 2003 – covering all of the issues in its waiver and that Turkey accorded no preferential treatment for Bosnia-Herzegovina since that date, the General Council decided to terminate the waiver for Turkey's preferential treatment for Bosnia-Herzegovina.

Other issues

In October, the General Council decided to accept an offer from the Government of Hong Kong, China to host the Sixth Session of the Ministerial Conference. The General Council will revert to the question of the date of that Session at a subsequent meeting. In December, in accordance with transitional review provisions in China's Protocol of Accession, the General Council conducted a second review of China's implementation of its WTO commitments. This review is required to be conducted by the General Council and 16 subsidiary bodies each year for a period of eight years, with a final review in the tenth year following China's accession (in December 2001) or an earlier date decided by the General Council. Several other issues were brought to the General Council for consideration and review. These included: review of the exemption provided under paragraph 3 of GATT 1994; concerns

Table II.2

Waivers under Article IX of the WTO Agreement

During the period under review, the General Council granted the following waivers from obligations under WTO Agreements:

Waivers	Granted on	Expiry date	Decision
Australia, Brazil, Canada, Israel, Japan, Korea, Philippines, Sierra Leone, Thailand, United Arab Emirates, United States – Kimberley Process Certification Scheme for Rough Diamonds ^a	15 May 2003	31 December 2006	WT/L/518
Argentina – Introduction of Harmonized System 1996 changes into WTO Schedules of Tariff Concessions	24 July 2003	30 April 2004	WT/L/523
El Salvador – Introduction of Harmonized System 1996 changes into WTO Schedules of Tariff Concessions	24 July 2003	31 October 2003	WT/L/525
Israel – Introduction of Harmonized System 1996 changes into WTO Schedules of Tariff Concessions	24 July 2003	30 October 2003	WT/L/531
	16 December 2003	30 April 2004	WT/L/554
Malaysia – Introduction of Harmonized System 1996 changes into WTO Schedules of Tariff Concessions	24 July 2003	30 April 2004	WT/L/529
Morocco – Introduction of Harmonized System 1996 changes into WTO Schedules of Tariff Concessions	24 July 2003	31 October 2003	WT/L/530
Pakistan – Introduction of Harmonized System 1996 changes into WTO Schedules of Tariff Concessions	24 July 2003	30 April 2004	WT/L/528
Panama – Introduction of Harmonized System 1996 changes into WTO Schedules of Tariff Concessions	24 July 2003	30 April 2004	WT/L/524
Sri Lanka – Transposition of Schedule into the Harmonized System	24 July 2003	31 October 2003	WT/L/532
	16 December 2003		WT/L/556
Thailand – Introduction of Harmonized System 1996 changes into WTO Schedules of Tariff Concessions	24 July 2003	31 October 2003	WT/L/527
	16 December 2003	30 April 2004	WT/L/555

^a In accordance with the terms of the waiver, any Member may be covered by the waiver by notifying the Council for Trade in Goods of its wish to do so. As of 31 December, the following countries have made such notifications: Bulgaria; Croatia; Czech Republic; European Communities; Hungary; Mauritius; Romania; Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu; Slovenia; Switzerland; Venezuela.

about potential reduction in market (quota) access for textiles and clothing in 2004, as well as a proposal regarding anti-dumping actions in the area of textiles and clothing; a proposal to remove and avoid inconsistencies in the texts of WTO Agreements; a report from the Joint Advisory Group of the International Trade Centre, a joint subsidiary organ of the UNCTAD/WTO; and a review of WTO activities on the basis of reports from subsidiary bodies.

V. Trade in goods

During the year 2003 the Council for Trade in Goods (CTG) met five times in formal session. The Council carried out China's Transitional Review in connection with paragraph 18 of the Protocol of the Accession of China with respect to the information requirements stipulated in Annex I(A) of the Protocol; the Council report, together with the reports of its subsidiary bodies were sent to the General Council. On TRIMs, the Council discussed the review of the operation of the TRIMs Agreement under Article 9 and also discussed the phasing out of remaining TRIMs with respect to certain Members. The Council took note of the periodic reports of the Committee on Market Access and discussed and/or approved a number of waiver requests under Article IX of the WTO Agreement, including the waiver request relating to the Kimberley Process Certification Scheme for Rough Diamonds. Details of all waivers can be found in document G/L/665. The CTG adopted the terms of reference under which the CRTA would examine 14 regional trade agreements. It also considered its report to Ministers on the work programme on electronic commerce as set out in paragraph 34 of the Doha Ministerial Declaration.

The Goods Council also continued to take up the issue of trade facilitation, as mandated by § 27 of the Doha Development Agenda (WT/MIN(01)/DEC/1). In accordance with the work programme for the time until the Fifth Ministerial, the CTG met twice in formal session (March and June) to discuss the following three core agenda items: (i) GATT Articles V, VIII and X; (ii) trade facilitation needs and priorities of Members, particularly developing and least-developed countries and (iii) technical assistance and capacity building. Nine written contributions were submitted to the Council, of which six originated from Members (Australia, Canada, European Communities, Japan, New Zealand, and the United States), two came from observers (OECD²¹, and WCO) and one was prepared by the WTO Secretariat. For a summary of CTG work on trade facilitation, see its 2003 Annual Report (G/L/665).

Rules of origin

The main objective of the Agreement on Rules of Origin is to harmonize non-preferential rules of origin and to ensure that such rules do not themselves create unnecessary obstacles to trade. The Agreement sets out a Harmonization Work Programme (HWP) for the harmonization of non-preferential rules of origin to be accomplished by the Committee on Rules of Origin (CRO) in conjunction with the World Customs Organization's Technical Committee on Rules of Origin (TCRO). Much work was done in the CRO and the TCRO and substantial progress was achieved in the three years foreseen in the Agreement for completion of the work. However, due to the complexity of the issues, the HWP could not be finalized within the foreseen deadline (July 1998).

The CRO continued its work under the mandate from the General Council (GC). The pace of the HWP began to accelerate, and the CRO resolved more than 300 outstanding issues in 2001 and 19 in 2002, as a result of which the number of unresolved issues is now reduced to one-hundred-and-thirty-seven. At the GC meeting in July 2002, the CRO had forwarded 94 core policy issues to the GC for discussion and decision (G/RO/52). A major stumbling-block to the progress of the HWP was the so-called implications issue, i.e., the implications of the implementation of the harmonized rules of origin upon other WTO Agreements. Members have differing views on how to interpret Article 3(a) of Agreement on Rules of Origin. In July 2003, the GC set July 2004 as the new deadline for completion of the 94 core policy issues. The GC also mandated the CRO, following resolution of the core policy issues, to complete its remaining technical work by 31 December 2004. The negotiating texts are contained in documents G/RO/45 and its addenda.

Market Access

In 2003, much of the focus was on the Doha negotiations, as a result of which the Committee met only three times, twice in formal session and once in informal session. The Committee made some progress in its work related to the transposition of schedules of concessions into the Harmonized System (HS), and the introduction of HS96 and HS2002 changes to schedules of concessions. Several waiver decisions elaborated in connection with

²¹ The OECD paper was not circulated as a formal CTG document.

these exercises were approved and forwarded to the Council for Trade in Goods for action including the HS2002 “collective” waiver. At the request of the Committee, a briefing was provided by the Secretariat on the existing procedures to incorporate HS96 and HS2002 changes to schedules of concessions. The Committee took note of the work done by the Secretariat on its two databases, the Integrated Data Base (IDB) and the Consolidated Tariff Schedules (CTS) database. The Committee approved requests for access from the ITCB, OECD and FAO to these two databases. Additionally, the Committee began to examine the technical issues relating to the linkage between the two databases. The Committee conducted the review foreseen under paragraph 18 of the Protocol of Accession of the People’s Republic of China. Finally, the status of notifications on quantitative restrictions and the latest tariff information available in the Secretariat were noted by the Committee.

Import licensing

The Agreement on Import Licensing Procedures establishes disciplines on the users of import licensing systems with the principal objective of ensuring that the procedures applied for granting import licences do not in themselves restrict trade. It contains provisions to ensure that automatic import licensing procedures are not used in such a manner as to restrict trade, and that non-automatic import licensing procedures (licensing for the purposes of implementation of quantitative or other restrictions) do not act as additional restrictions on imports over and above those which the licensing system administers, and are not administratively more burdensome than absolutely necessary to administer the relevant measures. By becoming Members of the WTO, governments commit themselves to simplifying and bringing transparency to their import licensing procedures and to administering them in a neutral and non-discriminatory manner.

The obligations contained in the Agreement include publication of import licensing procedures, notification to the Committee on Import Licensing, fair and equitable application and administration, simplification of procedures and provision of foreign exchange to pay for licensed imports on the same basis as for imports of goods not requiring import licences. The Agreement establishes time limits for processing of licence applications, publication of information concerning licensing procedures and notification to the Committee.

The Committee on Import Licensing held two meetings during this period, noted that the lack of compliance of Members with the transparency obligations of the Agreement had been the main preoccupation of the Committee for some time, reviewed 70 notifications submitted by 41 Members under various provisions of the Agreement, and carried out its second Transitional Review pursuant to Section 18 of the Protocol of Accession of China.

Trade in information technology products (ITA)

The Ministerial Declaration on Trade in Information Technology Products (ITA) was agreed to in Singapore in 1996 and has been accepted by 61 WTO Members and states or separate customs territories. Ultimately, the tariffs on computers, telecommunications equipment, semiconductors, semiconductor manufacturing equipment, software, and scientific instruments will be reduced to zero; most of this occurred on 1 January 2000 for many countries, while the remaining items for certain participants will gradually reach zero with a slightly longer implementation period. The details are contained in each participant’s schedule of commitments. During 2003, the Committee continued its work on the non-tariff measures’ (NTMs) work programme to identify NTMs that impact IT trade and to examine the economic and developmental impacts. In this respect a Workshop was held to examine the particular impact of EMC/EMI standards on IT trade and the Committee has continued with its Pilot Project on this particular NTM. Additionally, the Committee approved the schedules of new participants (Bahrain, China, Egypt, Morocco), proceeded with its work on classification divergences, reviewed the implementation of the Declaration, and noted that consultations continued with respect to ITA II.

Customs valuation

During 2003 the Committee on Customs Valuation has held three formal meetings, on 28 February (G/VAL/M/34), on 23 May, 22 July, and 6 October 2003 (G/VAL/M/35) and again on 6 October 2003 (G/VAL/M/36).

During the period under review, no developing country Members maintained delayed application of the provisions of the Agreement in accordance with the provisions of Article 20.1 of the Agreement. One Member (United Arab Emirates) was granted an extension of the delay period in accordance with the provisions of paragraph 1, Annex III. One request for an extension is still pending agreement by Members. In addition, at year end, four Members

maintained reservations granted under paragraph 2, Annex III for minimum values, or under the Article IX waiver provisions (El Salvador, Guatemala, Madagascar and Sri Lanka).

In the area of notifications, Members are to ensure that their laws, regulations and administrative procedures conform with the provisions of the Agreement, and are required to inform the Committee on Customs Valuation of any changes in this regard. Such notifications are subject to examination in the Committee. At year end, 74 Members have notified their national legislation on customs valuation (this figure includes the 14 Members which have submitted communications indicating that their legislation notified under the Tokyo Round Customs Valuation Agreement remained valid under the WTO Customs Valuation Agreement and does not include individual EEC Members). Fifty-seven Members, (of which one had an extension and one had requested an extension of the Article 20.1 delay period) have not yet made any notification.

At the meetings on 23 May, 22 July and 6 October, the Committee continued its work in connection with its mandate under paragraph 8.3 of the Doha Decision on Implementation-Related Issues and Concerns. At its meeting of 6 October, the Committee adopted its 2003 report to the Council for Trade in Goods. Adoption of the fourth, fifth, sixth, seventh and eighth annual reviews remains blocked by an unresolved issue concerning one Member's interpretation of paragraph 2, Annex III of the Agreement. At this meeting, the Committee also completed China's Transitional Review in accordance with Section 18 of the Protocol of Accession of China. It submitted its report on this Review to the Council for Trade in Goods in G/VAL/56. Article 18 of the Agreement established a WTO Technical Committee under the auspices of the World Customs Organization (WCO) to promote, at the technical level, uniformity of interpretation and application of the Agreement. The Technical Committee presented reports on its 16th and 17th Sessions during the year.

Textiles and clothing

The Agreement on Textiles and Clothing (ATC) entered into force on 1 January 1995. It is a ten-year transitional agreement with a programme to gradually integrate the textile and clothing sector fully into GATT 1994 rules and disciplines by the end of 2004. Under the ATC, when products are integrated, they are removed from the Agreement and normal GATT rules apply to their trade. Furthermore, if the integrated products are subject to bilateral quotas carried over from the former Multifibre Arrangement, these quotas must be removed. The integration was to be achieved through three stages: in the first stage (1995-1997), products accounting for at least 16% of the total volume of each country's imports in 1990; a further 17% in the second stage (1998-2002); in the third stage, on 1 January 2002, a minimum of 18% of products were integrated. Total product integration is now, at least, 51% of the Member's total imports in 1990. It has been estimated that about 20% of imports under specific quota restrictions had been liberalized by the main importing Members at the beginning of the third stage. The process will be completed on 31 December 2004 with the integration of all remaining products and the full removal of the quota regime.

The exporting developing Members have expressed concerns on the implementation of the Agreement by certain Members maintaining restraints (EC, US and Canada). These concerns have been examined in detail in the previous report on WTO activities. The restraining members have re-affirmed over and over again their commitment to full ATC implementation, as scheduled.

The report on the major review of the second stage of implementation of the ATC was adopted by the Council for Trade in Goods on 23 July 2002 (document G/L/556). The review of the third and final stage of implementation of the ATC will be undertaken by the General Council in the fall of 2004, on the basis of a full report of the Textiles Monitoring Body to be circulated in July of 2004.

The Doha Ministerial Decision on Implementation-Related Issues and Concerns contains several proposals relating to textiles and clothing, of which two relate to possible market access improvements in the context of the ATC, through changes in the methodology for the application of quota growth rates. It called upon the CTG to examine these two proposals and to make recommendations for appropriate action to the General Council by the end of July 2002. The results of this work are reported under Section II, on the Doha Development Agenda above.

Given the differences in views among Members, the Chairman of the CTG presented an oral report on the situation to the General Council on 31 July 2002. He noted that no consensus was possible on how best to deal with this issue. He concluded that the General Council could take note of the statements by Members without any prejudice to their positions and that Members should "continue to reflect on the various views that had been expressed".

At the initiative of some delegations of developing countries exporters of textiles and clothing, the meeting of the General Council held in July 2003 discussed again the proposals referred to above, and concluded with no consensus.

The prospects related to the termination of the ATC on 31st December 2004, and the possible impact of a quota-free environment on trade and production patterns of textiles and clothing around the world in 2005, were two factors that influenced considerably the work of the WTO in this area in 2003. This influence will intensify in 2004. In this context, the challenges and opportunities of adjustment facing both developing exporting Members, as well as developed importing Members, were carefully discussed in WTO technical cooperation activities related to the ATC. In addition, two new problems emerged in 2003 in relation to textiles and clothing. First, recalling par. 4.2 of the Decision on Implementation-related Issues and Concerns, developing exporting Members proposed that the best-endeavors commitment contained therein, in relation to "particular consideration before initiating investigations in the context of anti-dumping remedies on ... exports ... previously subject to quantitative restrictions under the [ATC]" be converted into a firm binding commitment by Members. Importing Members responded, indicating they could not renounce a right embodied in the WTO Anti-Dumping Agreement. A second issue of concern to developing exporting Members was the fact that, since quotas would no longer be in existence in 2005, their right to "carry forward" from next year's quota to fulfill market demand over and above the quantitative limits for 2004 would disappear, with distortive effects on the market access levels for 2004. In this context, they proposed a "notional" 6% increase in the 2004 quota levels to account for the non-existence of "carry forward" in this year. Once more, consensus on this issue was also impossible to reach among Members.

The Textiles Monitoring Body (TMB)

The TMB has the task of supervising the implementation of the ATC and examining all measures taken under this Agreement and their conformity with it. It consists of a Chairman and ten members who act in their personal capacity. It is a standing body and meets as necessary to carry out its functions, relying mainly on notifications and information supplied by Members under the relevant provisions of the ATC.

The composition of the TMB's membership for the third stage of the integration process under the ATC (2002-2004) was decided by the General Council in December 2001. The decision included the allocation of the ten seats to WTO Members or to groupings of Members (i.e. constituencies) which, in turn, appointed an individual to be the TMB member, acting on an ad personam basis. The TMB members may appoint their alternates. Alternates are selected from within the constituency of the member. Most of the constituencies operate on the basis of rotation.

At the beginning of 2003 the following WTO Members appointed individuals to serve as member (or alternate) in the TMB: Canada (Norway); China (Pakistan; Macao, China); the European Communities; Hong Kong, China (Korea, Bangladesh); India (Tunisia); Indonesia (Thailand); Japan; Peru (Guatemala, Brazil); Turkey (Switzerland, Bulgaria); and the United States.

The TMB takes all of its decisions by consensus. However, consensus within the TMB does not require the assent or the concurrence of those members appointed by WTO Members which are involved in an unresolved issue under review by the TMB. The TMB also has its own detailed working procedures.

In the period 1 February 2003 to 31 January 2004, the TMB held ten formal sessions. The detailed reports of these meetings are contained in documents G/TMB/R/96-105. The TMB adopted a report consisting in an update to its 2002 annual report to the CTG, covering the period 15 October 2002 to 23 June 2003, and providing a summary of the matters handled by the TMB during that time (G/L/632). In addition, the TMB adopted an annual report to the CTG covering the period 15 October 2002 to 22 October 2003, also providing an overview of the issues handled by the TMB during that time (G/L/650).

The TMB examined a number of notifications and communications received from WTO Members in respect of actions taken under the provisions of the ATC, including integration programmes and a number of issues in respect of other obligations under the ATC.

More specifically, the TMB, *inter alia*, continued its examination of the programme of the third stage (2002 to 2004) of the integration process of Bolivia and decided to seek clarification regarding certain aspects of the additional notification made by Bolivia. The TMB took note of the fourth stage integration programme (i.e. the full integration of the textile and clothing sector into GATT 1994 on 1 January 2005) of Japan. At this occasion, the TMB decided to remind WTO Members of the notification requirement regarding the final stage of integration contained in the ATC.

The TMB considered the reasons given by the United States, pursuant to Article 8.10 of the ATC, for considering itself unable to conform with the recommendation made in January 2003 by the TMB that the United States implement the necessary adjustments in its

methodology applied in providing the increase for Stage 2 of the integration process in the respective growth rates of the restrictions maintained on imports from China. Following a thorough consideration of these reasons, the TMB concluded that they did not lead it to change its recommendation. The TMB continued to be of the view that it had not been justified under the relevant provisions of the accession instruments of China and the ATC to prorate the 25% increase for the short period of China's actual membership during Stage 2. Consequently, the TMB recommended that the United States reconsider its position and implement forthwith the necessary adjustments in its respective methodology applied, with a view to bringing it in line with the TMB's conclusion regarding the minimum requirements that had to be met. Subsequently, the TMB received a communication from the United States which stated that, since the US position continued to be that the methodology used by the United States was consistent with its WTO obligations, including paragraph 241 of the Working Party report on the Accession of China to the WTO, the United States did not intend to amend its methodology to conform to the TMB's recommendation. The TMB expressed regret that the matter remained unresolved and took note of the United States' communication, observing that, following the recommendation the TMB had made under Article 8.10, it was neither required nor mandated to address the substance of the communication received from the United States. The TMB further recalled that, under Article 8.10, "[i]f, after such further recommendations, the matter remains unresolved, either Member may bring the matter before the Dispute Settlement Body and invoke paragraph 2 of Article XXIII of GATT 1994 and the relevant provisions of the Dispute Settlement Understanding."

The TMB continued its consideration and took note of the notification made by Turkey, following the accession of China to the WTO, of the quantitative restrictions maintained by Turkey with reference to Article 2 of the ATC on imports from China. In so doing, the TMB requested additional information and clarification as necessary and also considered the observations made with respect to this notification by China. Similarly, following the accession of the Former Yugoslav Republic of Macedonia (FYROM) to the WTO, the TMB took note of the notification made by the United States of the quantitative restrictions maintained with reference to Article 2 on imports from FYROM, having requested additional information and clarification as necessary. In this context, the TMB, *inter alia*, considered the manner in which the growth-on-growth provisions provided for in Article 2.14 of the ATC had been implemented by the United States with respect to FYROM. The TMB found that once the United States had concluded that it had been appropriate to apply the provisions of Article 2.14(b) to FYROM for 2003 (since FYROM had become a Member in that year), the 27% increase in the respective growth rates should have been implemented in full for the year 2003, instead of prorating it for the period of FYROM's actual membership during that year. The TMB, therefore, invited the United States to reconsider its position and to implement the full 27% increase in the respective growth rates applicable to Stage 3 also for the year 2003.

The TMB reviewed pursuant to Article 6.9 of the ATC the restraint measures agreed between Brazil and Chinese Taipei and between Brazil and the Republic of Korea, respectively. These transitional safeguard measures affected imports by Brazil of certain woven fabrics from the two Members concerned. Having examined in detail the specific and relevant factual information provided by Brazil in accordance with Article 6.7 in each respective case, and having reviewed the main elements of the agreements reached, the TMB determined that the agreements reached between Brazil and Chinese Taipei and between Brazil and the Republic of Korea, respectively, were justified in accordance with the provisions of Article 6 of the ATC. In that context, the TMB also took note of an agreement reached between Brazil and Chinese Taipei, notified together with the above-mentioned agreement between the two Members, to modify the phase-out programme of the quantitative restriction maintained by Brazil on imports of certain textile products from Chinese Taipei pursuant to Article 3 of the ATC by increasing the restraint level for the last quota year and by bringing forward the termination date of the restriction.

The TMB took note of a notification by Canada, for the Body's information, of the notification Canada had submitted to the Committee on Trade and Development with respect to improvements to the Canadian preferential scheme for least-developed countries, *inter alia* providing for duty-free and quota-free access to all textile and clothing imports from the LDCs.

The TMB discussed the question of the Member's implementation of the notification and information requirements embodied in the ATC on two different occasions. In the first instance, the TMB stressed the importance of the Member's adherence to the notification requirements contained in the ATC, recalling the notification requirements contained in Article 3.3 of the ATC which states that Members shall provide the TMB, for its information, notifications submitted to any other WTO bodies with respect to any new restrictions or changes in existing restrictions on textile and clothing products, taken under any GATT 1994 provision, within 60 days of their coming into effect. The TMB also observed that measures or actions, other than those falling

under the provisions of Article 3.3, having a bearing on the implementation of other provisions of the ATC should also be brought to the its attention, for information. Subsequently, having observed that no such notification of information had been received, the TMB reiterated its request, assuming in particular that agreements had been reached between certain Members or policies adopted and developed by some Members, falling under the provisions of Article 3.3 or having a bearing on the implementation of other provisions of the ATC, without being notified to any WTO body or brought to the attention of the TMB.

Agriculture

The Committee on Agriculture continued its systematic review of the implementation of WTO commitments resulting from the Uruguay Round or accession to the WTO. This review is undertaken on the basis of notifications submitted by Members in the areas of tariff quota administration and utilisation, special safeguards, domestic support and export subsidies, as well as export restrictions. In the course of the Committee's four meetings in 2003, a fairly long list of matters relating to the implementation of commitments was raised by Members under the provisions of Article 18.6 of the Agreement (see report of the meetings G/AG/R/34-37). For example, a number of Members requested that the United States notify and further clarify its steps taken to implement the Farm Security and Rural Investment Act of 2002. Another issue raised frequently concerned the use of export subsidies by a number of countries. One of the matters of particular interest during the Committee's second review of China's accession commitments under the Transitional Review Mechanism was the implementation of tariff quota commitments. The Committee also took up three agriculture-related implementation issues (see Section II on the Doha Development Agenda above).

Sanitary and phytosanitary measures

The Agreement on the Application of Sanitary and Phytosanitary Measures (the "SPS Agreement") sets out the rights and obligations of Members when taking measures to ensure food safety, to protect human health from plant – or animal-spread diseases, or to protect plant and animal health from pests and diseases. Governments must ensure that their food safety and animal or plant health measures are necessary for health protection, are based on scientific principles, are transparent, and are not applied in a manner which would constitute a disguised restriction on international trade. The measures must be justifiable through an assessment of the health risks involved. The use of internationally-developed standards is encouraged. Advance notice must be given of proposed new regulations or modifications to requirements whenever these differ from the relevant international standards. Since 1 January 2000, the provisions of the SPS Agreement also apply to LDCs.

At each of its three regular meetings in 2003, the SPS Committee considered a wide range of specific trade concerns, including many related to individual notifications.²² The issues discussed included, *inter alia*, measures taken in response to foot-and-mouth disease outbreaks, measures relating to various diseases of poultry, concerns regarding maximum levels of pesticide residues and contaminants, and measures affecting trade in beef, fish, fresh fruits and genetically modified products. A number of questions and concerns regarding the implementation of the US Bioterrorism Act and the implementation of the international phytosanitary standard on wood packaging material were also considered by the Committee.

The Committee also addressed a number of implementation-related issues and concerns under a mandate from the General Council.²³ The Committee conducted a Transitional Review under Paragraph 18 of the Protocol of Accession of the People's Republic of China. Following the provisional procedures adopted in October 1997, the SPS Committee continued to monitor the use of international standards, and agreed to extend the procedure for a further 36 months.²⁴

In 2003, 850 notifications were submitted; 4,140 SPS notifications have been submitted since the entry into force of the SPS Agreement in 1995. One-hundred-and-thirty-seven Members had established and identified enquiry points to respond to requests for information regarding sanitary and phytosanitary measures, and 111 had identified their national notification authority responsible for notifications. The Committee held a special meeting on the operation of enquiry points in conjunction with the October regular meeting. The meeting focused on the problems Members' enquiry points were facing in ensuring the effective operation of their national enquiry points and on identifying ways to overcome these constraints.²⁵

The WTO Secretariat regularly provides technical assistance to developing and WTO-acceding countries to facilitate their implementation of the SPS Agreement. During 2003, the WTO Secretariat organized eight regional SPS workshops, seven national SPS seminars and participated in three regional SPS technical assistance activities organized by other Members. Most of this technical assistance has been undertaken in cooperation with the standard-

²² G/SPS/R/29 and corrigendum, G/SPS/R/30 and corrigendum, G/SPS/R/31 and corrigendum, and G/SPS/GEN/204/Rev.4.

²³ JOB(03)/100.

²⁴ G/SPS/28.

²⁵ G/SPS/R/32.

setting organizations (Codex, OIE and IPPC), as well as with the World Bank and relevant regional organizations.

In 2003, dispute settlement reports were issued regarding trade restrictions on fresh apples due to *Erwinia amylovora* (fire blight). To date, panel and appellate body reports have been issued for four SPS-related issues including: *EC-Hormones*, *Australia-Salmon*, *Japan-Varietals*, and *Japan-Fire blight*. Three new dispute settlement panels were established in 2003 regarding, *inter alia*, the SPS Agreement: (i) the United States, Canada and Argentina's complaint against the European Communities regarding measures affecting the approval and marketing of biotech products; (ii) the Philippines' complaint against Australia's restrictions on fresh fruits and vegetables; and (iii) the European Communities' complaint against Australia's quarantine regime.

Safeguards

WTO Members may take "safeguard" actions with respect to a product if increased imports of that product are causing, or threaten to cause, serious injury to the domestic industry that produces like or directly competitive products. Prior to the Uruguay Round, safeguard measures could be applied on the basis of Article XIX of GATT 1947. The WTO Agreement on Safeguards establishes additional substantive and procedural requirements for applying new safeguard measures. It also stipulates that Members shall not seek, take or maintain any voluntary export restraints, orderly marketing arrangements or any other similar measures which afford protection.

During the period under review, the Committee on Safeguards held two regular meetings, in April and October 2003. The Committee also held a special meeting in December 2002, and various informal meetings, concerning an outstanding implementation issue referred to the Committee by the 2001 Ministerial Conference. In addition, the Committee held a special meeting in July 2003, and various informal meetings, concerning a proposal referred to the Committee by the General Council.

Notification and examination of safeguards laws and/or regulations of Members The Committee continued its review of notifications under Article 12.6 of the Agreement concerning national legislation and/or regulations in the area of safeguards. For Members with such legislation and/or regulations, these notifications consist of the full and integrated text thereof. For Members without such legislation and/or regulations, these notifications inform the Committee of this fact.

As of 31 December 2003, 100 Members²⁶ had notified the Committee of their domestic safeguards legislation and/or regulations or made communications in this regard to the Committee (G/SG/N/1 document series). Thirty-one Members had not as of that date made such a notification. The extent of the non-compliance with this notification obligation, and the implications of this situation, were discussed at the regular meetings of the Committee held during the review period.

Notifications of actions related to safeguard measures During 2003, the Committee received and reviewed a variety of notifications of actions related to safeguard measures. The Committee reviewed 16 notifications regarding the initiation of an investigation, ten notifications of application of a provisional measure, 18 notifications concerning findings of serious injury or threat thereof caused by increased imports, 12 notifications of termination of a safeguard investigation with no safeguard measure imposed, 19 notifications concerning decisions to apply safeguard measures and 19 notifications concerning the non-application of a safeguard measure to developing-country Members.

Subsidies and countervailing measures

The Agreement on Subsidies and Countervailing Measures (the "SCM Agreement") regulates the provision of subsidies and the imposition of countervailing measures by Members. The Agreement applies to subsidies that are specific to an enterprise or industry or group of enterprises or industries within the territory of a Member. Specific subsidies are divided into two categories: prohibited subsidies under Part II of the Agreement and actionable subsidies under Part III of the Agreement.²⁷ Part V of the Agreement governs the conduct of countervailing duty investigations and the application of countervailing measures by Members. Parts VIII and IX of the Agreement provide special and differential treatment, respectively, for developing-country Members and for Members in transformation to a market economy.

Article 27.4 extensions Developing-country Members subject to the eight-year transition period in Article 27.2(b) of the SCM Agreement for the elimination of export subsidies had the possibility, not later than 31 December 2001, to seek extension of this transition period. In 2002, the Committee approved requests for extension, for calendar year 2003, of 21 developing-country Members in respect of specific programmes pursuant to Article 27.4 of the Agreement.²⁸ Most of these (i.e. 43 programmes of 19 Members) were

²⁶ Counting the EC as a single Member for purposes of the legislative notification.

²⁷ The provisions of Part IV of the Agreement, on non-actionable subsidies, lapsed on 1 January 2000, as there was no consensus in the Committee on Subsidies and Countervailing Measures, pursuant to Article 31 of the SCM Agreement, to extend these provisions.

²⁸ Antigua & Barbuda; Barbados; Belize; Colombia; Costa Rica; Dominica; Dominican Republic; El Salvador; Fiji; Grenada; Guatemala; Jamaica; Jordan; Mauritius; Panama; Papua New Guinea; St. Kitts & Nevis; St. Lucia; St. Vincent and the Grenadines; Thailand; Uruguay.

requests based on the procedures contained in G/SCM/39, which had been approved by Ministers at Doha in the Decision on Implementation-Related Issues and Concerns; one Member's request in respect of two programmes was based on the language in paragraph 10.6 of that same Decision; and eight programmes were on the basis of Article 27.4 alone. In 2003, the Committee conducted the mandated standstill and transparency review of these export subsidy programmes and approved the continuation, for calendar year 2004, of the extensions in respect of the 43 programmes of 19 Members on the basis of the procedures in G/SCM/39 and the two programmes of one Member on the basis of paragraph 10.6 of the Doha Implementation Decision (documents G/SCM/50/Add.1-G/SCM/94/Add. 1).

Annex VII(b) In paragraph 10.1 of the Doha Implementation Decision, Ministers agreed that Annex VII(b) to the Agreement included the Members that were listed therein until their GNP per capita reached US\$1,000 in constant 1990 dollars for three consecutive years. From 1 January 2003, the methodology for calculating constant 1990 dollars set forth in G/SCM/38, Appendix 2, applies. The Secretariat circulated, in document G/SCM/110, a note updating GNP per capita for Members listed in Annex VII(b) as foreseen in paragraph 10.1 of the Doha Ministerial Decision and in accordance with the methodology in G/SCM/38.

Notification and review of subsidies Transparency is essential for the effective operation of the Agreement. To this end, Article 25 of the SCM Agreement requires that Members make a notification of specific subsidies by 30 June of each year. At its May 2003 meeting, the Committee continued the understanding reached in 2001 that Members would give priority to submitting new and full notifications every two years and would de-emphasize the review of updating notifications. The Committee will once again review this arrangement in 2005. The 2003 new and full notifications may be found in document series G/SCM/N/95/... A table indicating the status of 2003 subsidy notifications to 29 October 2003 is reproduced in Annex A of the Committee's 2003 report to the CTG (G/L/655). The Committee continued its review of these new and full subsidy notifications, as well as updating notifications from previous years, at its regular and special meetings in May and October 2003. The Committee also adopted a revised subsidy notification format (G/SCM/6/Rev.1).

Working party on subsidy notifications The Working Party on Subsidy Notifications met in May and October 2003 to continue the discussions on further possible steps to facilitate notification by Members, including possible follow-up on the subsidy notification seminar for capital-based officials held in October 2002. The Chair reported on the Working Party's discussions at the Committee's regular May and October 2003 meetings.

Permanent Group of Experts The Agreement provides for a Permanent Group of Experts ("PGE"), composed of five independent persons highly qualified in the fields of subsidies and trade relations. The role of the PGE involves the provision of assistance to panels with respect to whether a subsidy is prohibited, as well as the provision of advisory opinions at the request of the Committee or a Member.²⁹ Although the PGE has drafted Rules of Procedure and submitted them to the Committee for its approval, the draft Rules have not yet been approved by the Committee.

Notification and review of countervailing duty legislation Pursuant to Article 32.6 of the Agreement and a decision of the Committee, Members are required to notify their countervailing duty legislation and/or regulations (or the lack thereof) to the Committee. A table indicating the status of legislative notifications to 29 October 2003 is reproduced in Annex E of the Committee's 2003 report to the CTG (G/L/655). At its spring and autumn 2003 meetings, the Committee continued its review of legislative notifications.

Countervailing actions Countervailing actions taken during the period 1 July 2002–30 June 2003 are summarized in Tables II.3 and II.4. While notifications are incomplete, the data available indicate that 13 new countervailing duty investigations were initiated in the review period. As of 30 June 2003, Members reported 103 countervailing measures (including undertakings) in force.

Table II.3

Exporters subject to initiations of countervailing investigations, 1 July 2002-30 June 2003^a

Affected Country	Initiations	Affected Country	Initiations
Canada	2	Korea, Rep. of	2
Colombia	1	Poland	1
European Communities ^b	2		
India	5	Total	13

²⁹ The current membership of the PGE is as follows: Messrs Okan Aktan, Marco Bronckers, Yuji Iwasawa, Hyung-Jin Kim and Terence P. Stewart.

^a The table is based on information from Members that have submitted semi-annual reports and is incomplete due to a significant number of missing notifications or notifications not providing information required by the notification format adopted by the Committee.

^b Includes initiations in respect of individual EC Member States: Italy.

Table II.4

Summary of countervailing duty actions, 1 July 2002-30 June 2003

Reporting party	Initiations	Provisional measures	Definitive duties	Undertakings	Measures in force on 30.06.2003
Argentina	0	0	0	0	3
Australia	1	0	0	0	3
Brazil	1	0	0	0	0
Canada	0	0	0	0	10
Costa Rica	1	0	0	0	0
European Communities	2	2	3	1	20
Latvia	1	0	0	0	0
Mexico	0	0	0	0	1
New Zealand	0	0	0	0	1
Peru	0	1	1	0	1
South Africa	0	0	1	0	4
United States	6	3	9	0	57
Venezuela	1	0	0	0	3
Total	13	6	14	1	103

Anti-Dumping Practices

Article VI of GATT 1994 allows Members to apply anti-dumping measures on imports of a product with an export price below its "normal value" (usually, the comparable price of the product in the domestic market of the exporting country) if such imports cause or threaten to cause material injury to a domestic industry. The Agreement on Implementation of Article VI of GATT 1994 ("the Agreement") sets forth detailed rules concerning the determinations of dumping, injury, and causal link, and the procedures to be followed in initiating and conducting anti-dumping investigations. It also clarifies the role of dispute settlement panels in disputes concerning anti-dumping actions taken by WTO Members.

Notification and review of anti-dumping legislation

WTO Members are under a continuing obligation to notify their anti-dumping legislation and/or regulations (or lack thereof). Members who enact new legislation or amend existing legislation are required to notify the new text or amendment. As of 31 December 2003, 104 Members (counting the EC as a single Member) had submitted notifications regarding anti-dumping legislation and/or regulations. Twenty-seven Members had not yet submitted a notification. Review of Members' notifications of legislation continues at the regular meetings of the Committee on Anti-Dumping Practices, on the basis of written questions and answers.

Subsidiary bodies

The Committee has two subsidiary bodies, the Working Group on Implementation (formerly known as the Ad Hoc Group on Implementation), and the Informal Group on Anti-Circumvention. These bodies meet twice a year in regular session, in conjunction with the regular meetings of the Committee.

The Working Group on Implementation considers, principally, technical issues concerning the Agreement. At its meetings in April and October 2003, the Working Group continued discussions on a series of topics referred to it by the Committee in April 1999, and began discussion on a new set of topics referred to it by the Committee in April 2003. Discussion proceeded on the basis of papers submitted by Members, draft recommendations prepared by the Secretariat, and information submitted by Members concerning their own practices.

In the Informal Group on Anti-Circumvention, Members discuss the matters referred to the Committee by Ministers in the 1994 Ministerial Decision on Anti-Circumvention. The Informal Group met in April and October 2003, and continued discussions on the three topics under the agreed framework for discussions, "what constitutes circumvention", "what is being done by Members confronted with what they consider to be circumvention" and "to what extent can circumvention be dealt with under the relevant WTO rules? to what extent can it not? and what other options may be deemed necessary?".

Anti-dumping actions

Anti-dumping actions taken during the period 1 July 2002 - 30 June 2003 are summarized in Tables II.5 and II.6. The tables are incomplete because certain Members have not submitted the

Table II.5

Summary of anti-dumping actions, 1 July 2002-30 June 2003^a

	Initiations	Provisional measures	Definitive duties	Price undertakings	Measures in force on 30.06.2003 ^b
Argentina	4	12	25	4	77
Australia	14	9	6	0	46
Brazil	9	1	4	0	56
Canada	7	5	1	0	87
China	17	38	11	0	29
Czech Republic	0	0	0	0	1
Egypt	3	0	9	0	14
European Communities	15	5	14	3	204
India	67	54	64	0	210
Indonesia	6	0	3	0	0
Jamaica	0	0	1	0	not reported
Japan	0	0	2	0	2
Korea	11	0	0	0	16
Latvia	0	2	1	1	1
Malaysia	0	2	0	0	not reported
Mexico	8	6	4	0	54
New Zealand	3	1	1	0	8
Peru	8	4	6	0	23
Philippines	2	0	5	0	4
Poland	0	2	2	2	8
South Africa	5	1	8	0	96
Chinese Taipei	2	0	2	0	9
Trinidad and Tobago	2	1	1	0	4
Turkey	11	6	24	0	48
United States	29	21	13	0	278
Venezuela	1	0	1	0	16
Total	238	191	229	10	1323

^a The reporting period covers 1 July 2002 to 30 June 2003. The table is based on information from Members having submitted semi-annual reports for that period and is incomplete due to missing reports and/or missing information in reports.

^b Includes definitive price undertakings.

Table II.6

Exporters subject to two^a or more initiations of anti-dumping investigations, 1 July 2002-30 June 2003^b

Affected Country	Total	Affected Country	Total
China	42	Pakistan	4
European Communities and/or member States	32	Turkey	4
Korea	19	Argentina	3
Chinese Taipei	13	Australia	3
India	12	Brazil	3
United States	12	Chile	3
Thailand	11	Iran	3
Japan	10	Kazakhstan	3
Russia	8	Malaysia	3
Indonesia	7	Mexico	3
Canada	5	Venezuela	3
Romania	5	Faeroe Islands	2
Singapore	5	Poland	2
South Africa	5	Ukraine	2
		Total	227 ^c

^a Countries the subject of only one initiation of an anti-dumping investigation were: Algeria; Bulgaria; Czech Republic; Hong Kong, China; New Zealand; Norway; Philippines; Saudi Arabia; Slovak Republic; United Arab Emirates; and Viet Nam.

^b The reporting period covers 1 July 2002 to 30 June 2003. The table is based on information from Members having submitted semi-annual reports for that period and is incomplete due to missing reports and/or missing information in reports.

^c Does not include exporters subject to only one initiation (see above). There were 238 initiations in total.

required semi-annual report for this period or have not provided all the information required by the format adopted by the Committee. The data available indicate that 238 investigations were initiated during the period. The most active Members, in terms of initiations, were India (67), the United States (29), China (17), the European Communities (15), Australia and Thailand (14 each) and Korea and Turkey (11 each). As of 30 June 2003, 24 Members reported anti-dumping measures (including undertakings) in force. Of the 1323 measures in force reported, 21% were maintained by the United States, 16% by India, 15% by the European Communities, 7% each by South Africa and Canada, and 6% by Argentina. Other Members reporting measures in force each accounted for 5% or less of the total. Products exported from China were the subject of the most anti-dumping investigations initiated during the period, (42), followed by products exported from the European Communities or its member States (32), the Republic of Korea (19), Chinese Taipei (13), India and the United States (12 each), Thailand (11), and Japan (10).

Technical barriers to trade

During 2003, the Committee held three meetings (the reports are contained in G/TBT/M/29-31). At each meeting the Committee considered specific trade concerns brought to its attention by Members. Much of the Committee's work in 2003 focused on the Third Triennial Review which was completed in November. Elements considered under the Review included the following: (i) the implementation and administration of the Agreement, (ii) good regulatory practice, (iii) transparency procedures, (iv) conformity assessment procedures, (v) technical assistance and special and differential treatment, and (vi) other elements. A number of recommendations were made (document G/TBT/13).

The Committee held a special workshop on technical assistance on 18 March 2003. Several proposals were made on technical cooperation which could contribute to the development of the TBT-related technical cooperation program. A "Learning Event" on Labelling was held on 21-22 October. This Event was based on real-life case studies, with a particular focus on developing countries' concerns. It was aimed at enhancing Members' understanding of the preparation, adoption and application of labelling requirements in the context of the implementation of the TBT Agreement, as well as the impact of such requirements on market access.

State Trading Enterprises

The Working Party on State Trading Enterprises was established in accordance with paragraph 5 of the Understanding on the Interpretation of Article XVII of the GATT 1994, and held its first meeting in April 1995. The Working Party held a formal meeting in November 2003.

The Working Party's main task is to review the notifications and counter-notifications submitted by Members on their state trading activities. Notifications shall be made in accordance with the questionnaire on state trading adopted in April 1998 (G/STR/3). Reviews of the notifications submitted are conducted in formal meetings of the Working Party. In November 2003 the Working Party decided on a change in the frequency of the notifications requiring Members to submit new and full notifications every two years and eliminating the requirement for updating notifications (G/STR/5). This change will be implemented as of the year 2004. Notifications must be made by all Members, regardless of whether the Member maintains any state trading enterprises, and regardless of whether an existing state trading enterprise has conducted any trade during the period under review.

With regard to the main task of the Working Party – the review of notifications – at its November 2003 meeting the Working Party reviewed 29 notifications: 2003 updating notifications of China; Cyprus; Guinea; Hong Kong, China; Hungary; Jordan; Liechtenstein; Macao, China; Pakistan; Poland; Slovenia; and Switzerland; 2002 updating notifications of China; Costa Rica; Cyprus; Guinea; Latvia; Moldova; Poland; Slovak Republic; Slovenia; Tunisia and Turkey; 2001 new and full notifications of China; Cyprus; Guinea; Slovak Republic; Tunisia and Turkey. At that meeting, the Working Party also adopted its annual report to the Council for Trade in Goods for the year 2003 (G/L/660).

Trade-related investment measures (TRIMs)

The Agreement on Trade-Related Investment Measures requires WTO Members to eliminate trade-related investment measures (TRIMs) that are inconsistent with Article III or Article XI of GATT 1994. Members were given a transition period to eliminate TRIMs notified within 90 days of the entry into force of the WTO Agreement – two years in the case of developed-country Members, five years in the case of developing-country Members, and seven-years in the case of least-developed country Members. Twenty-six such notifications were made.

Under Article 5.3 of the TRIMs Agreement, the Council for Trade in Goods (CTG) may extend the transition period at the request of an individual developing or least-developed country Member that demonstrates particular difficulties in implementing the provisions of the Agreement. In July 2001, eight developing countries – Argentina, Colombia, Malaysia, Mexico, Pakistan, the Philippines, Romania and Thailand were given extensions of the transition period until the end of 2001, and in November 2001 the CTG granted additional extensions to these Members for periods up to end-2003. The Members concerned were required to report to the CTG by the end of 2002 on the progress they had made in phasing out the remaining TRIMs. At its November 2003 meeting, the CTG took stock of the situation and reviewed the progress reports that had been submitted (G/L/601, G/L/602, G/C/W/447, G/C/W/459, G/C/38). In late December 2003, Pakistan requested a further extension of three years for the maintenance of certain TRIMs in its automobile industry. Consideration of this request by the CTG is pending.

In 2003, the TRIMs Committee held three formal meetings. At each of these meetings, the Committee reviewed the status of Members' notifications under Article 6.2 of the TRIMs Agreement concerning publications in which information on TRIMs can be found. Also, as instructed by the Chairman of the General Council on 20 May 2003, the TRIMs Committee considered two proposals on special and differential treatment that were submitted by the African Group in document TN/CTD/W/3/Rev.2 with respect to Article 4 and Article 5.3 of the TRIMs Agreement. A report of the Chair of the Committee on this issue was forwarded to the General Council in July 2003 (G/L/638). At its October 2003 meeting, the Committee completed its second annual review under the Transitional Review Mechanism of China's Protocol of Accession and submitted its report to the CTG (G/L/648).

During 2003, the CTG continued the Article 9 review of the operation of the TRIMs Agreement.

VI. Trade in services

Council for Trade In Services

The Council for Trade in Services held five formal meetings during 2003. Reports of the meetings are contained in documents T/S/C/M/ 65 to 69. The reports of the meetings, as well as the annual reports by the Council, contained in documents T/S/C/17/Rev.1 and T/S/C/19, should be read in conjunction with this report. During the reporting period, the Council addressed the following matters:

Proposals for a technical review of GATS provisions – Article XX:2 Substantive discussions on Proposals for a Technical Review – Article XX:2 began in June 2002 and have continued during the reporting period. At its meeting held on 3-7 July 2003, the Council decided to refer this item to the Committee on Specific Commitments for its consideration and report back at the Council's first formal meeting in 2004.

Review of air transport under the Annex on Air Transport At the meeting held on 2, 9 and 24 October 2003 the Council held a discussion on the basis of, *inter alia*, a submission from Australia and New Zealand. The Council decided to conclude the first review mandated under the Annex on Air Transport Services and to formally commence the second review at the last regular meeting of the Council for Trade in Services in 2005. This was agreed without prejudice to Members' interpretation of Paragraph 5 of the Annex.

Transitional review under Section 18 of the Protocol of Accession of the People's Republic of China At its meeting held on 5 December 2003 the Council for Trade in Services conducted and concluded the second Transitional Review under Section 18 of the Protocol of Accession of the People's Republic of China. The Council took note of the report from the Committee on Trade in Financial Services on its review, contained in document S/FIN/11, which formed part of the Services Council's report on this matter to the General Council, contained in document S/C/22.

Request for a waiver from specific commitments under the GATS pursuant to Articles IX:3 and 4 of the Marrakesh Agreement Establishing the World Trade Organization At its meeting held on 5 December 2003 the Council held its first discussion on a request for waiver made by the Government of Albania to allow Albania to postpone the implementation of some commitments in telecommunications services. The Council agreed to revert to this item at its next meeting.

Other issues addressed by the Council for Trade in Services

At its meetings held on 14 May 2003 and 3-7 July 2003, following the requests from Dominican Republic, Uruguay and the Poland, the Council decided to re-open the Fifth Protocol relating to Financial Services for acceptance by these three Members. The three

Decisions taken in this regard are contained in documents S/L/111, S/L/112 and S/L/130. At three formal meetings in 2003, the Council held discussions on the implementation of Article VII of GATS (Recognition) based on a submission from India.

VII. Trade-related aspects of intellectual property rights (TRIPS)

The Council for TRIPS followed up the reviews of the national implementing legislation of certain developing-country Members that were initiated in 2001 and 2002 following the expiry of their transition period at the beginning of 2000. At the end of the year, the completion of 15 reviews was pending. At its meeting in November, the Council undertook the second annual Transitional Review of the implementation by China of its WTO commitments pursuant to Section 18 of the Protocol on the Accession of the People's Republic of China.

An important part of the Council's work related to the implementation of paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health. This work is described in Section II on the Doha Development Agenda above.

Pursuant to paragraph 19 of the Doha Ministerial Declaration, the Council continued its discussions related to the review of the provisions of Article 27.3(b), the relationship between the TRIPS Agreement and the Convention on Biological Diversity, and the protection of traditional knowledge and folklore. The Council received a number of papers from Members, and the Secretariat circulated an updated synoptic table summarizing the information Members had provided in response to a questionnaire on the implementation of Article 27.3(b).

The Council adopted a decision on the implementation of Article 66.2 of the TRIPS Agreement and held the first annual review under the terms of that decision. The Council's work on the implementation of Article 66.2 as well as on non-violation and situation complaints is described in Section II on the Doha Development Agenda above.

The Council agreed that developed country Members would update the information on their technical and financial cooperation activities pursuant to Article 67 of the Agreement in time for the Council's meeting in November. Updated information was also received from a number of intergovernmental organizations observers to the Council, as well as from the WTO Secretariat. Furthermore, at each Council meeting, the WTO and WIPO Secretariats reported on the implementation of their Joint Initiative on Technical Cooperation for Least-Developed Countries launched in June 2001.

At its June meeting, the Council considered the special and differential treatment proposals made in the context of the negotiations in the Special Session of the Committee on Trade and Development and referred to it by the Chair of the General Council in a letter dated 20 May 2003. The African Group conveyed to the Chair on 19 August a text which modified its original proposal dealing with exclusive marketing rights in the light of discussions it had held with some other delegations. The Chair forwarded this text for the consideration of the Members of the TRIPS Council. Since no comments were made in response to this, the Chair forwarded the text (JOB(03)/171) to the Chair of the General Council for appropriate action.

Other issues discussed in the TRIPS Council included the review of implementation of the TRIPS Agreement under Article 71.1, electronic commerce, and the review of the application of the provisions of the Section on geographical indications under Article 24.2. Further information can be found in the Annual Report (2003) of the Council for TRIPS (IP/C/30).

VIII. Resolution of trade conflicts under the WTO's Dispute Settlement Understanding

Overview

The General Council convenes as the Dispute Settlement Body (DSB) to deal with disputes arising from any agreement contained in the Final Act of the Uruguay Round that is covered by the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU). The DSB, which met 22 times during 2003, has the sole authority to establish dispute settlement panels, adopt panel and Appellate Body reports, maintain surveillance of implementation of recommendations and rulings, and authorize suspension of concessions in the event of non-implementation of recommendations.

Dispute settlement activity in 2003

In the year 2003, the DSB received 26 notifications from Members of formal requests for consultations under the DSU. During this period, the DSB also established panels to deal with

19 new cases and adopted panel and/or Appellate Body Reports in 15 cases, concerning 8 distinct matters. In addition, mutually agreed solutions were notified in 2 cases. The following section briefly describes the procedural history and, where available, the substantive outcome of these cases. It also describes the implementation status of adopted reports where new developments occurred in the covered period. In order to provide the most up-to-date information available at the time of writing concerning cases that were active in 2003, developments from 1 January 2003 until 20 February 2004 are reflected. New cases initiated in 2004 are not reflected here. The cases are listed in order of their DS number. Additional information on each of these cases can be found on the WTO's website at www.wto.org.

European Communities – Measures affecting meat and meat products (hormones), complaints by the United States and Canada. WT/DS26 and WT/DS48

(For a description of the panel, Appellate Body and arbitration reports, see WTO Annual Reports 1997, p. 131.)

At the DSB meeting on 7 November 2003, the European Communities stated that following the entering into force of its new Directive (2003/74/EC) regarding the prohibition on the use in stockfarming of certain hormones, there was no legal basis for the continued imposition of retaliatory measures by Canada and the United States. According to the European Communities, one of the reasons cited by the Appellate Body in its ruling against the European Communities was its failure to carry out a risk assessment within the meaning of Articles 5.1 and 5.2 of the SPS Agreement; and, having commissioned such an assessment to be undertaken on its behalf by an independent scientific committee whose findings indicated that the hormones in question posed a risk for consumers, the European Communities had fulfilled its WTO obligations and was entitled to demand the immediate lifting of the sanctions imposed by Canada and the United States in accordance with the provisions of Article 22.8 of the DSU. The United States stated that they had carefully reviewed the new European Communities Directive and did not share the view that it implemented the recommendations and rulings of the DSB. In its view, the new measure lacked any scientific basis and as such could not be justified under the SPS Agreement. Canada said that whilst prepared to discuss this matter further with the European Communities, it doubted whether the new studies presented any new scientific basis for the ban of hormone-treated beef, and was also not in a position to accede to the request of the European Communities.

At the DSB meeting on 1 December 2003, the European Communities stated that (i) in light of the disagreement between the parties to the dispute with regard to the European Communities compliance with the DSB's recommendations, the matter should be referred to the WTO for a multilateral decision; (ii) this situation was similar to other cases, which had been resolved in the past through recourse to Article 21.5 of the DSU; (iii) Canada and the United States should initiate multilateral procedures to determine whether or not the European Communities was in compliance; and (iv) the European Communities were ready to discuss this matter with Canada and the United States. Canada stated that, although at the 7 November DSB meeting, Canada had put forward a suggestion for bilateral discussions concerning the justification for the European Communities position regarding its compliance with the WTO ruling, the European Communities had not responded to this suggestion and that it was up to the European Communities to establish that it had complied with the WTO ruling. Canada declared itself open to discussions with the European Communities regarding its justification for its position. However, at this stage, Canada did not see any basis for removal of its retaliatory measures nor wished to take any other action. The United States stated that it failed to see how the revised European Communities measure could be considered to implement the DSB's recommendations; with regard to the European Communities suggestion that multilateral proceedings be established to determine whether or not the European Communities was in compliance with the WTO rulings, the United States was ready to discuss this matter along with other outstanding issues in relation to the European Communities ban on United States beef.

Canada – Measures affecting the importation of milk and the exportation of dairy products, complaints by the United States and New Zealand (WT/DS103 and WT/DS113)

(For a description of the original Panel and Appellate Body Reports, see WTO Annual Report 2000, pp. 60-62; for details relating to the implementation of these reports up until December 2001 and for a description of the Panel and Appellate Body Reports following recourse to Article 21.5 of the DSU for the first time, see Annual Report 2002, pp. 94-95.)

On 17 January 2003, the DSB adopted the Appellate Body Report and the Panel Report, as modified by the Appellate Body Report, which were circulated in this dispute following recourse to Article 21.5 of the DSU for the second time. *(For further details of these Reports, see Annual Report 2003, p. 95.)*

On 16 January 2003, the parties informed the DSB of their request for a further suspension of the arbitration proceedings under Article 22.6 of the DSU (pursuant to the request for arbitration by Canada on 28 February 2001) until 7 February 2003, in order to permit time for further consultations. On 6 February 2003, the parties informed the DSB that they had agreed that the arbitration remain suspended until 10 April 2003. On 9 April 2003, the parties informed the DSB that they had agreed to further suspend the arbitration until 9 May 2003. On 9 May 2003, Canada and the United States, and Canada and New Zealand informed the DSB that they had reached a mutually agreed solution under Article 3.6 of the DSU in the disputes WT/DS103 and WT/DS113.

United States – Tax treatment for “Foreign Sales Corporations”, complaint by the European Communities (WT/DS108)

(For a description of the Panel report see WTO Annual Report 2000, p.73, for a description of the Appellate Body report, see Annual Report 2001, p. 80, for a description of the compliance Panel and Appellate Body reports, see WTO Annual Report 2002, p. 95.)

On 24 April 2003, the European Communities requested authorization to suspend concessions or other obligations under Article 22.7 of the DSU and Article 4.10 of the SCM Agreement. At its meeting on 7 May 2003, the DSB granted the European Communities authorization to take appropriate countermeasures and to suspend concessions.

United States – Anti-dumping Act of 1916, complaints by the European Communities and Japan (WT/DS136 and WT/DS162)

(For a description of the Panel and Appellate Body reports, see WTO Annual Report 2001, p. 82, for detailed information relating to the implementation of the reports up until 31 December 2002, please see WTO Annual Report 2002, p. 97 and WTO Annual Report 2003, p. 97.)

As no legislation had been adopted to repeal the 1916 Act and to terminate the cases pending before the United States courts, on 19 September 2003 the European Communities requested the Arbitrators to reactivate the arbitration proceeding in dispute WT/DS136. In accordance with the request from the European Communities, the Arbitrators resumed the arbitration proceeding on the same day.

At the DSB meeting on 2 October 2003, the United States stated that legislation repealing the 1916 Act and terminating all pending cases had been introduced in both the United States Senate and the United States House of Representatives. The United States regretted that the European Communities had decided to request the resumption of the arbitration procedure in this dispute. Japan said that it remained gravely concerned about the lack of implementation by the United States and requested the United States to provide more detailed information in order to make it clear if and how the repealing bills introduced to the United States Congress were being addressed, and that it was still contemplating the possibility of reactivation of the arbitration procedure.

At the DSB meeting on 1 December 2003, Japan stated that it was still contemplating the possibility of reactivation of the arbitration procedure under Article 22 of the DSU.

European Communities – Anti-dumping duties on imports of cotton-type bed linen from India, Recourse to Article 21.5 of the DSU by India (WT/DS141)

(For a description of the original Panel Report, see WTO Annual Report 2001, p. 97; for a description of the original Appellate Body Report, see WTO Annual Report 2002, pp. 81-82; for details relating to implementation of these reports to 31 December 2001, see WTO Annual Report 2002, p. 98.)

On 22 May 2002, the DSB agreed to refer this dispute, if possible, to the original panel pursuant to Article 21.5 of the DSU. On 29 November 2002, the Panel circulated its Report to Members, concluding that the European Communities had implemented the recommendation of the original panel and the Appellate Body, as adopted by the DSB, to bring its measure into conformity with its obligations under the Anti-Dumping Agreement. *(For further details regarding this Panel Report and India’s recourse to Article 21.5 of the DSU, see WTO Annual Report 2003, pp. 97-98.)*

On 8 January 2003, India notified the DSB of its decision to appeal the Panel Report of 29 November 2002 and filed a Notice of Appeal with the Appellate Body. On 8 April 2003, the Appellate Body circulated its Report to Members. The Appellate Body upheld the Panel’s finding that India’s claim under Article 3.5 of the Anti-Dumping Agreement was not properly before the Article 21.5 Panel. The Appellate Body reversed the Panel’s finding that the European Communities did *not* act inconsistently with Articles 3.1 and 3.2 of the Anti-Dumping Agreement. The Appellate Body found, instead, that, in respect of import volumes attributable to exports or producers that were *not examined individually* in the investigation, the European Communities had failed to determine the “volume of dumped imports” on the basis of “positive evidence” and an “objective examination”, as required by Articles 3.1

and 3.2. The Appellate Body found that the Panel had properly discharged its duties under Article 17.6 of the Anti-Dumping Agreement and Article 11 of the DSU. The Appellate Body recommended that the DSB request the European Communities to bring its measure into conformity with its obligations under the Anti-Dumping Agreement.

On 24 April 2003, the DSB adopted the Report of the Appellate Body and the corresponding Panel Report, as modified by the Appellate Body Report.

United States – Section 110(5) of the US Copyright Act, complaint by the European Communities (WT/DS160)

(For a description of the Panel report, see WTO Annual Report 2001, p.84, for details of the arbitration reports, see WTO Annual Report 2003, p. 98.)

Following a series of status reports presented at DSB meetings throughout 2003 that stated that the United States and the European Communities were committed to finding a positive and mutually acceptable solution to this dispute, the United States and the European Communities informed the DSB on 23 June 2003, of a mutually satisfactory temporary arrangement.

European Communities – Protection of trademarks and geographical indications for agricultural products and foodstuffs, complaints by the United States and Australia (WT/DS174, WT/DS290)

On 4 April 2003, the United States sent an additional request for consultations concerning the protection of trademarks and geographical indications for agricultural products and foodstuffs in the European Communities in dispute WT/DS174. This request does not replace but rather supplements the 1999 request. The measures concerned are European Communities Regulation 2081/92, as amended, and its related implementing and enforcement measures. According to the United States, the European Communities' Regulation limits the geographical indications that the European Communities will protect and limits the access of nationals of other Members to the European Communities geographical indications procedures and protections provided under the Regulation. The United States claims that the European Communities' Regulation appears to be inconsistent with Articles 2, 3, 4, 16, 22, 24, 63 and 65 of the TRIPS Agreement and Articles I and III:4 of the GATT 1994.

On 17 April 2003, Australia requested consultations with the European Communities concerning the protection of trademarks and to the registration and protection of geographical indications for foodstuffs and agricultural products in the European Communities. The measures at issue include Council Regulation (EEC) No 2081/92 of 14 July 1992 *on the protection of geographical indications and designations of origin for agricultural products and foodstuffs* and related measures. Australia claims that the European Communities measure appears to be inconsistent with various European Communities obligations pursuant to the TRIPS Agreement, Articles I and III of GATT 1994, Article 2 of the TBT Agreement and Article XVI:4 of the WTO Agreement.

On 18 August 2003, the United States and Australia requested separately the establishment of a panel. At its meeting on 29 August 2003, the DSB deferred the establishment of the panels. Further to second requests to establish a panel from the United States and Australia, the DSB established a single panel at its meeting on 2 October 2003. Australia, Colombia, Guatemala, India, Mexico, New Zealand, Norway, Chinese Taipei and Turkey reserved their third-party rights. On 6 October, China reserved its third-party right. On 10 October, Argentina and Canada reserved their third-party rights. On 13 October, Brazil reserved its third-party rights.

United States – Section 211 Omnibus Appropriations Act, complaint by the European Communities (WT/DS176)

(For a description of the Panel and Appellate Body reports, see WTO Annual Report 2002, p. 88.)

On 20 December 2002, the European Communities and the United States informed the DSB that they had mutually agreed to modify the reasonable period of time for the United States to implement the recommendations and rulings of the DSB, so as to expire on 30 June 2003.

On 30 June 2003, the European Communities and the United States informed the DSB that they had mutually agreed to modify the reasonable period of time for the United States to implement the recommendations and rulings of the DSB, so as to expire on 31 December 2003.

On 19 December 2003, the European Communities and the United States informed the DSB that they had mutually agreed to modify the reasonable period of time for implementation of the DSB recommendations and rulings so as to expire on 31 December 2004.

United States – Anti-dumping measures on certain hot-rolled steel products from Japan, complaint by Japan (WT/DS184)

(For description of the Panel and Appellate Body reports see WTO Annual Report 2002, p. 84; for details of implementation up until 31 December 2002, see WTO Annual Report 2003, p.99.)

At the DSB meeting on 7 November 2003, the United States stated that with respect to the DSB's recommendations and rulings on the United States anti-dumping statute, that the administration was supporting the passage of specific amendments to the United States anti-dumping duty law in order to bring it into conformity with the DSB's recommendations and rulings. Japan said that the extended reasonable period of time for the implementation of the DSB's recommendations and rulings agreed to by the parties was about to expire, yet the necessary statutory changes had not been introduced in the United States Congress. On 21 November 2003, the United States notified the Chairman of the DSB that it proposed that the reasonable period of time for implementation of the recommendations and rulings of the DSB be modified so as to expire on 31 July 2004, and that it was consulting with Japan regarding this proposal. At its meeting on 10 December 2003, the DSB agreed to the request by the United States for an extension of the reasonable period of time for the implementation of the recommendations and rulings of the DSB.

Chile – Measures affecting the transit and importation of swordfish, complaint by the European Communities (WT/DS193)

(For details of the dispute, see WTO Annual Report 2001, p.101.)

On 12 November 2003, the parties to the dispute informed the Chairman of the DSB that they agreed to maintain the suspension of the process for the constitution of the panel.

United States – Definitive safeguard measures on imports of circular welded carbon quality line pipe from Korea, complaint by Korea (WT/DS202)

(For a detailed description of the Panel and Appellate Body reports see WTO Annual Report 2003, p. 88.)

At the DSB meeting on 18 March 2003, the United States informed that its safeguard measure on line pipe from Korea had been terminated on 1 March 2003.

United States – Anti-dumping and countervailing measures on steel plate from India, complaint by India (WT/DS206)

(For a description of the Panel report, see WTO Annual Report 2003, p. 89.)

On 17 January 2003, the parties informed the DSB that they had mutually agreed to modify the reasonable period of time for implementation so as to expire on 31 January 2003. On 14 February 2003, the parties informed the DSB that they had agreed on certain procedures under Article 21 and 22 of the DSU. Pursuant to these agreed procedures, if India requested the establishment of a 21.5 compliance panel, the United States would not oppose it. India agreed not to request the authorization to suspend concessions under Article 22 until the adoption of the compliance reports (Panel and Appellate Body, if any) and the United States agreed not to assert that India is precluded from doing so given that the request would be made outside the 30-day period.

Chile – Price band system and safeguard measures relating to certain agricultural products, complaint by Argentina (WT/DS207)

This dispute concerns two distinct matters: Argentina had claimed that: (a) Chile's price band system applicable to imports of wheat, wheat flour, and edible vegetable oils, was inconsistent with Article II:1(b) of the GATT 1994 and Article 4.2 of the Agreement on Agriculture; and (b) Chile's provisional and definitive safeguards measures on imports of wheat, wheat flour and edible vegetable oils, as well as the extension of those measures, were inconsistent with Article XIX of the GATT 1994 and Articles 2, 3, 4, 5, 6 and 12 of the Agreement on Safeguards. *(For a description of the Panel and Appellate Body Reports, see WTO Annual Report 2003, p. 89-90.)*

On 6 December 2002, Chile informed the DSB that Chile and Argentina had been unable to agree on the length of the reasonable period of time and thus Chile was requesting that the determination of the reasonable period of time be the subject of binding arbitration in accordance with Article 21.3(c) of the DSU. On 16 December 2002, Argentina and Chile informed the DSB that they had agreed to postpone the deadline for the binding arbitration which would now be completed no later than 90 days from the appointment of the arbitrator (instead of 90 days from the date of adoption of the rulings and recommendations of the DSB).

On 17 March 2003, the arbitrator circulated its award. The arbitrator concluded that the "reasonable period of time" that should be extended to Chile to implement the recommendations and rulings of the DSB in this dispute was 14 months from the date of

adoption of the Panel and Appellate Body Reports by the DSB, and thus would run until 23 December 2003.

At the DSB meeting on 2 October 2003, Chile stated that on 25 September 2003, Law No. 19.897 to establish a new price band system had been promulgated replacing Law No. 18.525. The new law would come into force on 16 December 2003, i.e. prior to the expiry of the reasonable period of time for compliance. At this meeting, Argentina raised detailed questions concerning the new law. At the DSB meeting on 1 December 2003, Chile said that it had already adopted a number of measures to comply with the DSB's recommendations. Argentina stated its view that the measures taken by Chile to comply with the recommendations did not constitute implementation in this case since the price band system would continue to be maintained. Argentina considered that it would be appropriate for the parties to enter into negotiations on compensation before the expiry of the deadline for implementation. On 24 December 2003, Argentina and Chile informed the DSB that they had agreed on certain procedures under Articles 21 and 22 of the DSU.

At the DSB meeting on 23 January 2004, Chile and Argentina noted that they had concluded a bilateral agreement regarding the procedures under Articles 21.5 and 22 of the DSU. In this regard, Chile noted that the issue of sequencing between Articles 21.5 and 22 required a multilateral solution since ad hoc agreements only applied to specific disputes. Argentina noted that the parties would shortly enter into consultations regarding the implementation issues.

United States – Countervailing measures concerning certain products from the European Communities, complaint by the European Communities (WT/DS212)

On 10 November 2000, the European Communities requested consultations with the United States concerning the continued application by the United States of countervailing duties on a number of products. In particular, the European Communities claimed that the application of the "same person" methodology by the United States, and the continued imposition of duties based on it, were in breach of Articles 10, 19 and 21 of the SCM Agreement, because there was no proper determination of a benefit to the producer of the goods under investigation, as required by Article 1.1(b) of the SCM Agreement. On 8 August 2001, the European Communities requested the establishment of a panel in this dispute. The DSB established a panel on 10 September 2001. *(For further information regarding the establishment of the Panel, see WTO Annual Report 2003, p. 102.)*

On 31 July 2002, the Panel Report was circulated to Members. The Panel concluded that, where a privatization is at arm's length and for fair market value, the benefit from a prior non-recurring financial contribution bestowed upon the state-owned producer no longer accrues to the privatized producer. On 9 September 2002, the United States notified the DSB of its decision to appeal certain issues of law covered in the Panel Report and certain legal interpretations developed by the Panel. On 9 December 2002, the Appellate Body Report was circulated to Members. The Appellate Body reversed the Panel's finding that an arm's length, fair market value privatization *necessarily* extinguishes the benefits from previously-bestowed financial contributions. Nevertheless, the Appellate Body found that, in the investigations and reviews at issue, the administering authority had employed the "same person" methodology and thus had failed to determine the continued existence of a benefit before imposing or continuing to impose countervailing duties. The Appellate Body therefore recommended that the DSB request the United States to bring its measures and administrative practice (the "same person" methodology) into conformity with its obligations under that Agreement. *(For further details of the Panel and Appellate Body Reports, see WTO Annual Report 2003, p. 102-103.)*

On 8 January 2003, the DSB adopted the Appellate Body Report and the Panel Report, as modified by the Appellate Body Report. On 10 April 2003, the parties notified the DSB that they had agreed on a reasonable period of time for implementation of 10 months (from 8 January 2003 to 8 November 2003).

At the DSB meeting on 7 November 2003, the United States presented its first status report, in which it stated that: on 23 June 2003, the United States Department of Commerce (DOC) published a notice announcing a modification of the manner in which the Department would analyze the question of whether a subsidized, government-owned company remained subsidized after it was "privatized"; the DOC had also issued final revised determinations for each of the 12 countervailing determinations that were at issue on 24 October 2003; and as a result of these measures, the United States considered that it had brought its measures into full conformity with the recommendations and rulings of the DSB. At the same meeting, the European Communities expressed concerns regarding some aspects of the United States' implementation of the DSB's rulings and recommendations.

United States – Continued Dumping and Subsidy Offset Act of 2000, joint complaint by Australia, Brazil, Chile, European Communities, India, Indonesia, Japan, Korea and Thailand (WT/DS217), and Canada and Mexico (WT/DS234)

This dispute concerns the amendment to the Tariff Act of 1930 signed into law by the President of the United States on 28 October, 2000, entitled the Continued Dumping and Subsidy Offset Act of 2000, usually referred to as the Byrd Amendment. (*For information regarding the establishment of the Panel, see WTO Annual Report 2002, pp. 105 and 106, for a description of the Panel Report, see WTO Annual Report 2003, p. 102.*)

On 18 October 2002, the United States notified the DSB of its decision to appeal to the Appellate Body certain issues of law covered in the Panel Report and certain legal interpretations developed by the Panel. The Appellate Body upheld the Panel's finding that the United States Continued Dumping and Subsidy Offset Act of 2000 is a non-permissible specific action against dumping or a subsidy, contrary to Article 18.1 of the Anti-Dumping Agreement and Article 32.1 of the Agreement on Subsidies and Countervailing Measures (the "SCM Agreement"). On 16 January 2003, the Appellate Body circulated its Report. The Appellate Body reversed the Panel's finding that the Continued Dumping and Subsidy Offset Act of 2000 was inconsistent with Article 5.4 of the Anti-Dumping Agreement and Article 11.4 of the SCM Agreement. The Appellate Body also rejected the Panel's conclusion that the United States "may be regarded as not having acted in good faith" with respect to its obligations under those provisions.

The DSB adopted the Appellate Body Report and the Panel Report, as modified by the Appellate Body Report, at its meeting on 27 January 2003.

On 14 March 2003, the complainants requested arbitration under Article 21.3(c) of the DSU to determine the reasonable period of time for implementation by the United States of the recommendations and rulings of the DSB. On 13 June 2003, the Arbitrator issued its award to the parties. The Arbitrator concluded that the "reasonable period of time" for the United States to implement the recommendations and rulings of the DSB was 11 months from the date of the adoption of the Panel and Appellate Body Reports in this dispute by the DSB. The reasonable period of time expired on 27 December 2003.

On 14 January 2004, the DSB was informed that the United States had mutually agreed to modify the reasonable period of time with Thailand, Australia and Indonesia, respectively, so as to expire on 27 December 2004. On 15 January 2004, on the grounds that the United States had failed to implement the DSB recommendations and rulings within the reasonable period of time, Brazil, Chile, the European Communities, India, Japan, Korea Rep. of, Canada and Mexico requested the DSB authorization to suspend concessions pursuant to Article 22.2 of the DSU. On 23 January 2004, the United States requested, in accordance with Article 22.6 of the DSU, that the matter be referred to arbitration, since the United States objected to the level of suspension of concessions proposed by the foregoing parties. At its meeting on 26 January 2004, the DSB decided to refer the matter to arbitration.

European Communities – Anti-dumping duties on malleable cast iron tube or pipe fittings from Brazil, complaint by Brazil (WT/DS219)

This dispute concerns the European Communities' definitive anti-dumping duties imposed by Council Regulation (EC) No. 1784/2000 concerning imports of malleable cast iron tube or pipe fittings originating in Brazil. Brazil considered that the European Communities had infringed Article VI of GATT 1994 and Articles 1, 2, 3, 4, 5, 6, 9, 11, 12 and 15 of the Anti-Dumping Agreement. Further to Brazil's request for establishment of a panel on 7 June 2001, the DSB established a panel at its meeting of 24 July 2001. Chile, Japan, Mexico and the United States reserved their third-party rights. (*For further details regarding the establishment of the Panel and suspension and resumption of the Panel's work, see WTO Annual Report 2003, p. 107.*)

On 7 March 2003, the Panel circulated its Report to Members. The Panel concluded that the European Communities had acted inconsistently with its obligations under: (a) Article 2.4.2 of the Anti-Dumping Agreement in "zeroing" negative dumping margins in its dumping determination; and (b) Article 12.2 and 12.2.2 in that it was not directly discernible from the published provisional or definitive determination that the European Communities addressed or explained the lack of significance of certain injury factors listed in Article 3.4.

The Panel ruled against Brazil on all other claims. On 23 April 2003, Brazil notified the DSB of its decision to appeal certain issues of law as well as certain legal interpretations developed by the Panel.

On 22 July 2003, the Appellate Body Report was circulated to Members. Of the seven issues appealed by Brazil, the Appellate Body rejected Brazil's claims with respect to six issues. The Appellate Body upheld the Panel's findings that the European Communities did not act inconsistently with Article VI:2 of the GATT 1994 or with Articles 1, 2.2.2, 3.1, 3.2, 3.3, 3.4, or 3.5 of the Anti-Dumping Agreement. In the course of upholding these findings, the Appellate Body also rejected Brazil's claim that the Panel, contrary to its obligation under

Article 17.6(i) of the Anti-Dumping Agreement, failed to assess properly the facts of the matter before it when admitting into evidence the document referred to as Exhibit EC-12. The Appellate Body reversed the Panel's finding with respect to one issue. The Appellate Body found, in contrast to the Panel, that the European Communities acted inconsistently with Articles 6.2 and 6.4 of the Anti-Dumping Agreement by failing to disclose to interested parties during the anti-dumping investigation certain information related to the evaluation of the state of the domestic industry, which was contained in document Exhibit EC-12.

On 18 August 2003, the DSB adopted the Appellate Body Report and the Panel Report, as modified by the Appellate Body Report. On 1 October 2003, the European Communities and Brazil informed the DSB that they had agreed that the reasonable period of time for the European Communities to implement the DSB's recommendations and rulings would be seven months, i.e. until 19 March 2004.

Canada – Export credits and loan guarantees for regional aircraft, complaint by Brazil (WT/DS222)

The report of the Panel, recommending that Canada withdraw the disputed subsidies was adopted by the DSB at its meeting on 19 February 2002. (*For a description of the Panel report see WTO Annual Report 2002, p. 102; further details relating to implementation, see WTO Annual Report 2003, p. 101.*)

On 17 February 2003, the arbitrator circulated its award. The arbitrator determined that the suspension of concessions by Brazil covering trade in a total amount of US\$247,797,000 would constitute appropriate countermeasures within the meaning of Article 4.10 of the SCM Agreement. On 6 March 2003, Brazil requested authorization to suspend concessions or other obligations under Article 22.7 of the DSU and Article 4.10 of the SCM Agreement. At its meeting on 18 March 2003, the DSB authorized the suspension of concessions.

European Communities – Trade description of sardines, complaint by Peru (WT/DS231)

(*For a description of the Panel and Appellate Body reports, see WTO Annual Report 2003, p. 93 for further details relating to implementation, see WTO Annual Report 2003, p. 101.*)

On 14 April 2003, the parties informed the DSB that they had reached an agreement to extend the reasonable period of time until 1 July 2003. On 25 July 2003, the European Communities and Peru informed the DSB that they had reached a mutually agreed solution pursuant to Article 3.6 of the DSU.

Argentina – Definitive safeguard measure on imports of preserved peaches, complaint by Chile (WT/DS238)

This request, dated 6 September 2001, concerns a definitive safeguard measure which Argentina applied on imports of peaches preserved in water containing added sweetening matter, including syrup, preserved in any other form or in water. According to Chile, Argentina's definitive safeguard measure was inconsistent with Articles 2, 3, 4, 5 and 12 of the Agreement on Safeguards, and Article XIX:1 of GATT 1994. At the DSB meeting on 18 January 2002, a panel was established. The European Communities, Paraguay and the United States reserved their third-party rights to participate in the Panel's proceedings.

On 14 February 2003, the Panel circulated its Report to the Members. The Panel concluded that the Argentine preserved peaches measure was imposed inconsistently with certain provisions of the Agreement on Safeguards and GATT 1994. In particular, the Panel concluded that: (a) Argentina acted inconsistently with its obligations under Article XIX:1(a) of GATT 1994 by failing to demonstrate the existence of unforeseen developments as required; (b) Argentina acted inconsistently with its obligations under Article XIX:1(a) of GATT 1994 and Articles 2.1 and 4.2(a) of the Agreement on Safeguards by failing to make a determination of an increase in imports, in absolute or relative terms, as required; (c) Argentina acted inconsistently with its obligations under Article XIX:1(a) of GATT 1994 and Articles 2.1, 4.1(b) and 4.2(a) of the Agreement on Safeguards because the competent authorities, in their determination of the existence of a threat of serious injury did not: (i) evaluate all of the relevant factors having a bearing on the situation of the domestic industry (ii) did not provide a reasoned and adequate explanation of how the facts supported their determination; and (iii) did not find that serious injury was clearly imminent. The Panel did not find that Argentina acted inconsistently with its obligations under Articles 2.1 and 4.1(b) of the Agreement on Safeguards by basing a finding of the existence of a threat of serious injury on an allegation, conjecture or remote possibility. The Panel exercised judicial economy with respect to all other claims.

At its meeting on 15 April 2003, the DSB adopted the Panel Report. On 27 June 2003, Argentina and Chile informed the DSB that they had agreed that the reasonable period of time would run until 31 December 2003.

At its meeting on 23 January 2004, Argentina announced that the safeguard measure at issue had been withdrawn on 31 December 2003 in line with the agreement reached between Argentina and Chile and thus in its view it had implemented the DSB's recommendations. Chile welcomed the withdrawal of the measure by Argentina.

Argentina – Definitive anti-dumping duties on poultry from Brazil, complaint by Brazil (WT/DS241)

This request, dated 25 February 2002, concerns definitive anti-dumping duties imposed by Argentina on imports of poultry from Brazil, classified under Mercosur tariff line 0207.11.00 and 0207.12.00. (*For further details concerning the request, see WTO Annual Report 2003, p. 104.*)

At the DSB meeting on 17 April 2002, the panel was established. Canada, Chile, the European Communities, Guatemala, Paraguay and the United States reserved their third-party rights.

On 22 April 2003, the Panel circulated its Report to the Members. The Panel's report upheld (either fully or in part) 20 of the 41 claims brought by Brazil against Argentina's anti-dumping measure on imports of poultry from Brazil. The Panel rejected eight of Brazil's claims, and exercised judicial economy in respect of the remainder.

United States – Rules of origin for textiles and apparel products, complaint by India (WT/DS243)

This request, dated 7 May 2002, concerns United States rules of origin applicable to imports of textiles and apparel products as set out in Section 334 of the Uruguay Round Agreements Act, Section 405 of the Trade and Development Act of 2000 and the customs regulations implementing these provisions. (*For further details relating to the request, see WTO Annual Report 200, p. 104.*) The DSB established a panel at its meeting on 24 June 2002. Bangladesh, China, the European Communities, Pakistan and the Philippines reserved their third party rights.

On 20 June 2003, the Panel Report was circulated to Members. The Panel found that: (a) India failed to establish that section 334 of the Uruguay Round Agreements Act was inconsistent with Articles 2(b) or 2(c) of the Rules of Origin Agreement; (b) India failed to establish that section 405 of the Trade and Development Act was inconsistent with Articles 2(b), 2(c) or 2(d) of the Rules of Origin Agreement; and (c) India failed to establish that the customs regulations contained in 19 C.F.R. § 102.21 were inconsistent with Articles 2(b), 2(c) or 2(d) of the Rules of Origin Agreement.

At its meeting on 21 July 2003, the DSB adopted the Panel Report.

United States – Sunset review of anti-dumping duties on corrosion-resistant carbon steel flat products from Japan, complaint by Japan (WT/DS244)

This dispute concerns the final determinations of both the United States Department of Commerce and the United States International Trade Commission in the full sunset review of the anti-dumping duties imposed on imports of corrosion-resistant carbon steel flat products from Japan. (*For further details relating to the request for establishment of a panel, see WTO Annual Report 2003, p. 104.*)

The DSB established a panel at its meeting on 22 May 2002. Brazil, Canada, Chile, the European Communities, India, Korea Rep. of, Norway and Venezuela reserved third-party rights to participate in the Panel proceedings. On 5 August 2002, Venezuela withdrew as a third party from the panel proceedings.

On 14 August 2003, the Panel circulated its Report to Members. The Panel rejected all of Japan's claims challenging various aspects of the United States laws and regulations regarding the conduct of "sunset" reviews of anti-dumping duties under United States law. The Panel found, *inter alia*, that the obligations pertaining to evidentiary standards for self-initiation and *de minimis* standards in investigations do not apply to sunset reviews. The Panel also rejected Japan's argument that the United States' *Sunset Policy Bulletin* – which, by its own terms, provides guidance on methodological or analytical issues not explicitly addressed by the United States statute and regulations – was a mandatory instrument that could be challenged *as such* in WTO dispute settlement. Rather, the Panel found that the *Bulletin* may be challenged only in respect of its application by the United States Department of Commerce in a particular case. The Panel further found that the United States Department of Commerce's determination of likelihood of continuation or recurrence of dumping in this particular case was not WTO-inconsistent. Accordingly, the Panel made no recommendation to the DSB.

On 15 September 2003, Japan notified its decision to appeal to the Appellate Body certain issues of law covered in the Panel Report and certain legal interpretations developed by the Panel. On 15 December 2003, the Report of the Appellate Body was circulated to Members. The Appellate Body upheld three findings but reversed four of the

Panel's legal findings. The Appellate Body reversed the Panel's findings that the *Bulletin* is not a mandatory legal instrument and thus is not a measure that is "challengeable", as such, under the Anti-Dumping Agreement or the WTO Agreement. However, the Appellate Body did not find any of the provisions of the *Bulletin* inconsistent with the Anti-Dumping Agreement or the WTO Agreement. Although its analysis of Japan's claims differed from that of the Panel in important respects, the Appellate Body did not make any finding that the United States had acted inconsistently with its obligations under the Anti-Dumping Agreement or the WTO Agreement. In relation to certain of Japan's claims, the Appellate Body indicated that it did not have a sufficient factual basis to complete the analysis.

On 9 January 2004, the DSB adopted the Appellate Body Report and the Panel Report, as modified by the Appellate Body Report.

Japan – Measures affecting the importation of apples, complaint by the United States (WT/DS245)

This dispute concerns restrictions allegedly imposed by Japan on imports of apples from the United States. (*For further details relating to the request for establishment of a panel, see WTO Annual Report 2003, p. 105.*) At its meeting on 3 June 2002, the DSB established a panel. Australia, Brazil, Chinese Taipei, the European Communities and New Zealand reserved their third-party rights.

The Panel circulated its report to Members on 15 July 2003. The Panel found that Japan's phytosanitary measure imposed on imports of apples from the United States was contrary to Article 2.2 of the SPS Agreement and was not justified under Article 5.7 of the SPS Agreement and that Japan's 1999 Pest Risk Assessment did not meet the requirements of Article 5.1 of the SPS Agreement.

On 28 August 2003, Japan notified the DSB of its decision to appeal to the Appellate Body certain issues of law covered in the Panel Report and certain legal interpretations developed by the Panel. On 26 November 2003, the Report of the Appellate Body was circulated. The Appellate Body rejected all four of Japan's claims on appeal. The Appellate Body upheld the Panel's findings that Japan's phytosanitary measure at issue was inconsistent with Japan's obligations under Articles 2.2, 5.7, and 5.1 of the SPS Agreement. The Appellate Body also found that the Panel properly discharged its duties under Article 11 of the DSU in the Panel's assessment of the facts of the case. The United States' sole claim on appeal challenged the "authority" of the Panel to make findings and draw conclusions with respect to apples *other than* "mature, symptomless" apple fruit. The Appellate Body rejected this claim, finding that the Panel did have the "authority" to make rulings covering all apple fruit that could possibly be exported from the United States to Japan, including apples other than "mature, symptomless" apples.

At its meeting on 10 December 2003, the DSB adopted the Appellate Body Report and the Panel Report, as modified by the Appellate Body Report.

At the DSB meeting on 9 January 2004, Japan indicated that it intended to comply with the recommendations and rulings of the DSB in a manner that respected its WTO obligations under the SPS Agreement.

European Communities – Conditions for the granting of tariff preferences to developing countries, complaint by India (WT/DS246)

On 5 March 2002, India requested consultations with the European Communities concerning the conditions under which the European Communities accords tariff preferences to developing countries under the scheme of generalized tariff preferences formulated under Council Regulation (EC) No. 2501/2001 ("GSP scheme"), pursuant to Article 4 of the DSU, Article XXIII:1 of the GATT 1994, and paragraph 4(b) of the Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of the Developing Countries (the "Enabling Clause").

On 6 December 2002 and 16 January 2003, India requested the DSB to establish a panel. At its meeting on 27 January 2003, the DSB established a Panel. During the meeting, Brazil, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, Honduras, Paraguay, Peru, Sri Lanka, Venezuela, and the United States reserved their third-party rights. On 28 January 2003, Nicaragua reserved its third-party rights. On 29 January 2003, Panama reserved its third-party rights. On 3 February, Mauritius and Pakistan reserved their third-party rights. On 6 February 2003, Bolivia reserved its third party rights. On 24 February 2003, India requested the Director-General to compose the Panel. On 6 March 2003, the Director-General composed the Panel.

On 1 December 2003, the Panel Report was circulated to Members. The Panel found that: (i) India had demonstrated that the tariff preferences under the Special Arrangements to Combat Drug Production and Trafficking (the Drug Arrangements) provided in the European Communities' GSP scheme were inconsistent with Article I:1 of GATT 1994; (ii) the European

Communities had failed to demonstrate that the Drug Arrangements were justified under paragraph 2(a) of the Enabling Clause, which requires that the GSP benefits be provided on a “non-discriminatory” basis; and (iii) the European Communities had failed to demonstrate that the Drug Arrangements are justified under Article XX(b) of GATT 1994 since the measure is not “necessary” for the protection of human life or health in the European Communities, nor is it in conformity with the Chapeau of Article XX. (One panelist presented a dissenting opinion that the Enabling Clause is not an exception to Article I:1 and that India had not made a claim under the Enabling Clause.)

On 8 January 2004, the European Communities notified the DSB of its decision to appeal the Panel Report and filed a Notice of Appeal with the Appellate Body.

United States – Definitive safeguard measures on imports of certain steel products, complaints by the European Communities (WT/DS248), Japan (WT/DS249), Korea (WT/DS251), China (WT/DS252), Switzerland (WT/DS253), Norway (WT/DS254), New Zealand (WT/DS258) and Brazil (WT/DS259)

This dispute concerns definitive safeguard measures imposed by the United States, effective as of 20 March 2002, in the form of an increase in duties on imports of certain carbon flat-rolled steel, tin mill products, carbon and alloy hot-rolled bar, carbon and alloy cold-finished bar, carbon and alloy rebar, carbon and alloy welded pipe, carbon and alloy fittings, flanges, and tool joints, stainless steel bar, stainless steel rod, tin mill products, and stainless steel wire, as well as in the form of a tariff rate quota on imports of slabs.

Further to individual requests for the establishment of a panel submitted by the eight complainants, the DSB, at its meetings between 3 and 24 June, established a single Panel, in accordance with Article 9.1 of the DSU and pursuant to an agreement between the parties to the dispute. Members that had reserved their third-party rights before the various Panels, namely Canada, Chinese Taipei, Cuba, Malaysia, Mexico, Thailand, Turkey and Venezuela, were also considered as third parties before the single Panel.

The Panel circulated its Reports³⁰ to Members on 11 July 2003. The Panel concluded that all ten of the United States’ safeguard measures at issue were inconsistent with at least one of the following WTO pre-requisites for the imposition of a safeguard measure: lack of demonstration of (i) unforeseen developments; (ii) increased imports; (iii) causation; and (iv) parallelism. The Panel therefore recommended that the DSB request the United States to bring the relevant safeguard measures into conformity with its obligations under the Agreement on Safeguards and GATT 1994.

On 11 August 2003, the United States notified its decision to appeal to the Appellate Body certain issues of law covered in the Panel Report and certain legal interpretations developed by the Panel. On 10 November 2003, the Appellate Body Report was circulated to Members. The Appellate Body upheld all the Panel’s conclusions on all ten products for unforeseen development, increased imports and parallelism, but it reversed the Panel on one set of conclusions relating to the decision-making process of the ITC when dealing with tin mill and stainless steel wire. It also decided that it was not necessary to examine the other claims on causation. Therefore these ten measures were found to be inconsistent with Article XIX of the GATT 1994 and the Safeguards Agreement on other grounds. The Appellate Body neither upheld nor reversed the Panel’s findings on the causal link “between” increased imports and serious injury for seven of the ten safeguard measures, as it was unnecessary to do so to resolve this dispute.

At its meeting on 10 December 2003, the DSB adopted the Appellate Body Report and the Panel Reports, as modified by the Appellate Body Report. At the same meeting, the United States informed Members that, on 4 December 2003, the President of the United States had issued a proclamation that terminated all of the safeguard measures subject to this dispute, pursuant to section 204 of the United States Trade Act of 1974.

United States – Final countervailing duty determination with respect to certain softwood lumber from Canada, complaint by Canada (WT/DS257)

This dispute concerns the final affirmative countervailing duty determination by the United States Department of Commerce (the “USDOC”) issued on 25 March 2002, with respect to certain softwood lumber from Canada. (*For further details relating to the request for establishment of a panel, see WTO Annual Report 2003, pp. 105-106.*) At its meeting on 1 October 2002, the DSB established a panel. The European Communities, India and Japan reserved their third-party rights to participate in the panel proceedings.

On 29 August 2003, the Panel Report was circulated to Members. The Panel upheld the United States DOC’s determination that the provision of “stumpage”, or the right to harvest timber from Crown land, by the Canadian provinces, constitutes a financial contribution by the government, specifically in the form of the provision of a good. In addition, the Panel upheld the United States DOC’s finding that the provincial stumpage programs provide specific subsidies, within the meaning of Article 2 of the SCM Agreement.

³⁰ Although all complaints made by the eight co-complainants were considered in a single panel process, the United States requested the issuance of eight separate panel reports, claiming that to do otherwise would prejudice its WTO rights, including its right to settle the matter with individual complainants. The complainants opposed this request, stating that to grant it would only delay the panel process. The Panel decided to issue its decisions in the form of “one document constituting eight Panel Reports”. Thus, according to the Panel, for WTO purposes, this document is deemed to constitute eight separate reports, relating to each of the eight complainants in this dispute. The document comprises a common cover page, a common descriptive part and a common set of findings. The document then contains conclusions and recommendations that are “particularized” for each of the complainants, with a separate number (symbol) for each individual complainant. In the Panel’s view, this approach respected the rights of all parties while ensuring the prompt and effective settlement of the dispute.

The Panel found that the United States DOC acted inconsistently with Articles 14, 14(d), 10 and 32.1 of the SCM Agreement in determining the existence and amount of a benefit conferred, through the provincial stumpage programs, to the producers of the products under investigation. The Panel also found that the United States DOC acted inconsistently with Article 10 of the SCM Agreement and Article VI:3 of GATT 1994 by failing to analyze whether any subsidy was passed on by timber harvesters to unrelated sawmills and between sawmills and unrelated re-manufacturers. The Panel decided to apply judicial economy as regards other claims raised by Canada under Article 19.4 of the SCM Agreement and Article VI:3 of GATT 1994 concerning the methodologies used to calculate the subsidy rate; and its claims of violation of the procedural rules of evidence set forth in Article 12 of the SCM Agreement.

On 2 October 2003, the United States notified the DSB of its decision to appeal to the Appellate Body certain issues of law covered in the Panel Report and certain legal interpretations developed by the Panel. However, on 3 October 2003, the United States withdrew its notice of appeal for scheduling reasons, although the withdrawal was conditional on the United States retaining the right to file a new notice of appeal within the time-frame permitted by the DSU. On 21 October 2003, the United States notified the DSB of its decision to re-file its appeal to the Appellate Body of certain issues of law covered in the Panel Report and certain legal interpretations developed by the Panel.

The Appellate Body circulated its Report to Members on 19 January 2004. The Appellate Body upheld the Panel's finding that the United States had correctly determined that harvesting rights granted by Canadian provincial governments in respect of standing timber constitute the provision of goods under Article 1.1 of the SCM Agreement.

The Appellate Body reversed the Panel's interpretation of Article 14(d) of the SCM Agreement and thus also reversed the Panel's finding that the United States had improperly determined the existence and amount of the "benefit" resulting from the financial contribution provided. The Appellate Body found that it was unable to complete the legal analysis of whether the United States had correctly determined benefit in this investigation, due to insufficient factual findings by the Panel and insufficient undisputed facts in the Panel record.

The Appellate Body upheld the Panel's finding that the United States had acted inconsistently with provisions of the SCM Agreement and the GATT 1994 by failing to analyze whether subsidies were passed through in sales of *logs* by timber harvesters who own sawmills to unrelated producers of softwood lumber. The Appellate Body, however, reversed the Panel's finding that the United States acted inconsistently with its WTO obligations by failing to consider whether subsidies were passed through in sales of *lumber* by sawmills to unrelated lumber remanufacturers.

The DSB adopted the Appellate Body Report and the Panel Report, as modified by the Appellate Body Report, on 17 February 2004.

Uruguay – Tax treatment on certain products, complaint by Chile (WT/DS261)

On 18 June 2002, Chile requested consultations with Uruguay with regard to the tax treatment applied by the latter to certain products.

On 3 April 2003, Chile requested the DSB to establish a panel. Further to a second request by Chile, the DSB established a panel at its meeting on 19 May 2003. The European Communities, Mexico and the United States reserved their third-party rights. On 15 August 2003, the Chair of the Panel informed the DSB that both parties had jointly requested the Panel to suspend its work for a period of 60 days, until 12 October 2003. The Panel agreed to this request and suspended its work from 14 August to 12 October 2003. On 12 October 2003, both parties jointly requested the Panel to extend the suspension of its work for another 60 days, until 11 December 2003. The Panel agreed to this request and was continuing to suspend its work until 11 December 2003. On 11 December 2003, both parties jointly requested the Panel to suspend its work for a final additional period of 30 days, until 10 January 2004, in order to formalize a mutually agreed solution over the coming days and notify it to the Dispute Settlement Body, in accordance with Article 3.6 of the DSU. The Panel agreed to this request and suspended its work from 12 December 2003 to 10 January 2004.

On 8 January 2004, Chile and Uruguay informed the DSB that they had reached a mutually agreed solution under Article 3, paragraphs 5 and 6 of the DSU.

United States – Final dumping determination on softwood lumber from Canada, complaint by Canada (WT/DS264)

On 13 September 2002, Canada requested consultations under Article 4.8 of the DSU (urgency procedure) with the United States concerning the final affirmative determination of sales at less than fair value (dumping) with respect to certain softwood lumber products from Canada.

A panel was established by the DSB at its meeting on 8 January 2003. The European Communities and India reserved their third-party rights. On 15 January 2003, Japan reserved its third-party rights. On 25 August 2003, the Chairman of the Panel informed the DSB that due to the complexity of the matter, the Panel would not be able to complete its work in six months. The Panel expected to issue its final report to the parties in December 2003. On 2 December 2003, the Chairman of the Panel informed the DSB that the Panel expected to issue its final report to the parties in February 2004.

European Communities – Export subsidies on sugar, complaints by Australia (WT/DS265), Brazil (WT/DS266) and Thailand (WT/DS283)

On 27 September 2002, Australia and Brazil requested consultations with the European Communities concerning the export subsidies provided by the European Communities in the framework of its Common Organisation of the Market for the sugar sector. On 14 March 2003, Thailand requested consultations with the European Communities on the same matter. The complainants believe that the subsidies are inconsistent with various provisions of the Agreement on Agriculture, Articles 3.1 and 3.2 of the SCM Agreement and Articles III:4 and XVI of GATT 1994.

On 9 July 2003, Australia, Brazil and Thailand each requested the establishment of a panel. Further to second requests to establish a panel from Australia, Brazil and Thailand, the DSB established a single panel at its meeting on 29 August 2003. Barbados, Canada, China, Colombia, Jamaica, Mauritius, New Zealand, Trinidad and Tobago and the United States reserved their third-party rights. On 1 September 2003, Belize, Cuba, Fiji and Guyana reserved their third-party rights. On 2 September 2003, Paraguay and Swaziland reserved their third-party rights. On 5 September 2003, India, Madagascar and Malawi reserved their third-party rights. On 8 September 2003, Australia, Brazil, St. Kitts and Nevis, Tanzania and Thailand reserved their third-party rights. On 26 September 2003, Kenya reserved its third-party right. On 5 November 2003, Côte d'Ivoire reserved its third-party right.

On 15 December 2003, Australia, Brazil and Thailand requested the Director-General to compose the panel. On 23 December 2003, the Director-General composed the panel.

United States – Subsidies on upland cotton, complaint by Brazil (WT/DS267)

On 27 September 2002 Brazil requested consultations with the United States regarding prohibited and actionable subsidies provided to United States producers, users and/or exporters of upland cotton, as well as legislation, regulations, statutory instruments and amendments thereto providing such subsidies (including export credits), grants, and any other assistance to the United States producers, users and exporters of upland cotton.

Brazil contended that these measures were inconsistent with the obligations of the United States under the following provisions: Articles 5(c), 6.3(b), (c) and (d), 3.1(a) (including item (j) of the Illustrative List of Export Subsidies in Annex I), 3.1(b), and 3.2 of the SCM Agreement; Articles 3.3, 7.1, 8, 9.1 and 10.1 of the Agreement on Agriculture; and Article III:4 of GATT 1994.

The DSB established a Panel at its meeting on 18 March 2003. Argentina, Canada, China, Chinese Taipei, the European Communities, India, Pakistan and Venezuela reserved their third-party rights to participate in the Panel's proceedings. At that meeting, the Chairman of the DSB announced that he continued to consult with Brazil and the United States on the issue of appointing a DSB representative to facilitate the information-gathering process, pursuant to the Annex V procedures under the SCM Agreement, which had been invoked by Brazil in its panel request. On 24 March 2003, Benin reserved its third-party rights. On 25 March 2003, Australia reserved its third-party rights. On 26 March 2003, Paraguay reserved its third-party rights. On 28 March 2003, New Zealand reserved its third-party rights. On 4 April 2003, Chad reserved its third-party rights. On 9 May 2003, Brazil requested the Director-General to compose the panel. On 19 May 2003, the Director-General composed the panel.

On 17 November 2003, the Chairman of the Panel informed the DSB that it would not be able to complete its work in six months due to the complexity of the matter and that the Panel expected to issue its final report to the parties in May 2004.

United States – Sunset reviews of anti-dumping measures on oil country tubular goods from Argentina, complaint by Argentina (WT/DS268)

On 7 October 2002, Argentina requested consultations with the United States regarding the final determinations of the United States Department of Commerce and the United States International Trade Commission in the sunset reviews of the anti-dumping duty order on OCTG from Argentina, issued on 7 November 2000 (65 Federal Register 66701) and June 2001 (USITC Pub. No. 3434), respectively, and the United States Department of Commerce determination to continue the anti-dumping duty order on OCTG from Argentina, issued on 25 July 2001 (66 Federal Register 38630).

Argentina considered that general United States laws, regulations, policies and procedures related to the administration of sunset reviews and the application of anti-dumping measures were inconsistent either on their face or as applied with Articles 1, 2, 3, 5, 6, 11, 12, and 18 of the Anti-Dumping Agreement; Articles VI and X of the General Agreement on Tariffs and Trade (GATT) 1994; and Article XVI:4 of the WTO Agreement.

Furthermore, Argentina claimed that the sunset review conducted by the DOC was inconsistent with Articles 2, 5, 5.8, 11.3, 11.4, 12.1, and 12.3 of the Anti-Dumping Agreement. It also claimed that the sunset review conducted by the International Trade Commission was inconsistent with Articles 3 and 11.3 of the Anti-Dumping Agreement.

The DSB established a panel at its meeting on 19 May 2003. The European Communities, Japan, Korea, Mexico and Chinese Taipei reserved their third-party rights. On 22 August 2003, Argentina requested the Director-General to compose the panel. On 4 September 2003, the Director-General composed the panel.

European Communities – Customs classification of frozen boneless chicken cuts, complaints by Brazil (WT/DS269) and Thailand (WT/DS286)

On 11 October 2002, Brazil requested consultations with the European Communities concerning European Communities Commission Regulation No. 1223/2002 ("Regulation No. 1223/2002"), of 8 July 2002, which provides a new description of frozen boneless chicken cuts under the European Communities Combined Nomenclature ("CN") code 0207.14.10. According to Brazil, this new description includes a salt content to the product that did not exist before and subjects the imports of these products to a higher tariff than that applicable to salted meat (CN code 0210) in the EC Schedules under the GATT 1994. As a result of this measure, Brazil considered that its commerce has been accorded treatment less favourable than that provided in the European Communities Schedules, in contravention of the obligations of the European Communities under Articles II and XXVIII of the GATT 1994. In addition, Brazil claimed that the application of this measure by the European Communities nullifies and impairs, within the meaning of Article XXIII:1, benefits accruing to Brazil directly or indirectly under the GATT 1994.

On 19 September 2003, Brazil requested the establishment of a panel. Further to a second request to establish a panel by Brazil, the DSB established a panel at its meeting on 7 November 2003. Chile, China, Thailand and the United States reserved their third-party rights.

On 27 October 2003, Thailand requested the establishment of a panel. At its meeting on 21 November 2003, further to a second request by Thailand for the establishment of a panel, the DSB established a single panel, pursuant to an agreement between the parties and in accordance with Article 9.1 of the DSU. The Members that had reserved their third-party rights in the panel established at the request of Brazil were also considered as third parties in the single panel. In addition, Brazil, Columbia and Chile reserved their third-party rights in the single panel.

Australia – Certain measures affecting the importation of fresh fruit and vegetables complaint by the Philippines (WT/DS270)

On 18 October 2002, the Philippines requested consultations with Australia on certain measures affecting the importation into Australia of fresh fruit. The Philippines considered that these measures are inconsistent with the obligations of Australia under the GATT 1994, the SPS Agreement and the Agreement on Import Licensing Procedures.

Further to a second request to establish a panel by the Philippines, the DSB established a panel at its meeting on 29 August 2003. China, the European Communities, Ecuador, India, Thailand and the United States reserved their third-party rights. On 4 September 2003, Chile reserved its third-party rights.

Korea – Measures affecting trade in commercial vessels, complaint by the European Communities (WT/DS273)

On 21 October 2002, the European Communities requested consultations with Korea on certain measures establishing subsidies to its shipbuilding industry which, according to the European Communities, are inconsistent with Korea's obligations under the SCM Agreement. The European Communities indicated that the subsidies in question were granted with respect to the production of commercial vessels for international commerce, including: bulk carriers, container ships, oil tankers, product and chemical tankers, LNG/LPG carriers, passenger and RoRo ferries and other non-cargo vessels (including offshore units). The European Communities considered that the Korean measures are in breach of Korea's obligations under the provisions of the SCM Agreement, in particular, but not necessarily exclusively of: Articles 1, 2, 3.1, 5(a), 5(c), 6.3 and 6.5 of the SCM Agreement.

The DSB established a panel at its meeting on 21 July 2003. China, Japan, Mexico, Norway, Chinese Taipei and the United States reserved their third-party rights. The DSB also agreed, following the request by the European Communities, to initiate the Annex V procedures pursuant to paragraph 2 of Annex V of the SCM Agreement with respect to developing information concerning serious prejudice under Annex V of the SCM Agreement.

On 11 August 2003, the European Communities requested the Director-General to compose the panel. On 20 August 2003, the Director-General composed the panel.

Canada – Measures relating to exports of wheat and treatment of imported grain, complaint by the United States (WT/DS276)

On 17 December 2002, the United States requested consultations with Canada concerning the export of wheat by the Canadian Wheat Board and the treatment accorded by Canada to grain imported into Canada. According to the United States, the actions of the Government of Canada and the Canadian Wheat Board (an entity enjoying exclusive rights to purchase and sell western Canadian wheat for human consumption) related to export of wheat appear to be inconsistent with paragraphs 1(a) and 1(b) of Article XVII of GATT 1994. As regards the treatment of grain imported into Canada, the United States maintains that the following Canadian measures are inconsistent with Article III of the GATT 1994 and Article 2 of TRIMs since they discriminate against imported grain: Under the Canadian Grain Act and Canadian regulations, imported wheat cannot be mixed with Canadian domestic grain being received into or discharged out of grain elevators, and Canadian Law caps the maximum revenues that railroads may receive on the shipment of domestic grain but not revenues received on the shipment of imported grain; and Canada provides a preference for domestic grain over imported grain when allocating government-owned railcars.

The DSB established a Panel at its meeting on 31 March 2003. Chile, Chinese Taipei, the European Communities, Japan and Mexico reserved their third-party rights. On 9 and 10 April 2003 respectively, China and Australia reserved their third-party rights. On 2 May 2003, Canada requested the Director-General to compose the panel. On 12 May 2003, the Director-General composed the panel. On 1 July 2003, the Chair of the Panel informed the DSB that it had agreed to the United States' request to suspend the Panel for three weeks from 1-21 July 2003. The DSB established a second panel at its meeting on 11 July 2003. Australia, Chile, China, the European Communities, Japan and Chinese Taipei reserved their third-party rights. On 25 July 2003, Mexico reserved its third-party rights. Further to a request by the United States, acceded to by the Panel, the preliminary ruling by the Panel was circulated to Members for their information on 21 July 2003. On 30 October 2003, the Chairman of the Panel informed the DSB that the Panel expected to issue its final report to the parties in February 2004.

United States – Investigation of the International Trade Commission in softwood lumber from Canada, complaint by Canada (WT/DS277)

On 20 December 2002, Canada requested consultations with the United States regarding the investigation of the USITC in *Softwood Lumber from Canada* (Invs. Nos. 701-TA-414 and 731-TA-928 (Final)) and the final definitive anti-dumping and countervailing duties applied as a result of the USITC's final determination made on 2 May 2002, notice of which was published in the United States Federal Register on 22 May 2002 (Volume 67, Number 99 at pp. 36022-36023) that an industry in the United States is threatened with material injury by reason of imports of softwood lumber from Canada that the Department of Commerce has determined are subsidized and sold in the United States at less than fair value. Canada claimed that, through these measures, the United States has violated its obligations under Article VI:6(a) of the GATT 1994, various provisions of the Anti-Dumping Agreement and Articles 10, 15.1, 15.2, 15.3, 15.4, 15.5, 15.7, 15.8, 22 and 32.1 of the SCM Agreement.

The DSB established a panel at its meeting on 7 May 2003. The European Communities and Japan reserved their third party rights. On 16 May 2003, Korea reserved its third party rights. On 12 June 2003, Canada requested the Director-General to compose the panel. On 19 June 2003, the Director-General composed the panel. On 19 December 2003, the Chairman of the Panel informed the DSB that it would not be possible for the Panel to complete its work in six months in light of scheduling conflicts. The Panel expected to complete its work in February 2004.

United States – Countervailing Duties on imports of steel plate from Mexico, complaint by Mexico (WT/DS280)

On 21 January 2003, Mexico requested consultations with the United States regarding the final determination in an administrative review of countervailing duties imposed by the United States authorities on imports of carbon steel plates in sheets from Mexico (C-201-810) as well as the basis on which they reached this determination which had led to the imposition of countervailing duties on imports of the said products. Mexico claims that the administrative review that led to the imposition of countervailing duties of 11.6% *ad*

valorem by using the "same person" methodology is incompatible with Articles 10, 14, 19 and 21 of the SCM Agreement. In particular, Mexico claims that the United States Department of Commerce did not make a determination of the existence of a benefit as required in Article 1.1(b) of the SCM Agreement.

The DSB established a panel at its meeting on 29 August 2003. China, the European Communities and Chinese Taipei reserved their third-party rights. On 5 September 2003, Canada reserved its third-party rights.

United States – Anti-dumping measures on imports of cement from Mexico, complaint by Mexico (WT/DS281)

On 3 February 2003, Mexico requested consultations with the United States concerning several anti-dumping measures imposed by the United States on imports of grey portland cement and cement clinker from Mexico. In addition to the measures, Mexico's request included a number of laws, regulations and administrative practices (such as "zeroing") used by the United States authorities in the determinations. Mexico considered that the above anti-dumping measures are incompatible with Articles 1, 2, 3, 4, 6, 8, 9, 10, 11, 12 and 18 of the Anti-Dumping Agreement, Articles III, VI and X of the GATT 1994 and Article XVI:4 of the WTO Agreement.

The DSB established a panel at its meeting on 29 August 2003. China, the European Communities, Japan and Chinese Taipei reserved their third-party rights. On 5 September 2003, Canada reserved its third-party rights.

United States – Anti-dumping measures on oil country tubular goods (OCTG) from Mexico complaint by Mexico (WT/DS282)

On 18 February 2003, Mexico requested consultations with the United States as regards several anti-dumping measures imposed by the United States on imports of OCTG from Mexico, including the final determinations in some administrative and sunset reviews; and the United States authorities' determination regarding the continuation of the anti-dumping orders. In addition to these measures, Mexico's request includes a number of laws, regulations and administrative practices (such as "zeroing") used by the United States authorities in the above determinations. Mexico considers that the above anti-dumping measures are incompatible with Articles 1, 2, 3, 6, 11 and 18 of the Anti-Dumping Agreement, Articles VI and X of the GATT 1994 and Article XVI:4 of the WTO Agreement.

The DSB established a panel at its meeting on 29 August 2003. Argentina, China, the European Communities, Japan, Chinese Taipei and Venezuela reserved their third-party rights. On 5 September 2003, Canada reserved its third-party rights.

United States – Measures affecting cross-border supply of gambling and betting services, complaint by Antigua and Barbuda (WT/DS285)

On 21 March 2003, Antigua and Barbuda requested consultations with the United States regarding measures applied by central, regional and local authorities in the United States which affect the cross-border supply of gambling and betting services. Antigua and Barbuda considered that the cumulative impact of the United States measures is to prevent the supply of gambling and betting services from another WTO Member to the United States on a cross-border basis. According to Antigua and Barbuda, the measures at issue may be inconsistent with the United States obligations under the GATS, and in particular Articles II, VI, VIII, XI, XVI and XVII thereof, and the United States Schedule of Specific Commitments annexed to the GATS.

The DSB established a panel at its meeting on 21 July 2003. Canada, the European Communities, Mexico and Chinese Taipei reserved their third-party rights. On 23 July 2003, Japan reserved its third-party rights. On 15 August 2003, Antigua and Barbuda requested the Director-General to compose the panel. On 25 August 2003, the Director-General composed the panel.

On 29 January 2004, the Chairman of the Panel informed the DSB that it would not be possible for the Panel to complete its work in six months. The Panel hoped to complete its work by the end of April 2004.

Australia – Quarantine regime for imports, complaint by the European Communities (WT/DS287)

On 3 April 2003, the European Communities requested consultations with Australia regarding the Australian quarantine regime for imports, both as such and as applied to certain specific cases. According to the European Communities, the Australian quarantine regime for imports appears to be governed both by legislation as well as by the exercise of discretion granted to a Director of Quarantine and by administrative guidance issued on the exercise of that discretion.

The European Communities considers that the measures may be contrary to the SPS Agreement, and in particular, although not limited to, Articles 2.2, 2.3, 3.3, 4.1, 5.1, 5.6 and, if applicable, 5.7, 8 and Annex C.

On 29 August 2003, the European Communities requested the establishment of a panel. On 14 October 2003, the European Communities submitted a revised request for the establishment of a panel to the DSB. The DSB established a panel at its meeting on 7 November 2003. Canada, Chile, China, India, Philippines, Thailand and the United States reserved their third-party rights.

Measures affecting the approval and marketing of biotech products, complaints by the United States (WT/DS291), Canada (WT/DS292) and Argentina (WT/DS293)

On 13 May 2003, the United States and Canada requested consultations with the European Communities concerning certain measures taken by the European Communities and its member States affecting imports of agricultural and food imports from the United States and Canada. Regarding EC-level measures, the United States and Canada asserted that the moratorium applied by the European Communities since October 1998 on the approval of biotech products has restricted imports of agricultural and food products from the United States and Canada. Regarding member State-level measures, the United States and Canada asserted that a number of European Communities member States maintain national marketing and import bans on biotech products even though those products have already been approved by the European Communities for import and marketing in the European Communities. On 14 May 2003, Argentina requested consultations with the European Communities on the same matter.

According to the complainants, the measures at issue appear to be inconsistent with the European Communities obligations under various provisions of the SPS Agreement, the GATT 1994, the Agriculture Agreement and the TBT Agreement.

The DSB established a single panel at its meeting on 29 August 2003. Australia, Chile, China, Colombia, El Salvador, Honduras, New Zealand, Norway, Peru, Chinese Taipei, Thailand and Uruguay reserved their third-party rights. On 3 September 2003, Canada reserved its third-party rights. On 4 September 2003, Argentina and the United States reserved their third-party rights. On 5 September 2003, Mexico reserved its third-party rights. On 8 September 2003, Brazil reserved its third-party rights. On 9 September, Paraguay reserved its third-party rights.

Mexico – Definitive Anti-Dumping Measures on Beef and Rice, complaint by the United States (WT/DS295)

On 16 June 2003, the United States requested consultations with Mexico concerning its definitive anti-dumping measures on beef and long grain white rice as well as certain provisions of Mexico's Foreign Trade Act and its Federal Code of Civil Procedure.

The United States claimed that these measures were inconsistent with Mexico's obligations under the provisions of GATT 1994, the Anti-Dumping Agreement and the SCM Agreement.

The DSB established a panel at its meeting on 7 November 2003. China, the European Communities and Turkey reserved their third-party rights.

United States – Countervailing duty investigation on dynamic random access memory semiconductors (DRAMs) from Korea, complaint by Korea (WT/DS296)

On 30 June 2003, Korea requested consultations with the United States concerning the United States authorities' affirmative preliminary and final countervailing duty determinations, the preliminary injury determination and any subsequent determinations that may be made during the injury investigation, on DRAMs and DRAM modules from Korea. Korea claimed that the determinations were inconsistent with Articles VI:3 and X:3 of the GATT 1994 and Articles 1, 2, 10, 11, 12, 14, 17, 22, 32.1 of the SCM Agreement. On 18 August 2003, Korea requested further consultations with regard to the United States authorities' countervailing duty determinations on DRAMs and DRAM modules from Korea. This request concerns the USITC's affirmative final injury determination and the DOC's final countervailing duty order, both of which were published on 11 August 2003, that is, after the first request for consultations was made by Korea. Korea claimed that the determinations mentioned above are inconsistent with Articles 15.1, 15.2, 15.4, and 15.5 of the SCM Agreement.

On 19 November 2003, Korea requested the establishment of a panel. Further to a second request to establish a panel by Korea, the DSB established a panel at its meeting on 23 January 2004. China, the European Communities, Japan and Chinese Taipei reserved their third-party rights.

European Communities – Countervailing measures on dynamic random access memory chips from Korea, complaint by Korea (WT/DS299)

On 25 July 2003, Korea requested consultations with the European Communities concerning the European Communities provisional countervailing measures and any final countervailing measures which may be finalized and implemented later this year against dynamic random access memory chips ("DRAMs") from Korea. In Korea's view, these European Communities measures at issue are inconsistent with the European Communities obligations under the following WTO provisions: (a) Articles VI:3 and X.3 of GATT 1994; (b) Articles 1, 2, 10, 11, 12, 14, 15, 17, 22 and 32.1 of the Agreement on Subsidies and Countervailing Measures. On 25 August 2003, Korea requested further consultations with the European Communities concerning the European Communities final countervailing measures, which were adopted by the European Council on 11 August 2003 and published in the Official Journal of the European Communities on 22 August 2003.

On 19 November 2003, Korea requested the establishment of a panel. Further to a second request to establish a panel by Korea, the DSB established a panel at its meeting on 23 January 2004. China, Japan, Chinese Taipei, and the United States reserved their third-party rights.

Dominican Republic – Measures Affecting the Importation and Internal Sale of Cigarettes Complaint by Honduras WT/DS302

On 8 October 2003, Honduras requested consultations with the Dominican Republic concerning certain measures affecting the importation and internal sale of cigarettes. This request is a new and expanded version of a complaint filed by Honduras on 28 August 2003 (WT/DS300/1). According to Honduras, the Dominican Republic: (i) applies special rules, procedures and administrative practices to determine the value of imported cigarettes for the purpose of applying the selective consumption tax; (ii) does not publish the surveys conducted by the Central Bank that are to be used to determine the value of cigarettes for the purpose of applying the selective consumption tax; (iii) accords conditions of competition to imported cigarettes that are less favourable than those accorded to domestic cigarettes by requiring that stamps be affixed to cigarettes packages in the territory of the Dominican Republic; (iv) entails costs and administrative burdens hindering the importation of cigarettes by requiring importers of cigarettes to post a bond; (v) levies a transitional surcharge for economic stabilization of 2% of the c.i.f. value of the imported goods; and (vi) levies a foreign exchange fee of 4.75% of the value of the imported merchandise.

Honduras considers that these Dominican Republic's measures are inconsistent with Articles II:1(b), III:2, III:4, X:1, X:3(a), XI:1, and XV:4 of GATT 1994.

On 8 December 2003, Honduras requested the establishment of a panel. Further to a second request to establish a panel by Honduras, the DSB established a panel at its meeting on 9 January 2004. China, Chile, the European Communities and the United States reserved their third-party rights. On 19 January 2004, Guatemala, Nicaragua and El Salvador reserved their third-party rights.

Appellate Body appointment and reappointments

On 7 November 2003, the DSB appointed Ms Merit E. Janow of the United States to the seven-member Appellate Body for a four-year term, commencing 11 December 2003. Ms Janow was appointed to fill the vacancy that arose with the completion in December 2003 of Mr James Bacchus' (United States) second and final term on the Appellate Body. At the same time, the DSB appointed Messrs Georges Michel Abi-Saab of Egypt, Arumugamangalam Venkatachalam Ganesan of India, and Yasuhei Taniguchi of Japan, to serve second four-year terms. Mr Taniguchi's second term commenced on 11 December 2003, and the second terms of Messrs Abi-Saab and Ganesan will commence on 1 June 2004.

The appointments were made according to Article 17.3 of the Dispute Settlement Understanding (DSU), which stipulates that the Appellate Body shall "comprise persons of recognized authority, with demonstrated expertise in law, international trade and the subject matter of the WTO agreements generally." This Article also requires that the Appellate Body membership be "broadly representative" of the WTO membership. These appointments were made following consultations with WTO Members and on the basis of a proposal by a Selection Committee comprising the Director-General and the Chairpersons of: the General Council, the DSB, the Council for Trade in Goods, the Council for Trade in Services, and the TRIPS Council.

Table II.7

Request for consultations^a

Dispute	Complainant	Date of Request
Mexico – Certain Measures Preventing the Importation of Black Beans from Nicaragua (WT/DS284)	Nicaragua	17 March 2003
South Africa – Definitive Anti-Dumping Measures on Blanketing from Turkey (WT/DS288)	Turkey	9 April 2003
Czech Republic – Additional Duty on Imports of Pig-Meat from Poland (WT/DS289)	Poland	16 April 2003
United States – Laws, Regulations and Methodology for Calculating Dumping Margins (“Zeroing”) (WT/DS294)	European Communities	12 June 2003
Croatia – Measure Affecting Imports of Live Animals and Meat Products (WT/DS297)	Hungary	9 July 2003
Mexico – Certain Pricing Measures for Customs Valuation and Other Purposes (WT/DS298)	Guatemala	22 July 2003
Dominican Republic – Measures Affecting the Importation of Cigarettes (WT/DS300)	Honduras	28 August 2003
European Communities – Measures Affecting Trade in Commercial Vessels (WT/DS301)	Korea	3 September 2003
Ecuador – Definitive Safeguard Measure on Imports of Medium Density Fibreboard (WT/DS303)	Chile	24 November 2003
India – Anti-Dumping Measures on Imports of Certain Products from the European Communities (WT/DS304)	European Communities	8 December 2003
Egypt – Measures Affecting Imports of Textile and Apparel Products (WT/DS305)	United States	23 December 2003
India – Anti-Dumping Measure on Batteries from Bangladesh (WT/DS306)	Bangladesh	28 January 2004

^a These cases appear in order of date requested. More information on these requests can be found on the WTO website. The list does not include those disputes where a panel was either requested or established.

IX. Trade Policy Review Mechanism

The objectives of the Trade Policy Review Mechanism (TPRM), as established in Annex 3 of the Marrakesh Agreement, are to contribute to improved adherence by all Members of the WTO to its rules, disciplines and commitments, and thus to the smoother functioning of the multilateral trading system. The TPR reviews aim to achieve greater transparency in, and understanding of, the trade policies and practices of Members. The Mechanism enables the regular collective appreciation and evaluation of the full range of individual Members' trade policies and practices in all areas covered by the WTO Agreements, and of their impact on the functioning of the multilateral trading system. Reviews take place against the background of the wider economic and developmental needs, policies and objectives of the Member concerned, as well as the external trading environment. They are not intended to serve as a basis for the enforcement of obligations, for dispute settlement procedures, or to impose new policy commitments.

Reviews are conducted in the Trade Policy Review Body (TPRB), a full-membership body of equal ranking to the General Council and the Dispute Settlement Body. During 2003, the TPRB was chaired by Ambassador Mary Whelan (Ireland).

Under the TPRM, the four largest trading entities (at present, the European Union (EU), the United States, Japan and Canada) are reviewed every two years; the next 16 largest trading partners every four years; and the remaining WTO Members every six years, with a longer interval envisaged for least developed countries. It has been agreed that these intervals may, if necessary, be applied with a flexibility of six months' extension.

By the end of 2003, a total of 182 reviews had been conducted, covering 96 WTO Members (counting EU-15 as one), with Canada having been reviewed seven times and the European Union, Japan and the United States six times; four Members (Australia; Hong

Kong, China; Indonesia and Thailand), four times; nine Members (Brazil, Chile, India, the Republic of Korea, Malaysia, Mexico, Norway, Singapore, and Switzerland), three times and 34 Members, twice. During 2003, the TPRB carried out 17 reviews of: in chronological order, Maldives, El Salvador, Canada, Burundi, Southern African Customs Union (Botswana, Lesotho, Namibia, South Africa, Swaziland), New Zealand, Morocco, Indonesia, Niger, Senegal, Honduras, Bulgaria, Guyana, Haiti, Thailand, Chile and Turkey. The Chairperson's concluding remarks for these reviews are included in Annex I. The programme for the year 2004 includes 17 reviews, including the European Union and the United States for the seventh time.

Over the past few years, greater focus has been placed on reviews of least-developed countries, as encouraged by the November 1997 High-Level Meeting on Integrated Initiatives for Least-Developed Countries' Trade Development. By the end of 2003, TPR reviews had covered 20 of the 30 LDCs that are WTO Members.

As required in Annex 3 of the Marrakesh Agreement establishing the Mechanism, the TPRB undertook in 1999 an appraisal of the operation of the Trade Policy Review Mechanism. Overall, Members found that the TPRM was functioning effectively and that its mission and objectives remained important. The results of the Appraisal were presented to the Third Ministerial Conference in Seattle.

The TPRB is also responsible for carrying out the Annual Overview of developments in the international trading environment that have an impact on the multilateral trading system, on the basis of an Annual Report by the Director-General.

Substantial progress has continued to be made in enhancing awareness of the TPRM. Documents distributed for reviews are available to all delegations of WTO Members in electronic format through the Secretariat's Document Management System. Press briefings are held regularly by the Chair or the Director of the Trade Policies Review Division and in some cases by the Member under review. The summary observations of the Secretariat Report, the WTO press release, the concluding remarks by the Chair and TPR Reports are available immediately on the WTO website. TPR reports are published on behalf of the WTO by Bernan Associates. This commercial arrangement aims to ensure a wide and efficient distribution of the reports. A CD-ROM of all Trade Policy Reviews is also made available by Bernan Associates.

X. Committee on Balance-of-Payments Restrictions

No consultations were held in 2003. Bangladesh is the only Member maintaining restrictions for balance-of-payments purposes; its next consultation is due in 2004. The Committee completed its second annual review under the Transitional Review Mechanism of China's Protocol of Accession.

XI. Committee on Regional Trade Agreements

While 2003 has been for multilateral trade negotiations a year characterized by setbacks and sluggish progress, the same cannot be said for regional trade agreements (RTAs) whose number has continued to rise furthering the growth of preferential and discriminatory trade relations. Eighteen RTAs were notified to the WTO in 2003, increasing the total number of notified agreements in force to 193.³¹ The impasse experienced at Cancún and the resulting uncertainty concerning the fate of the Doha Round has apparently precipitated the pursuit of RTA partners with the announcement of negotiations of several new RTAs and many more in the proposal stage. This trend has been most evident in the Western Hemisphere, as well as in the Asian-Pacific region, where the expected finalization of several bilateral RTAs will soon grant Mongolia the status of the only WTO Member not yet party to any RTA.

Having been the focus of RTA activity for several decades, the process of regional integration in Europe has moved to a phase of consolidation with the upcoming enlargement of the EU to accommodate ten new members scheduled for May 2004.³² In the Balkans, the EU has been pursuing its stabilization strategy through the negotiation of bilateral Stabilization and Association Agreements with the countries of south-eastern Europe.³³ These agreements are to complement the network of bilateral RTAs currently being developed among south-eastern European countries under the auspices of the Stability Pact,³⁴ with the aim to progressively establish a free-trade area between the EU and the countries of the region. A similar process is underway, as part of the trade chapter of the Barcelona Process, between the EU and countries in North Africa and the Middle East. With the network of euro-Mediterranean Association Agreements almost completed,³⁵ Euromed

³¹ These include notifications made under GATT Article XXIV, GATS Article V, and the Enabling Clause; see http://www.wto.org/english/tratop_e/region_e/region_e.htm for a complete list of RTAs notified to the GATT/WTO.

³² It is expected that as many as 60 existing RTAs may be repealed or modified upon the accession to the EU of Cyprus, the Czech Republics, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak republic, and Slovenia.

³³ Two such agreements have been concluded to date with the Former Yugoslav Republic of Macedonia (FYROM) and Croatia respectively. Negotiations with Albania are currently ongoing. Members of the European Free Trade Association (EFTA) are pursuing a similar set of negotiations.

³⁴ Stability Pact countries are Albania, Bosnia and Herzegovina, Bulgaria, Croatia, FYROM, Romania and the Federal Republic of Yugoslavia; Moldova is associated to the process.

³⁵ The Interim Agreement between the EU and Lebanon entered into force in March 2003, while negotiations with Syria are ongoing.

Ministers moved in 2003 one step forward towards the objective of a Euro-Mediterranean Free Trade Area by endorsing a Protocol on rules of origin which allows extension of the pan-European system of cumulation of origin to the associated Mediterranean countries.

Further afield, negotiations on the FTA between the EU and the countries of the Gulf Cooperation Council (GCC) are continuing while those between the EU and MERCOSUR entered their final phase with the adoption of a roadmap on 12 November 2003 which aims at the conclusion of the negotiations by the end of 2004. On a wider basis, the second phase of the EU-ACP (African, Caribbean and Pacific) negotiations for Economic Partnership Agreements (EPAs)³⁶ was launched in October 2003 with the opening of negotiations between the EU and the Western African members of ECOWAS. In South East Asia, the EU has been promoting trading links with ASEAN members, however, no RTA has yet been announced in spite of talks for a strategic partnership between the two regions. The EFTA States, on the other hand, have concluded an FTA with Singapore which entered into force in January 2003.

In the Western Hemisphere, there has been an intensification of RTA negotiations particularly with the United States taking a much more aggressive stance towards preferential trade deals. In 2003, it signed FTAs with Chile and Singapore, concluded negotiations on the Central American Free Trade Agreement (CAFTA) with El Salvador, Guatemala, Honduras, and Nicaragua,³⁷ it has launched negotiations with Australia, Morocco, the five member countries of the South African Customs Union (SACU), and it has announced its intention to initiate negotiations with Panama, Bolivia, Colombia, Ecuador and Peru,³⁸ Bahrain,³⁹ and Thailand.⁴⁰ Canada has concluded an FTA with Costa Rica, it is negotiating FTAs with four Central American countries, EFTA and Singapore, and has announced its interest in negotiations with the Andean Community, CARICOM and the Dominican Republic. Other regional developments point to a possible consolidation and deepening of the complex network of RTAs among Latin and Central American countries.⁴¹ This would be in line with the objective of the Free Trade Area of the Americas (FTAA), which aims at the formation of a FTA among 34 countries in the Western Hemisphere, the negotiations for which are scheduled for completion by 1 January 2005.⁴²

In Asia Pacific, 2003 has been a year of intense RTA activities. The number of concluded RTAs has increased although it remains far lower than in other world regions; however, it is here where the majority of negotiations and proposals for new RTAs has taken place. Singapore has extended its list of preferential trading partners by concluding an FTA with Australia and with the United States. Negotiations are ongoing on a number of FTAs and several more are at a proposal/study phase.⁴³ Japan is negotiating an FTA with Mexico and announced in October that negotiations will soon be launched on an FTA with the Republic of Korea. In view of strengthening its ties with ASEAN, a number of working groups have also been established to study the feasibility of FTAs between Japan and ASEAN as a whole, and with individual countries.⁴⁴ An additional working group is studying the feasibility of an East Asia Free Trade Area (EAFTA) comprising ASEAN plus China, Japan and the Republic of Korea. China for its part has concluded FTAs with Hong Kong, China; and Macao, China; and is engaged in negotiations with ASEAN. Korea has concluded an FTA with Chile and it is considering FTAs with Japan and Singapore, while Thailand has concluded an FTA with Australia and announced its intention in October 2003 to begin negotiations with the United States. In October 2003 India signed a Framework Agreement on Comprehensive Economic Partnership with ASEAN, it has concluded an FTA with Thailand, a framework agreement with MERCOSUR, and is engaged in negotiations with Singapore. In the Pacific region, the Pacific Island Countries Trade Agreement (PICTA) entered into force in April, while Australia and New Zealand are engaged in FTA negotiations and proposals with various APEC members.

Developments in the global RTA landscape in 2003 show that all WTO Members are increasingly zealous in developing networks of preferential partners. While the promotion of free trade at a preferential level may exert leverage for openness and competitive liberalization in international trade relations thus benefiting the multilateral process, this strategy carries certain inherent risks. Such risks include the capacity of RTA partners to negotiate and administer multiple agreements with the attendant risk of diminished attention to the multilateral system; the creation of vested interests in FTA partners which will resist dilution of preferential margins at the multilateral level; and the impact of these agreements on third countries, for example through trade and investment diversion.

WTO Members are allowed to participate in regional initiatives, albeit subject to a number of criteria and procedures.⁴⁵ The Committee on Regional Trade Agreements (CRTA), the body entrusted with verifying the compliance of RTAs with the relevant WTO provisions, continued its examination of RTAs in 2003. However, the CRTA made no further progress on its mandate of consistency assessment, due to long-standing institutional, political and legal difficulties. Since the establishment of the WTO, Members have been unable to reach consensus on the format, and the substance, of the reports on any of the examinations entrusted to the CRTA.⁴⁶

³⁶ EPAs are reciprocal FTAs supposed to replace the existing Cotonou Agreement between the EU and the 77 ACP countries.

³⁷ Negotiations with Costa Rica, as member of CAFTA, are expected to be finalized in early 2004, while those intended at integrating the Dominican Republic into CAFTA are expected to commence in January 2004.

³⁸ Bolivia, Colombia, Ecuador and Peru are currently beneficiaries of the Andean Trade Preference Act as Amended (ATPA), which accords duty-free treatment to many products of the Andean countries.

³⁹ The United States has also announced its intention to create a series of RTAs with countries in the Middle East and North Africa, which would culminate in a US Middle East FTA by 2013.

⁴⁰ This announcement was preceded by the launch in October of the Enterprise for ASEAN Initiative (EAI) to strengthen trade and investment ties with ASEAN countries and which offers the prospect of bilateral FTAs between ASEAN countries and the United States.

⁴¹ For example, negotiations are underway between Mexico-Argentina; Mexico-Uruguay; Andean Community-MERCOSUR; Bolivia-Chile; as well as conclusion of negotiations between CARICOM-Costa Rica.

⁴² This deadline may be at risk if countries are unable to agree on the details of the compromise plan agreed at the 8th Ministerial Meeting held in Miami in November 2003. The next Ministerial Meeting is scheduled in February 2004.

⁴³ Singapore is currently engaged in RTA negotiations with Canada, Mexico, Korea, India, Jordan, Sri Lanka and P3 (Trilateral FTA comprising Chile and New Zealand).

⁴⁴ These are Malaysia, the Philippines, and Thailand.

⁴⁵ Contained in GATT Article XXIV, for agreements covering trade in goods, and in GATS Article V, for agreements in the area of trade in services. The 1979 Decision of the GATT Council on Differential and More Favourable Treatment (Enabling Clause) governs the conclusion of preferential arrangements among developing countries (trade in goods only).

⁴⁶ As of December 2003, the CRTA had a total of 147 agreements under examination.

The negotiations on RTA rules launched at the Fourth Ministerial Conference in Doha aim at clarifying and improving the relevant disciplines and procedures under existing WTO provisions. These negotiations, which are taking place under the auspices of the Negotiating Group on Rules,⁴⁷ had progressed meaningfully on transparency issues by the time of the Cancún Ministerial. Once negotiations resume, it will be important, especially given the post-Cancún intensification of RTA negotiations, to have an early implementation of RTA's transparency improvements, though these may prove more difficult to agree upon than in the past since there will be more stakes at play.

XII. Committee on Trade and Development

The Committee on Trade and Development in Regular Session (CTD) held four formal meetings in 2003 (44th to 47th Session) on 7 March, 22 May and 12 June, 16 and 23 October, and on 27 and 28 November. Detailed reports of these meetings can be found in documents WT/COMTD/M/44-47. Two informal meetings were also held in 2003. The report of the Committee to the General Council in July 2003 contained in document WT/COMTD/46, and the Committee's 2003 Annual Report contained in document WT/COMTD/48 also cover the activities of the CTD in 2003.

During 2003, the Committee continued its work related to technical cooperation and training. Apart from receiving notifications regarding market access for developing and least-developed countries it considered: the report of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO; declining terms of trade for primary commodities, and its implication to trade and development of primary commodity exporting countries; Paragraph 51 of the Doha Declaration on identifying and debating developmental and environmental aspects of the negotiations, in order to help achieve the objective of having sustainable development appropriately reflected; notification procedures for regional trade agreements among developing countries; and the development dimension of electronic commerce.

WTO technical assistance and training activities continued to be the item soliciting most discussion in the Committee. At the 44th Session, the Secretariat informed Members about its work with respect to the commitments it had made in relation to the 2003 Technical Assistance Plan. In addition, Members reviewed detailed information on the activities carried out in 2002. At the 45th Session the Committee considered the Technical Cooperation Audit Report on the activities carried out in 2002 and reports on the implementation of the 2003 technical assistance and training activities. The Secretariat also informed Members of the situation with respect to pledges announced and payments received to the Doha Development Agenda Global Trust Fund.⁴⁸ In addition, Members discussed draft documents on outsourcing and trade policy clinics.⁴⁹

Members had before them the draft 2004 Technical Assistance Plan, and the Second Quarterly Report on the Implementation of the 2003 Technical Assistance Plan at the 46th Session and asked the Secretariat to revise both documents for the 47th Session at which the Committee authorized the Secretariat to proceed to implement the 2004 Technical Assistance Plan,⁵⁰ with the exception of all of the regional trade policy courses, which would appear in an Addendum pending the consultations to take place under the good offices of the Chairman of the Committee, but which were adopted at the 48th Session. The outreach activities would be moved into a separate Addendum with a footnote stating that "Within the context of a full review of technical assistance and capacity-building, a decision will be taken on the inclusion of such regional activities in technical assistance and capacity-building for subsequent years." The Committee welcomed the intention of the Secretariat to pursue a process of consultations with Members on a range of issues concerning technical assistance and agreed to undertake a stocktaking exercise after the first quarter of 2004. At its 47th Session the Committee also considered additional information regarding the Implementation of the 2003 Technical Assistance Plan.

As the WTO body which considers notifications under the Enabling Clause relating to non-reciprocal preferential treatment of developing countries and LDCs, the Committee received notifications of increased market access for LDCs from the Governments of Canada and Iceland in 2003. The Government of Japan also notified the Committee of improvements to its Generalized System of Preferences scheme. These notifications were, as far as they relate to LDCs, referred to the Sub-Committee on Least-Developed Countries for consideration and reporting back.

The CTD also reviews the reports of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO (JAG). The report of the 36th Session of the JAG, held on 28 April to 2 May 2003, was presented by the Chairman of the JAG, Mr Faizel Ismail, Head of the South African Delegation to the WTO, at the 45th Session of the CTD. ITC's Executive Director, Mr Denis Bélisle was also present.

⁴⁷ See Section II of this report on the Doha Development Agenda.

⁴⁸ Job(03)/97.

⁴⁹ WT/COMTD/W/116 and WT/COMTD/W/117.

⁵⁰ WT/COMTD/W/119/Rev.1.

The issue of “Declining terms of trade for primary commodities, and its implication to trade and development of primary commodity exporting countries” was on the agenda of the 44th Session of the CTD. The delegations of Kenya, Tanzania and Uganda indicated that they would circulate a document on the topic. That document, which was before the 45th Session, highlights the problems posed to primary commodity exporting countries by the declining terms of trade and states the need for the WTO to take action on this issue. Discussions continued at the 46th Session and the Committee requested that the Secretariat draw up an inventory of documents on the issue including work already undertaken by other international organizations in order to assist Members’ consideration of the issue. The inventory was before Members at the 47th Session. However, discussions were postponed until the next meeting to allow Members to study it more thoroughly.

The item relating to paragraph 51 of the Doha Ministerial Declaration is a standing item on the agenda of the Committee. At the 44th Session of the CTD, Members agreed that different Secretariat Divisions be invited to brief the Committee on the work done in their areas of responsibility to help achieve the objective of appropriately reflecting sustainable development in the outcome of the negotiations. Accordingly Members were informed about and discussed the developmental aspects of the agricultural negotiations at the 45th Session, the market access negotiations at the 46th Session, and the services negotiations at the 47th Session of the CTD.

At the 44th Session an item relating to the “Notification procedures for regional trade agreements among developing countries” was included on the agenda and the Secretariat was requested to prepare a legal note on the existing notification requirements for RTAs among developing countries. That note was before the 45th Session. Members have since then not reverted to the matter.

The issue of electronic commerce is a standing item on the agenda of the CTD in Regular Session. Following a request by the Committee, the Secretariat prepared a note for the 44th Session on the work the CTD has carried out with respect to electronic commerce. At its 45th Session, the Committee requested the Secretariat to draft a brief factual report summarizing the Committee’s work on e-commerce since the Doha Ministerial Conference to be forward to the General Council.

Sub-Committee on Least-Developed Countries

The Sub-Committee on Least-Developed Countries is a subsidiary body to the Committee on Trade and Development with the mandate of giving special attention to issues of particular importance to the least-developed countries (LDCs). The Sub-Committee held four meetings in 2003, all of which were chaired by Ambassador Johan Molander (Sweden).

The current focus guiding the work of the Sub-Committee is the implementation of the WTO Work Programme for LDCs.⁵¹ The WTO Work Programme for LDCs, agreed by Members on 12 February 2002, focuses on the following issues: market access for LDCs; trade-related technical assistance and capacity-building initiatives for LDCs; providing, as appropriate, support to agencies assisting with the diversification of LDCs’ production and export base; mainstreaming, as appropriate, into the WTO’s work, the trade-related elements of the LDC-III Programme of Action; participation of LDCs in the Multilateral Trading System; accession of LDCs to the WTO; and follow-up to WTO Ministerial Declarations and Decisions.

In 2003, the Sub-Committee considered the item on accession of LDCs at its 32nd Session, its 33rd Session and its 34th Session. The Sub-Committee at its 32nd Session stressed on the implementation and regular monitoring of the Guidelines on the Accession of LDCs as forwarded by the Sub-Committee and adopted by the General Council on 10 December 2002.⁵² Such monitoring would include exchange of views with the Chairs of LDCs’ Accession Working Parties as well as periodic reports by the Secretariat on technical assistance for LDCs accessions. The Chairpersons of the Accession Working Parties of Bhutan, Cape Verde, Ethiopia, Nepal and Yemen attended and briefed the 33rd Session of the Sub-Committee. The exchange of views and sharing of best practices between Members and acceding governments indicated that the Guidelines were increasingly being used. Members of the Sub-Committee supported a two-track strategy with regard to LDC accessions, namely: (i) to complete by Cancún or as quickly as feasible, the accession of LDCs whose negotiations had advanced; and (ii) to activate as quickly as possible LDC accessions which had remained inactive. A paper on the state-of-play of LDCs’ accessions and technical assistance provided by the WTO to acceding LDCs was also considered at the meeting (Job(03)/87). Steps taken to facilitate and accelerate LDCs’ accessions and implement the Guidelines were highlighted in the Status Report of the Director-General to the Fifth Ministerial Conference (WT/MIN(03)/2). At its 34th Session, the Sub-Committee welcomed the accession of Cambodia and Nepal. It also took note of an update on the state-of-play of LDCs’ accessions contained in document Job(03)/191.

⁵¹ WT/COMTD/LDC/11.

⁵² WT/L/508.

As part of the WTO Work Programme for LDCs, the Secretariat prepared a report on market-access issues for LDCs which was considered at the 34th Session of the Sub-Committee. The Note by the Secretariat surveyed initiatives and improvements made in providing market access for LDCs. Tariff and non-tariff barriers facing LDC exports were also discussed. In line with the LDC market access reporting procedures, the Sub-Committee, in 2003, discussed three notifications forwarded to it by the CTD for discussion and reporting back. These notifications were by Canada, Japan, and Iceland. The Sub-Committee welcomed the initiatives taken to improve market access for LDCs and noted the importance of notifications for periodic monitoring of existing measures or improvements in market access for LDCs.

At the 32nd, 33rd and 35th sessions of the Sub-Committee, Members considered trade-related technical assistance and capacity-building initiatives for LDCs. The Secretariat briefed Members on WTO training and technical assistance for LDCs, and on the priority attached to the delivery of technical assistance to LDCs. Activities scheduled for LDCs in preparation for the Fifth Ministerial Conference were also highlighted. Periodic status reports were also made on the implementation of the Integrated Framework for Trade-related Technical Assistance for LDCs (IF). At the 35th Session of the Sub-Committee, the Chairman of the Integrated Framework Steering Committee made a status report on the IF which covered the IF evaluation, the extension of the IF to additional LDCs, the implementation of the IF to existing beneficiary LDCs, and the results of the IF Heads of Agency Meeting held in July 2003.

The item on enhancing the participation of LDCs in the multilateral trading system was considered at the 33rd Session of the Sub-Committee. The Secretariat circulated the document WT/COMTD/LDC/W/30 at the meeting. The document outlined the trends in LDCs' trade and the specific initiatives undertaken to enhance the participation of LDCs in the multilateral trading system.

The item on mainstreaming, as appropriate, into the WTO's work, the trade-related elements of the LDC-III Programme of Action, as relevant to the WTO's mandate, was considered at the 32nd Session of the Sub Committee based on a communication from the LDCs. The proposal from the LDCs sought to transform the trade-related elements of the LDC-III Programme of Action into the WTO's rules and disciplines as binding contractual obligations. Based on the comments and reservations expressed by some Members, it was agreed that further consultations with interested delegations would be held by the Chairman.

The Integrated Framework for Least-Developed Countries

In the Doha Development Agenda, Ministers endorsed the Integrated Framework for Least-Developed Countries (IF) as a viable model for LDCs' trade development. First established in 1997 and later restructured in 2000, satisfactory progress is now being made in its implementation. (See separate box for an introduction to the Integrated Framework).

In 2003 the second major evaluation of the IF took place and was carried out by independent evaluators. The Evaluation noted that the IF had made good progress, asserted that the IF approach is fundamentally sound but that fine-tuning is needed in a number of areas.⁵³

The IF's third Heads of Agency meeting was held on 10 July 2003.⁵⁴ The heads and representatives of the six agencies reaffirmed their commitment to assist in the effective integration of least-developed countries into the multilateral trading system and the global economy. They recognized that a major effort was required to assist LDCs to build their capacity to formulate policy, to negotiate, and to tackle supply-side challenges in responding to new market access opportunities. They welcomed the substantial progress made in the initial phase of the Integrated Framework and noted that collaboration among the agencies, donors, and IF countries had strengthened.

In 2003 the Integrated Framework was extended from 19 countries (five under the "old" IF, prior to its restructuring, and 14 under the restructured IF) to include six additional countries where the World Bank has started preparations for the Diagnostic Trade Integration Study (DTIS) (Benin, Chad, Lao PDR, Mozambique (with the assistance of USAID), Sao Tome and Principe and Zambia). Moreover, the World Bank was mandated to undertake Technical Reviews, as a first step in the IF process, in six additional countries: Angola, Burkina Faso, the Gambia, Maldives, Rwanda and Sudan. This adds up to a total of 31 LDCs, which are at various stages of the IF process.

At the end of 2003, of the first 14 countries where Diagnostic Trade Integration Studies (DTIS) were initiated, DTIS had been completed and Validation Workshops held in the following countries: Burundi, Cambodia, Ethiopia, Guinea, Lesotho, Madagascar, Malawi, Mauritania, Nepal, Senegal and Yemen. Completion of the DTIS for Djibouti and Mali is foreseen for spring 2004. In addition, implementation workshops with the donor community

⁵³ The terms of reference for the evaluation are set out in document WT/IFSC/3/Rev.1. The final report is contained in document WT/IFSC/6/Rev. 2, and a Summary is in WT/IFSC/6/Rev.2/Add.1.

⁵⁴ The communiqué adopted at the Third Heads of Agency meeting is contained in document WT/IFSC/5.

were held in Cambodia, Mauritania, Madagascar, Nepal, Senegal and Yemen. Eritrea has taken a pause in the implementation of the IF. In addition, implementation of follow-up activities to the IF Round Table Meetings held under the IF prior to its restructuring continued in 2003 in Bangladesh, the Gambia, Haiti, Tanzania and Uganda. Of these five countries, all but Bangladesh requested that the restructured IF be extended to them. In 2003, preparatory work was initiated in Tanzania with the assistance of some development partners.

The restructured Integrated Framework has its own IF Trust Fund, consisting of two Windows: Window I for the preparation of the DTIS and Window II for the funding of small concrete projects within a specific time-frame. In 2003 the terms of reference for Window II were clarified and made operational which has led to the submission of a number of project proposals for funding out of Window II and pledging by donors. In May, the Government of Denmark organized a special High-Level Meeting on Trade and Development to attract donors' attention to the IF. As of 31 January 2004, total pledges to the IF Trust Fund amount to US\$21.1 million. Cumulative Pledges have been made to both IFTF Window I (US\$13.1 million) and Window II (US\$8.0 million).

In 2003, the Integrated Framework Working Group stepped up its efforts to create awareness of the Integrated Framework. It created a new IF Website (www.integratedframework.org) which is managed by the World Bank on behalf of the participating Agencies. In addition, and in time for the Cancún Ministerial Conference, the IFWG produced an IF brochure which explains the objectives, processes and intended outcomes of the IF countries. In March, the Government of the Netherlands organized an IF donor workshop to create greater awareness among the donor community of the IF.

Box II.1: Background on the Integrated Framework

The Integrated Framework (IF) is a process that was established to support LDC governments in trade capacity building and integrating trade issues into overall national development strategies. It is an international initiative through which the IMF, ITC, UNCTAD, UNDP, World Bank and the WTO combine their efforts with those of least-developed countries and donors to respond to the trade development needs of LDCs. This integrated approach was launched in October 1997 at the High Level Meeting on Integrated Initiatives for Least-Developed Countries' Trade Development organized by WTO in recognition of the supply-side constraints facing LDCs.

The IF was restructured after its first mandated evaluation in 2000. The restructured IF is a process, using existing channels, to ensure that the trade related assistance needs of each country are included in the dialogue between governments and their development partners on the overall development policy to be implemented in each country. It aims to (i) incorporate trade policy into the heart of the LDCs national development plans, including components aimed at reducing poverty in the country; and (ii) assist in the coordination and delivery of trade-related assistance as provided by each of the core agencies in their respective fields of competence and by other development partners. Principally through such instruments as the Poverty Reduction Strategy Papers (PRSPs) or other national development plans, the IF seeks to ensure country ownership, partnership, and coordination in the process to integrate trade into national development plans.

In the IF, implementation includes three broad steps. First, the preparation of a Diagnostic Trade Integration Study (DTIS). The DTIS assesses the competitiveness of the economy and identifies impediments to effective integration into the multilateral trading system and the global economy. Second, based on the findings of the study, an Action Matrix is developed, in consultation with all national interested partners such as government Ministers and officials, the private sector and the civil society and academia, at a national validation workshop. The Action Matrix spells out a set of policy recommendations and priority technical assistance needs to overcome the constraints identified in the study. Lastly, the trade policy priorities are incorporated into the country's National Development Plan, such as the PRSP, and the priority technical assistance needs are fed into donors' financing fora, such as the World Bank Consultative Group meetings (CG) or UNDP Round Tables. Often an Implementation Workshop is held with the country's donor community at the national level, prior to this last step, in which development partners can express an interest in supporting parts of the Action Matrix.

The management structure of the IF consists of the Integrated Framework Steering Committee (IFSC) and the Integrated Framework Working Group (IFWG). The IF Steering Committee oversees the work of the IFWG and provides policy direction, assesses progress and ensures total transparency in the IF process. It is a tripartite arrangement with representation from agencies, donors and LDCs. All WTO Members and Observers can participate in the IFSC. Its meetings are held at the WTO. The Integrated Framework Working Group (IFWG) is responsible for the day-to-day, overall management of the IF, including monitoring and evaluation of field resources and oversight of the IF Trust Fund. The IFWG is chaired by the WTO and consists of representatives of the agencies and two representatives each from least-developed and donor countries, selected on a rotating basis: in 2003, Canada and the European Commission represented donors, and Bangladesh and Mauritania the LDCs. The OECD has observer status. The WTO, which houses the IF Secretariat in its LDC Unit, in the Development Division services both the IFSC and IFWG meetings. Finally, the UNDP, on behalf of the six agencies, manages the IF Trust Fund.

As part of the IF restructuring, the IF trust fund (ITF) was established by voluntary contributions from bilateral and multilateral donors. The fund has two Windows: Window I funds the preparation of the DTIS, while Window II provides bridging money to fund concrete, quick-deliverable priority projects which are listed in a country's DTIS action matrix, in the time between the completion of the DTIS and accessing of funding through the consultative group/round tables PRSP processes (WT/IFSC/4).

At the end of 2003 the following countries were covered by the IF at various stages:

- Burundi, Cambodia, Djibouti, Ethiopia, Eritrea, Guinea, Lesotho, Madagascar, Malawi, Mali, Mauritania, Nepal, Senegal, Yemen, as well as the five countries under the "old" IF: Bangladesh, the Gambia, Haiti, Tanzania and Uganda;
- preparations started for DTIS: Benin, Chad, Lao PDR, Sao Tome and Principe, Mozambique and Zambia;
- Technical Reviews being undertaken: Angola, Burkina Faso, The Gambia, Maldives, Rwanda, Sudan.

XIII. Committee on Trade and Environment

See section I on the Doha Development Agenda in Part I above for CTE activities in 2003.

XIV. Committee on Budget, Finance and Administration

In 2003, as part of its on-going responsibilities, the Committee on Budget, Finance and Administration (BFA), continued to monitor the financial and budgetary situation of the Organization. It formulated recommendations to the General Council on assessment to the budget and advance to the Working Capital Fund. It considered elements related to personnel management and heard progress reports on the WTO Pension Plan as well as other issues.

Major areas of activity

Further to the decision by the General Council of 13 December 2002 on salary methodology, the Committee examined the proposed salary methodology and made recommendations to the General Council, which adopted them on 15 May 2003. The Committee further examined other salary adjustments and made a recommendation to the General Council. The Committee also examined the issue of conditions of service of long-term temporary staff and made a recommendation to the General Council, which adopted it in July 2003.

The Committee began the review of the guidelines on voluntary conditions from Non-governmental donors to streamline the process of accepting these voluntary contributions. A proposed donation from a foundation was examined by the Committee and accepted by the Director-General.

The Committee undertook an examination on the possibility of moving to a biennial budgeting cycle and made recommendations to this effect to the General Council, which adopted them on 26 August 2003.

The Committee also discussed and/or was informed about the following points in the various meetings: (i) situation of contributions for the Doha Development Agenda Global Trust Fund (DDAGTF), and (ii) the Trust Fund to facilitate the participation of least-developed countries in the Ministerial Conference at Cancún.

Reports of the meetings can be found in WT/BFA/64, WT/BFA/65, WT/BFA/67 and WT/BFA/68.

XV. Plurilateral Agreements

Agreement on Government Procurement

The following WTO Members are Parties to the plurilateral Agreement on Government Procurement of 1994: Canada; the European Communities and their member States; Hong Kong, China; Iceland; Israel; Japan; the Republic of Korea; Liechtenstein; the Kingdom of the Netherlands with respect to Aruba; Norway; Singapore; Switzerland; and the United States. Albania, Bulgaria, Estonia, Georgia, Jordan, the Kyrgyz Republic, Latvia, Lithuania, Moldova, Panama, Chinese Taipei and Slovenia are in various stages of negotiating their accession to the Agreement.

During 2003, the Committee pursued its negotiations under Article XXIV:7 of the Agreement. These cover the following elements: simplification and improvement of the Agreement, including, where appropriate, adaptation to advances in the area of information technology; expansion of the coverage of the Agreement; and elimination of discriminatory measures and practices which distort open procurement. An objective of the negotiations is the expansion of the membership of the Agreement by making it more accessible to non-Parties. Significant progress on the revision of the text was made and, in August 2003, the Committee agreed on a target date for provisionally finalizing the review of the non-market access-related parts of the text of the Agreement by spring 2004.

Other matters considered by the Committee during the period have been modifications to the Appendices to the Agreement, statistical reports and notifications of threshold figures in national currencies.

Agreement on Trade in Civil Aircraft

This Agreement entered into force on 1 January 1980.

There are 30 Signatories to the Agreement: Austria; Bulgaria; Belgium; Canada; Denmark; Egypt; Estonia; the European Communities; France; Georgia; Germany; Greece; Ireland; Italy; Japan; Latvia; Lithuania; Luxembourg; Macao, China; Malta; Netherlands; Norway; Portugal; Romania; Spain; Sweden; Switzerland; Chinese Taipei; the United Kingdom and the United States. Those WTO Members with observer status in the Committee are: Argentina; Australia; Bangladesh; Brazil; Cameroon; China; Colombia; the Czech Republic; Finland; Gabon; Ghana; Hungary; India; Indonesia; Israel; the Republic of Korea; Mauritius; Nigeria; Oman; Poland; Singapore; the Slovak Republic; Sri Lanka; Trinidad and Tobago; Tunisia and Turkey. The Russian Federation and Saudi Arabia are also observers, as are the IMF and UNCTAD.

The Agreement eliminates all customs duties and other charges on imports of civil aircraft products and repairs, binds them at zero level, and requires the adoption or adaptation of end-use customs administration. The Agreement prohibits signatories from requiring, or exerting pressure on, purchasers to procure civil aircraft from a particular source, and provides that purchasers of civil aircraft products should be free to select suppliers on the basis of commercial and technical factors only. The Agreement regulates signatories' participation in, or support for, civil aircraft programmes, and prohibits signatories from requiring or encouraging sub-national entities or non-governmental bodies to take actions inconsistent with its provisions.

In 2003, the Committee again reverted to the status of the Agreement in the WTO framework. Signatories however remained unable to adopt the Draft Protocol (1999) Rectifying the Agreement on Trade in Civil Aircraft that was proposed by the Chairperson in April 1999. Thus, although the Agreement is part of the WTO Agreement, it remains outside the WTO framework. The Committee also discussed, *inter alia*, "end-use" customs administration, including a revised proposal by one Signatory concerning the definition of "civil" vs. "military" aircraft based on initial certification and matters concerning improved operation of Article 4, with regard to inducements. It was proposed that the Committee identify factors that could facilitate the effectiveness of Article 4, including a better mechanism for communication among Signatories. The following item was raised under "other business": Article 9 relating to the possible accession to the Agreement of future members of the European Communities.

PART II

I. Cooperation with other international organizations and relations with civil society

Relations with non-governmental organizations/civil society

The WTO's relations with civil society continued to evolve with numerous activities and exchanges focusing on specific aspects related to the Doha Development Agenda and negotiations. Relations with Non-Governmental Organizations (NGOs) are specified in Article V:2 of the Marrakesh Agreement establishing the WTO and were further elaborated in a set of guidelines (WT/L/162) adopted by the General Council in July 1996. The guidelines "recognize the role NGOs can play to increase the awareness of the public in respect of WTO activities".

While members of civil society and NGO representatives are in daily contact with the WTO Secretariat and WTO Members, they also attend WTO Ministerial Conferences and participate in issue-specific symposia. Briefings on meetings of WTO Councils and Committees are also organized regularly for Geneva-based representatives. The WTO Secretariat receives a large and increasing number of meeting requests from NGOs from all over the world and the WTO's Director-General and Secretariat staff regularly meet representatives from NGOs. WTO Secretariat officials participate as often as possible in major meetings where subjects of interest to civil society are discussed.

Since the adoption of the 1996 guidelines, the WTO Secretariat has enhanced its dialogue with civil society. In the run-up to the Doha Ministerial Conference in 2001, several new activities involving NGOs were proposed and agreed to by WTO Members (WT/INF/30). Among others, NGOs are now invited to the WTO to informally present their recent policy research and analysis directly to WTO Members. In 2002 the WTO Secretariat increased the number of NGO briefings on major WTO meetings and began listing the briefing schedules on its website. In 2003, the briefings were primarily based on the preparations for the Ministerial Conference.

A monthly list of NGO position papers received by the Secretariat is compiled and circulated for the information of WTO Members. Since 2003, the monthly electronic news bulletin for NGOs has been replaced by a bi-weekly WTO Update, further facilitating access to WTO information. Subscription requests should be sent by e-mail to the following address: ngobulletin@wto.org.

Ministerial Conferences

NGO attendance at WTO Ministerial Conferences is based on a basic set of registration procedures decided by the General Council: (i) NGOs are allowed to attend the Plenary Sessions of the Conference and (ii) NGO applications to register are accepted by the WTO Secretariat on the basis of Article V:2, i.e. NGOs have to demonstrate that their activities are "concerned with matters related to those of the WTO". Information on these procedures can be found on the WTO website.

The table below gives the numbers for the five WTO Ministerial Conferences that were held until now. With just under 800 NGOs and almost 1,600 of their representatives attending, the Fifth Ministerial Conference saw the highest number of civil society representatives in WTO's eight year history.

Table II.8

NGO attendance at ministerial conferences

Ministerial	No. of eligible NGOs	NGOs who attended	No. of participants
Singapore 1996	159	108	235
Geneva 1998	153	128	362
Seattle 1999	776	686	approx 1,500
Doha 2001	651	370	370
Cancún 2003	961	795	1578

Symposia

Since 1999, WTO's annual public symposium has provided civil society with opportunities to engage with government officials, academics and other civil society representatives. The four symposia held until now have shown that governments and civil society can have open and constructive dialogues on issues where differences exist, but where possible solutions can also be identified and discussed. In 2003 a three-day symposium with some 700 participants was held at the WTO. Entitled "Challenges ahead on the Road to Cancún", the symposium featured WTO-organized work sessions and also sessions organized by NGOs and Parliamentarians on topics of their choice. Development opportunities, trade and the environment and agriculture were among the issues discussed. NGO-organized events focused on new issues in the trading system, gender, eco-labeling, cotton, bio-safety, animal welfare and services. During the event, twenty-two different work sessions took place. Another symposium is planned for May 2004.

Cooperation with other international organizations

The WTO works closely with other international intergovernmental organizations and especially those involved with trade-related subjects. The WTO cooperates and coordinates with the United Nations and many of its agencies, with the Bretton Woods institutions and with other international and regional bodies.

In its efforts to further the development dimension of trade, the WTO works closely with the United Nations Conference on Trade and Development (UNCTAD). A major focus of joint work concerns capacity building and providing technical assistance to developing countries and least-developed countries. UNCTAD is a major partner in the Integrated

Framework for Trade-Related Technical Assistance to Least-Developed Countries (IF) and also the Joint Integrated Technical Assistance Programme (JITAP). As well, many inter-regional meetings and training activities are organized to assist developing country representatives learn more about WTO trade issues and negotiations. Such activities are sponsored either by WTO or UNCTAD, or both, and involve staff from both organizations. Other international intergovernmental organizations that cooperate with the WTO on the development dimension, particularly the IF and JITAP, include the United Nations Development Programme, International Trade Centre, International Monetary Fund and World Bank.

The WTO remains a key player in various activities organized by the United Nations, its agencies, and other international intergovernmental organizations. The Director-General attends regularly meetings of the UN Chief Executives Board (CEB); WTO Secretariat officials also participate in the Board's subsidiary bodies. As well, the WTO Secretariat is represented on a high-level United Nations coordination committee monitoring progress towards achieving the United Nations' Millennium Goals. WTO also participates in follow-up mechanisms relating to the International Conference on Financing for Development and the World Summit on Sustainable Development.

As many as 76 international intergovernmental organizations had observer status in the WTO's 5th Ministerial Conference in Cancún, Mexico, and many have observer status in one or more bodies.

Outreach activities for parliamentarians and civil society

In 2003, WTO completed a programme of outreach activities for parliamentarians and civil society. Activities included regional workshops for parliamentarians in the Africa, Caribbean and Latin America regions, and national workshops in Namibia and Moldova and St. Lucia. There was also a regional workshop for civil society representatives held in Cape Town. In all outreach activities, the objectives were essentially similar: to foster greater public understanding of and interest in the WTO; to inform parliamentarians/civil society representatives on the operations of the multilateral trading system and key issues on the international trade agenda, and to encourage and exchange views on trade-related and development-related issues. One positive effect of these activities has been the establishment of close working relations with a number of parliamentary and civil society organizations that served as co-organizers and/or participated in some of the workshops. A detailed report on the regional workshops for parliamentarians held in Cape Town in May 2003 and Trinidad and Tobago in July 2003 can be found on the WTO website. Further outreach activities are being undertaken in 2004.

Cooperation with the IMF and the World Bank (Coherence)

The WTO's cooperation with the IMF and the World Bank is based on the Marrakesh "Declaration on the Contribution of the WTO to Achieving Coherence in Global Economic Policy-Making" and on the WTO's formal cooperation agreements with the IMF and the World Bank. Cooperation at the staff level extends to many areas of the WTO, including on research topics, exchange of statistical data and trade policy information and technical assistance and training. More detailed information is available in the Director-General's Annual Report on Coherence.

The General Council held its first formal meeting on Coherence on 13 May 2003, with the participation of the Managing Director of the IMF and the President of the World Bank. The main theme of the meeting was establishing long-term coherence between governments' trade, finance and development policies, at the domestic level and at the multilateral level, with support from the three organizations in providing high quality policy analysis, technical assistance and capacity building, and adjustment assistance. Among the issues that Members felt warranted attention in this context were the erosion of preference margins as a result of multilateral liberalization, the fiscal effects of tariff liberalization, the timing and sequencing of reforms to trade and other economic policies, and improving the availability and affordability of trade financing, particularly in periods of financial instability and crisis.

Opportunities for consultations at the heads-of-agency level arose at the General Council meeting on Coherence in May, at meetings of the International Monetary and Finance Committee (IMFC) and the Development Committee, at ECOSOC and other intergovernmental meetings. Attention in these consultations focused on actions that could be taken to help advance the Doha trade negotiations and work programme, including mobilizing the active support of Finance and Development Ministers. One result of these consultations was initiatives by Messrs Köhler and Wolfensohn to offer enhanced technical and financial support for implementation of the results of the Doha Round. Their initiatives

were taken in light of the view that adjusting to a more liberal trade environment may impose temporary costs on some member countries as a result of preference erosion, the loss of tariff revenue and other factors.

Table II.9

International intergovernmental organizations – Observer status in the WTO, as at 30 January 2003

The guidelines on observer status for international organizations (WT/L/161, Annex 3) provide that requests for observer status from organizations shall not be considered for meetings of the Budget Committee or the Dispute Settlement Body, therefore these bodies are not listed in the table. Also not listed are the Textiles Monitoring Body, which has no international intergovernmental organization observers, and Accession Working Parties.

The International Trade Centre UNCTAD/WTO, as a joint subsidiary organ of the WTO and UNCTAD, is not required to formally submit a request for observer status in the WTO bodies and is invited as appropriate to attend meetings of those WTO bodies it wishes to attend (WT/GC/M/25, item 1). The ITC is therefore not listed in this table.

The IMF and World Bank have observer status in WTO bodies as provided for in their respective Agreements with the WTO (WT/L/195), and are not listed in this table.

International intergovernmental organizations with universal representation are in italics. An "X" indicates observer status; a "P" indicates that consideration of the request for observer status is pending.

Table II.9 (A): Explanatory Note

The bodies listed in this table are, respectively, the General Council (GC); Trade Policy Review Body (TPRB); Council for Trade in Goods (CTG); Council for Trade in Services (CTS); Council for TRIPS (TRIPS); the Committees on Anti-Dumping Practices (ADP); Subsidies and Countervailing Measures (SCM); Safeguards (SG); Agriculture (AG); Sanitary and Phytosanitary Measures (SPS); Balance-of-Payments Restrictions (BOPS); Regional Trade Agreements (CRTA); Trade and Development (CTD); Trade and Environment (CTE); Market Access (MA); Import Licensing (LIC); Rules of Origin (RO); Technical Barriers to Trade (TBT); Trade-Related Investment Measures (TRIMS); Customs Valuation (VAL). Additional information concerning the observer status of the listed organizations in the GATT CONTRACTING PARTIES (GATT CPS), Council of Representatives (GATT CNCL) and Committee on Trade and Development (GATT CTD) is provided in the last three columns.

Table II.9 (A)

International intergovernmental organizations – Observer Status in the WTO

(See Explanatory Note)

		GC	TPRB	CTG	CTS	TRIPS	ADP	SCM	SG	AG	SPS	BOPS	CRTA	CTD	CTE	MA	LIC	RO	TBT	TRIMS	VAL	GATT CPS	GATT CNCL	GATT CTD
UN bodies and specialized agencies:																								
<i>UN</i>	<i>United Nations</i>	X	X	X	X									X	X					X		X	X	X
<i>CBD</i>	<i>Convention on Biological Diversity</i>					P			P	P					X				P					
<i>CITES</i>	<i>Convention on International Trade in Endangered Species</i>														X									
<i>IPPC</i>	<i>FAO International Plant Protection Convention</i>										X													
<i>Codex</i>	<i>FAO/WHO Joint Codex Alimentarius Commission</i>										X									X				
<i>FAO</i>	<i>Food & Agriculture Organization of the United Nations</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
<i>ITU¹</i>	<i>International Telecommunication Union</i>	P			X																			
<i>UNAIDS</i>	<i>Joint United Nations Programmes on HIV/AIDS</i>																							
	<i>Montreal Protocol on Substances that Deplete the Ozone Layer</i>														P							X	X	X
<i>CSD</i>	<i>United Nations Commission for Sustainable Development</i>														X									
<i>UNCTAD</i>	<i>United Nations Conference on Trade & Development</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
<i>UNDP</i>	<i>United Nations Development Programme</i>	P												X	X									
<i>ECA</i>	<i>United Nations Economic Commission for Africa</i>													X								X	X	X

Table II.9 (A) (continued)

International intergovernmental organizations – Observer Status in the WTO

(See Explanatory Note)

		GC	TPRB	CTG	CTS	TRIPS	ADP	SCM	SG	AG	SPS	BOPS	CRTA	CTD	CTE	MA	LIC	RO	TBT	TRIMs	VAL	GATT CPS	GATT CNCL	GATT CTD
ECE	United Nations Economic Commission for Europe			P										X					X			X	X	X
ECLAC	United Nations Economic Commission for Latin America & the Caribbean													X								X	X	X
ESCAP	United Nations Economic & Social Commission for Asia & the Pacific													X								X	X	X
UNESCO	United Nations Educational, Scientific and Cultural Organization				P																			
UNEP	United Nations Environment Programme		P			P								³	X									
UNFCCC	United Nations Framework Convention of Climate Change															X								
UNIDO	United Nations Industrial Development Organization		P											X	X					⁴		X		
WFP	United Nations World Food Programme									X														
WHO	World Health Organization		P		⁵	⁶					X				P					X				
WIPO	World Intellectual Property Organization		X			X								³	X							X	X	
Other organizations:																								
ACP	African, Caribbean & Pacific Group of States		P	P	P		⁷	⁷	⁷	P	³	X		X	X	X	P	X	⁸	P	X	X	X	
OAPI	African Intellectual Property Organization					P																		
ARIPO	African Regional Industrial Property Organization					P																		
AU	African Union		P	P										P	³									
	ANDEAN Community													X								X	X	X
AAAID	Arab Authority Agricultural Investment and Development									P														
AMU	Arab Maghreb Union		P	P	P									P	³									
AMF	Arab Monetary Fund		P	P	P																	X	X	
ATFP	Arab Trade Financing Program		P	P	P																			
APCC	Asian and Pacific Coconut Community									P	P													
BIPM	Bureau International des Poids et Mesures																			P				
CARICOM	Caribbean Community Secretariat													X								X	X	X
CAEMC	Central African Economic & Monetary Community													X								X	X	
CFC	Common Fund for Commodities				P									P										X
COMESA	Common Market for Eastern and Southern Africa		P	P	P		P	P	P	P			P			P		P		P	P			
	Commonwealth Secretariat													X								X	X	
CMA/WCA	Conference of Ministers of Agriculture of West and Central Africa					P																		

Table II.9 (A) (continued)

International intergovernmental organizations – Observer Status in the WTO

(See Explanatory Note)

		GC	TPRB	CTG	CTS	TRIPS	ADP	SCM	SG	AG	SPS	BOPS	CRTA	CTD	CTE	MA	LIC	RO	TBT	TRIMs	VAL	GATT CPS	GATT CNCL	GATT CTD
GCC	Cooperation Council for the Arab States of the Gulf	P	P	P		P				P				X	P							X	X	X
ECOWAS	Economic Community of Western African States													³										
ECO	Economic Cooperation Organization	P											P	³										
EBRD	European Bank for Reconstruction & Development	P	X	P	P							X	P									X	X	
EFTA	European Free Trade Association	P	X	P	P	P					³	X	X	X	X			X	⁸			X	X	X
GOIC	Gulf Organization for Industrial Consulting				P	P		P	P				P	P	P	P		P	P	P				
IADB	Inter-American Development Bank		P							P			P	X		X		X		P	X	X	X	X
IICA	Inter-American Institute for Cooperation on Agriculture									P	³													
IAIGC	Inter-Arab Investment Guarantee Cooperation													³						P				
ICAO	International Civil Aviation Organization					⁵																		
ICCAT	International Commission for the Conservation of Atlantic Tuna														X									
IEC	International Electrotechnical Commission																			X				
IGC	International Grains Council			P						X				X										X
OIE	World Organization for Animal Health										X									X				
OILM	International Organization of Legal Metrology																			⁸				
ISO	International Organization for Standardization										X				X					X				
IPGRI	International Plant Genetic Resources Institute					P									X									
ITCB	International Textiles and Clothing Bureau	P		X												X		X						
ITTO	International Tropical Timber Organization														P									
UPOV	International Union for the Protection of New Varieties of Plants						X																	
IVI	International Vaccine Institute					P																		
OIV	International Vine and Wine Office	P				P				P										P				
IDB	Islamic Development Bank	P		P	P	P								³	⁹					P				
SELA	Latin American Economic System	P		P	P	P			P	³		P	X	X	P					P		X	X	X
ALADI	Latin American Integration Association												³	X					⁸			X	X	X
LAS	League of Arab States	P		P	P								P	P	P							X		
OIF	Organisation Internationale de la Francophonie														P									
OAS	Organization of American States	P		P	P	P							X	X								X	X	X
OECD	Organization for Economic Cooperation & Development	X	X	X	P ¹⁰	X	¹¹	¹¹	¹¹	X	³	X	P	X	X			X	X	X		X	X	X

Table II.9 (A) (continued)

International intergovernmental organizations – Observer Status in the WTO

(See Explanatory Note)

		GC	TPRB	CTG	CTS	TRIPS	ADP	SCM	SG	AG	SPS	BOPS	CRTA	CTD	CTE	MA	LIC	RO	TBT	TRIMs	VAL	GATT CPS	GATT CNCL	GATT CTD	
OIC	Organization of the Islamic Conference	P	P	P	P	P							P	³	P								X		
OPEC	Organization of the Petroleum Exporting Countries													P	P										
OIRSA	Regional International Organization for Plant Protection and Animal Health										³														
	Pacific Islands Forum	P							P					³	X										
SIECA	Secretariat of the Central American Economic Integration	P		P	P	P								X								X	X	X	
	South Centre	P		P	P	P			P					³											
SEAFDEC	Southeast Asian Fisheries Development Centre																								
SADC	Southern African Development Community			P	P								P	X											
UPU	Universal Postal Union				P																				
WAEMU	Western African Economic & Monetary Union	P											P	³		P									
WCO	World Customs Organization	P		X		X									X	X		X			X	X			
WTO	World Tourism Organization					⁵																			

¹ The ITU Secretariat shall [also] be invited as an observer to meetings of relevant WTO bodies other than the Council for Trade in Services and the Ministerial Conference (excluding the Committee on Budget, Finance and Administration, Dispute Settlement Body, Appellate Body and Dispute Settlement Panels) where that body considers that matters of common interest to both organizations will be under discussion.

² Requested and granted observer status for the TRIPS 18-22 June 2001 and 19-20 September 2001 meetings when discussing IP and access to medicines only.

³ The Committee agreed to grant *ad hoc* observer status on a meeting-by-meeting basis.

⁴ The Committee agreed to grant *ad hoc* observer status pending final agreement on the application of the guidelines for observer status for international intergovernmental organizations in the WTO.

⁵ The Council agreed to grant *ad hoc* observer status.

⁶ The Council agreed to grant *ad hoc* observer status on the understanding that the WTO would be given reciprocal opportunities to observe meetings of all functional bodies under the WHO, including those at the regional level, except when meetings are limited to Member governments only.

⁷ The Committee agreed to grant *ad hoc* observer status pending the outcome of the horizontal process.

⁸ The Committee agreed to grant *ad hoc* observer status pending further decisions.

⁹ The Committee agreed to grant *ad hoc* observer status.

¹⁰ The Council had agreed to grant observer status to the OECD for its Special Sessions on Telecommunications Services on 25 June 1999.

¹¹ The Committee agreed to grant *ad hoc* observer status with access to restricted documents subject to objection to such access by a Member in particular cases.

Table II.9 (B): Explanatory Note

This table provides information on observer status in the four bodies under the Council for Trade in Services, namely the Committees on Financial Services and Specific Commitments, and the Working Parties on GATS Rules and Domestic Regulation, as well as in the Working Groups on Transparency in Government Procurement; the Relationship between Trade and Investment; the Interaction between Trade and Competition Policy; Trade, Debt and Finance; Trade and Transfer of Technology.

Table II.9 (B)

International intergovernmental organizations – Observer Status in Certain other Bodies

(See Explanatory Note)

		Financial services	GATS rules	Domestic Regulation	Specific commitments	Working Group on Transparency in Government Procurement	Working Group on the Relationship between Trade and Investment	Working Group on the Interaction between Trade and Competition Policy	Working Group on Trade, Debt and Finance	Working Group on Trade and Transfer of Technology
UN bodies and specialized agencies:										
UN	United Nations	X	X	X	X	¹			X	
FAO	Food and Agricultural Organization								X	
UNCITRAL	United Nations Commission on International Trade Law					X				
UNCTAD	United Nations Conference on Trade and Development	X	X	X	X	X	X	X	X	X
ECLAC	United Nations Economic Commission for Latin America & the Caribbean							P		
UNIDO	United Nations Industrial Development Organization						²			X
WIPO	World Intellectual Property Organization								X	
Other Organizations:										
ACP	African, Caribbean & Pacific Group of States	X		X						
AU	African Union						P			
	Energy Charter Conference						P			
GOIC	Gulf Organization for Industrial Consulting							P		
IAIS	International Association of Insurance Supervisors	P		P						
SELA	Latin American Economic System					P ³	P	P ⁴		
OAS	Organization of American States						P			
OECD	Organization for Economic Cooperation and Development	X	X	X	X	P ³	²	X	X	
OIC	Organization of the Islamic Conference					P	P	P		
	South Centre						P	P		
UPU	Universal Postal Union				P					

¹ The UNCITRAL, listed below, represents the UN.

² The Working Group agreed to grant *ad hoc* observer status.

³ The Working Group had agreed to grant *ad hoc* observer status for its meetings of 3-4 November 1997 and 19-20 February 1998 only.

⁴ The Working Group had agreed to grant *ad hoc* observer status for its meetings of 27-28 November 1997 and 11-13 March 1998 only.

Table II.9 (C): Explanatory Note

Information for the Committees under the Plurilateral Trade Agreements is provided in this table, namely the Committee on Government Procurement (GPA), the Committee on Trade in Civil Aircraft (TCA) and the Committee of Participants in the Expansion of Trade in Information Technology Products (ITA).

Table II.9 (C)

International intergovernmental organizations – Observer Status in Committees under the Plurilateral Trade Agreements

(See Explanatory Note)

		GPA	TCA	ITA
UN bodies and specialized agencies:				
<i>UNCTAD</i>	<i>United Nations Conference on Trade and Development</i>	X	X	
Other Organizations:				
ACP	African, Caribbean and Pacific Group of States		P	
ICAP	Central American Institute of Public Administration	P		
COMESA	Common Market for Eastern and Southern Africa	P		
EFTA	European Free Trade Association	P		
	Inter-American Development Bank	P		
OECD	Organization for Economic Cooperation and Development	X		X
WCO	<i>World Customs Organization</i>			X ¹

¹ The Committee agreed to invite the WCO as an observer whenever the issues of HS classification and HS amendments were on the agenda.

II. Public information activities

The positive change in public perceptions of the WTO which coincided with the launch of the Doha Development Agenda continued to manifest itself in the lead up to and in the aftermath of the Cancún Ministerial. This has altered the tone of public comment on the WTO, shifting from outright criticism of the organization and its aims to focus instead on the impact of further delays in reaching agreement on the Doha Agenda. This significant shift in the focus and tone of the debate on WTO issues is largely due to the existence of a better understanding among the general public, and among journalists, about the role and work of the organization.

The results of the first Global Accountability Report, by the UK charity One World Trust were symbolic of this change in attitude. The report gave high marks to the WTO for transparency, ranking it third on access to online information, eighth on member control and fourth overall among 18 inter-governmental organizations, trans-national corporations and international NGOs.

Regular contacts with media and the public

A number of specific efforts in 2003 contributed to this new environment for public debate on the WTO, including:

- a sustained level of contacts with the public through 145 information briefings at the WTO involving about 5,000 participants;
- regular contact with journalists in Geneva through 97 press briefings, news conferences and photo opportunities, as well as regular contact with the 1,000 journalists around the globe who have registered to use our internet Media newsroom. Most of them received weekly email bulletins on developments at the WTO;
- the organization of media and information events at the Cancún Ministerial, where nearly 2,000 journalists were registered and participated in daily briefings by the WTO;
- more than 50,000 individuals have self-registered with our contacts database to receive regular email bulletins on WTO developments. This list is comprised largely of academics, consultants, government officials and students with a specific interest in trade issues;
- there were over 50,000 public email enquiries and comments received by the WTO over the year; all messages which required an answer were addressed within a maximum of 24 hours;
- the WTO distributed nearly 60,000 books and information brochures free of charge in English, French and Spanish to the public and to WTO Members during 2003.

The WTO website www.wto.org

The number of visitors to the WTO website continues to grow at the rate of 15-20% per month. There were 7.5 million visits to the website during 2003 (about 650,000 per month from about 170 countries) and over 270 million hits (indicating a high level of navigation through the site). Users of the site downloaded millions of pages of WTO publications and documents, including over 120,000 copies of the WTO Annual Report, about 110,000 copies of the World Trade Report and about 130,000 copies of the International Trade Statistics.

WTO Publications

A new annual publication, the World Trade Report, was successfully produced and launched, while maintaining production schedules for the full list of the 145 other books and brochures produced during 2003 in English, French and Spanish. The full list of current WTO publications is included as Annex II at the end of this publication.

Annex I – Trade Policy Review Body – Concluding remarks by the Chair of the Trade Policy Review Body

Maldives

This, the first Review of the Maldives, has enabled Members to obtain a much better understanding of its trade regime. The positive and constructive comments raised during this Review by Members and the discussant together with the responses from the Maldivian delegation contributed to what I feel has been a very successful collective consideration of the Maldives' trade policies and measures.

Members commended the Maldives for its impressive growth and success in improving general living standards. Inflation and unemployment are relatively low, and steady growth since 1980 has lifted the Maldives to a lower middle income country level with per capita income of over US\$2,000. This has been achieved despite the economic and development challenges facing the Maldives, a small island developing economy. These include a narrow production base heavily reliant on tourism and fishing, vulnerability to external developments, and a small and scattered population over many islands. Members supported the Maldives' ambitious plans for a more diversified export-oriented economy and sought clarifications on the objective of becoming a "regional free trade hub" by 2020.

Members were highly supportive of the Maldives' trade and economic policies, and efforts to meet its WTO commitments. They appreciated the heavy demands this placed on its stretched administrative capacities and encouraged the Maldives to continue with these efforts. Members urged the Maldives to pass legislation implementing WTO Agreements and revised trade and investment rules. Members felt that the macro-economy has been well managed, although recent fiscal pressures need to be addressed. The authorities are considering introducing an efficient direct tax system to broaden the internal tax base and thereby reduce the heavy reliance on tariff revenue; such a reform, by easing fiscal pressures, could also facilitate further tariff reductions.

Although Members felt that the Maldives' trade and investment regimes are relatively open, transparency needs to be improved. Tariffs are the main trade policy instrument. Members urged the Maldives to quickly rectify those cases where applied rates exceed bound levels, and to reduce the significant gap between bound and applied duties. Non-tariff barriers are few; import licensing is mainly automatic and import quotas apply only to rice, flour, and sugar.

Efforts to privatize and restructure state-owned enterprises to improve efficiency and facilitate greater private sector involvement were welcomed by Members. They encouraged the deregulation of key services, in particular, the intended abolition of the basic telecommunications monopoly in 2008, to improve the economy's efficiency.

LDC graduation is a major challenge for the Maldives. Members were sympathetic to the possible implications this may have on its economic performance, especially by the loss of significant EU tariff preferences on fish exports. Several Members agreed with the Maldives that the sudden withdrawal of such preferential treatment upon graduation could retard its development, and believed that any such graduation needs to consider factors other than income levels, including some 40% of the population still below the poverty line and vulnerability to external shocks.

On sectoral issues, Members noted recent efforts to end the export monopoly on tuna and sought details on the policy challenges in the fisheries sector, including the current fish

export licensing scheme. While lease periods for island resorts have been increased, the conditions attached to the new 50-year lease are rather restrictive.

Members also sought clarification on several specific issues, including:

- tax reforms, including greater reliance on consumption taxes;
- foreign investment requirements, including the proposed revised legislation, and investment incentives;
- regional trade initiatives, including formation of SAFTA;
- benefits of unilateral preferential arrangements;
- introduction of WTO-consistent intellectual property legislation;
- sanitary and phytosanitary arrangements;
- government procurement;
- import licensing;
- customs valuation and use of minimum prices;
- plans to introduce legislation on contingency remedies; and
- technical assistance requirements.

Members expressed their appreciation of the oral and written responses provided by the Maldivian delegation. They look forward to receiving the written answers to outstanding questions.

This concludes our Review of the Maldives. It has highlighted the commitment of the Maldivian authorities to the WTO and their efforts to maintain a relatively open economy, despite developmental challenges. I would encourage the Maldives to continue these efforts, and to focus on domestic policy reforms to address the supply-side constraints that limit the economy's diversification and compound its vulnerability to external developments. I would also urge that Members play their part by extending greater non-discriminatory market access to the Maldives and providing sufficient well targeted technical assistance for it to fully integrate into the multilateral trading system.

El Salvador

This second Trade Policy Review of El Salvador has done much to improve our understanding of its trade and investment policies and of the context within which they are being formulated and applied. We owe this in large measure to the active participation of the Salvadoran delegation led by Minister Lacayo, Vice-Minister Ayala and Ambassador Lima.

First of all, I should draw attention to the support which Members have expressed for El Salvador's current efforts at modernization and their recognition of the progress El Salvador has made since the end of the civil war some ten years ago. Members praised El Salvador for the success of its efforts to restructure and stabilize the economy, especially the autonomous, regional and multilateral initiatives aimed at liberalizing trade and investment.

Economic growth has been steady, though modest, partly as a result of natural disasters, and the alleviation of poverty continues to be a serious problem. Members suggested that to achieve higher growth rates it was necessary to redouble efforts to promote investment. The adoption of the US dollar as legal tender was considered to be a step in this direction. Salvadorans living abroad could perhaps give a further boost to investment through their remittances.

Salvador was encouraged to diversify its export base, in terms of markets as well as products, in order to achieve closer and more balanced integration in the world economy. Members noted that at present exports consist of just a few products, mainly clothing, from the EPZs. On the other hand, traditional agricultural exports have lost ground and it was considered important to reverse this trend.

Members praised El Salvador for its trade regime, which was generally open; for the measures adopted to comply with the obligations assumed as a result of its joining the WTO; and for its active participation in the multilateral trading system. Members noted El Salvador's steadily increasing participation in preferential trade agreements and expressed the hope that those agreements would supplement the multilateral liberalization process. They expressed concern about El Salvador's administrative capacity to participate effectively in several different regional initiatives at the same time.

El Salvador was praised for its trade facilitation initiatives and for applying the WTO Customs Valuation Agreement. Some Members requested clarification with regard to certain aspects of the customs administration and the use of minimum values and reference prices. In the interests of greater transparency, El Salvador was invited to send the WTO additional notifications on the granting of import licences.

Members congratulated El Salvador on the low level of its tariffs and on the full binding commitments it had made. However, El Salvador was encouraged to reduce tariff rates and tariff escalation and improve predictability by eliminating the disparity between applied and bound tariffs within the context of the Doha Development Agenda. Comments were made

concerning the administration of tariff quotas and the consistency of the “under-supply quotas” with WTO principles.

Some Members expressed concern about the effect on trade of certain sanitary measures and about the compulsory application of rules on government procurement. Nevertheless, Members welcomed El Salvador’s adoption of a new law on public administration procurement and requested further details of this regime. One Member suggested that El Salvador might accede to the Plurilateral Agreement on Government Procurement.

Where sectoral policies are concerned, the *maquila* industry received special attention. Members recognized that the EPZs had performed an important function in promoting El Salvador’s integration in the world economy, by creating jobs and attracting investment. However, attention was also drawn to the structural distortions to which they give rise, the lack of linkages between the EPZs and the national economy, and the export subsidies which they entail. These characteristics, though perhaps necessary in the present phase, might reduce the opportunities for future growth. Some Members raised the question of the progressive elimination of the EPZ regime and the reconciliation of the programme with WTO rules once the transition period granted by Ministers in Doha had expired.

Members praised the liberalization and opening-up of El Salvador’s services sector, in particular in the areas of financial services and telecommunications, as well as in the electricity industry. It was noted that, partly due to this, the current openness of the sector was not reflected in the commitments assumed under the GATS. The extension of El Salvador’s multilateral commitments during the services negotiations in progress would necessarily improve the predictability of its trade and investment regime.

Members also asked for clarification on a number of specific points, including:

- the import licensing regime for sugar;
- the regulatory framework for telecommunications;
- the ratification of the Agreement on Information Technology; and
- the protection of intellectual property rights.

The delegation of El Salvador responded orally and in writing to the questions formulated during the review. The replies provided made a considerable contribution to the review and Members clearly appreciated them.

This brings us to the end of the second review of El Salvador. Clearly, El Salvador has made much progress in building an efficient market economy in a relatively short period of time, starting from particularly difficult beginnings. I am particularly encouraged by El Salvador’s declared belief that market liberalization is fundamental to its development strategy. I am convinced that, as a small economy, El Salvador still has much to gain by applying this strategy multilaterally. The strengthening of the multilateral trading system within the framework of the Doha Development Agenda could provide a sounder foundation on which to base the additional internal reforms necessary to obtain the improvements in growth rates and living standards which El Salvador is seeking and, it seems to me, will undoubtedly achieve.

Canada

This Trade Policy Review has proved to be a very open and productive dialogue between Canada and its trading partners, in the true spirit of the Trade Policy Review Mechanism. This was made possible by the full engagement and good humour of the Canadian delegation, led by Mr Randle Wilson and Ambassador Sergio Marchi, the insightful comments by our discussant, Ambassador Stefán H. Jóhannesson, and the active involvement of a great many Members. I would also like to commend the Canadian delegation for providing written answers to advance questions at the start of our first session on Wednesday, and for the additional documentation made available today.

Canada was commended for its strong economic performance since its previous Review, in spite of a world economic slowdown. Canada’s efforts in implementing economic reforms, and the openness and transparency of its trade regime were credited for this result. Noting that its trade was concentrated on a few preferential trading partners, and in particular on the United States, Members invited Canada to seek trade diversification.

Canada’s strong commitment to the work of the WTO was acknowledged. Members praised Canada’s involvement in the DDA and its initiative to enhance access to its market for exports from LDCs. Canada’s contribution to technical assistance programmes for developing countries was also highly commended. Some Members asked Canada to consider expanding the coverage of its GPT treatment. Canada was also urged to ensure that its growing number of preferential trade agreements was supportive of multilateral liberalization.

Access to the Canadian market is generally liberal, but a number of barriers remain. While Canada’s average MFN tariff has decreased slightly, Members expressed concern about tariff peaks and tariff escalation. Concerning non-tariff measures, Members noted the strict use of sanitary and phytosanitary measures by Canada, which could result in barriers or increased costs for exporters from other countries.

The number and duration of anti-dumping investigations and measures in Canada were of concern to a number of Members. It was noted that the mere threat of an investigation or the imposition of provisional duties can act as a deterrent to trade. Members showed interest in the exclusion of anti-dumping in the Canada-Chile free-trade agreement, with some considering that the application of different rules to imports from preferential partners could lead to discrimination among suppliers. Members also expressed concern with respect to Canada's safeguard investigation on some steel products.

While commending Canada for the transparency of its government procurement regime and its active role in the GPA Committee, some Members invited Canada to table an offer at the sub-federal level. The use of regional and local preferences for procurement not covered by the GPA was queried.

Many Members considered that Canada's restrictive marketing arrangements and local-content requirements could affect access for foreign wines and other alcoholic beverages. The issue of provincial assistance programmes was also raised, notably in primary sectors, and of various export programmes, including those of Export Development Canada. Also noted were aspects of intellectual property rights, including enforcement, ratification of treaties, compulsory licensing, patenting of life forms, copyright reform, and geographical indications.

On sectoral policies, Members noted the protection granted to the steel industry through contingency measures. In the textiles and clothing industry, some participants observed that market access remains restricted by high tariffs and quotas, while rules of origin favour particular trading partners. Information was exchanged about measures to help the industry prepare for the removal of quotas by the end of 2004.

Canada's objectives to reduce market distortions to agricultural trade in the WTO were appreciated. However, foreign access restrictions in the supply-managed dairy, poultry and egg sectors persist, including through high out-of-quota tariff rates and low volume commitments. The Canadian Dairy Commission's *de facto* import monopoly on butter, and the export privileges of the Canadian Wheat Board were also discussed.

Canada's trade regime in services was described as generally liberal, and participants welcomed recent reforms, notably in banking. The provincial and federal regulation for insurance services was the subject of several interventions. Members also sought Canada's views on developing GATS rules regarding air transport, and expressed hope that Canada would expand its commitments in maritime transport. Calls were made for the removal of remaining restrictions on foreign investment in the telecommunications sector, which we know are under review. Some Members considered that Canada's audio-visual sectors should not be, as a whole, exempt from WTO disciplines.

Members also made comments and sought further clarification on a number of specific areas including:

- harmonization under the Agreement on Internal Trade;
- competition policy;
- foreign investment restrictions and review provisions;
- customs procedures;
- local-content or processing requirements in forestry and mining;
- restrictions on trade in bulk horticultural products; and
- barriers to entry of natural persons in services.

The replies provided by the delegation of Canada have made a major contribution to this Review. Members clearly appreciated these replies.

This brings us to the conclusion of the seventh Review of Canada. We can all attest to Canada's long-standing commitment to transparency and to the multilateral trading system. A liberal trade regime and sound economic policies have allowed Canada to improve its living standards continuously, even in the face of a global economic slowdown. However, significant policy-induced distortions still affect a few domestic activities, not only imposing costs on Canadians at large but also undermining Canada's otherwise firm efforts to eliminate inefficiencies in global markets. I believe that Canada's ongoing efforts to move forward its domestic reform programme will be buttressed by our joint multilateral endeavours, to the benefit of all.

Burundi

The meeting has allowed Members to come to a far better understanding of Burundi's trade and economic policies and of the very real challenges it faces. In this we have been very much assisted by the Burundi delegation, led by Minister Charles Karikurubu. I would like to thank Minister Karikurubu for the open and very committed approach to this TPR. As a result, we have come to a better appreciation of the reform agenda facing Burundi and I think we all appreciate the willingness of the Burundi Government to pursue such reforms, notwithstanding the enormous difficulties arising out of the prolonged crisis that has confronted Burundi. This had been evidenced by recent steps taken to improve

macroeconomic management and liberalize trade. Members welcomed the reactivation of Burundi's inter-ministerial coordination committee on the WTO as a way of enhancing its participation in the organization.

Members noted the extreme dependence of Burundi on exports of coffee, and, to a lesser degree, tea. A number of policy-related factors have hindered export diversification, and Burundi's ability to derive development benefits from its participation in international trade. High protection for "traditional" sectors has discouraged investment in non-traditional agricultural exports, while the mixed nature of tariff escalation has not encouraged investment in certain processing activities. Extensive state intervention crowds out private sector activity. The high cost of certain services, an underdeveloped financial sector, and high transport costs related to Burundi's landlocked situation have also contributed to supply-side bottlenecks.

Members stressed that improvements to Burundi's business environment could be made through reforms to the investment code aiming at eliminating its bias toward import substitution, and establishing simple and transparent procedures. Further tariff reductions would reduce current reliance on a myriad overlapping incentive schemes; fewer exemptions could in turn mitigate the fiscal impact of tariff reforms. Members also emphasized the importance of proceeding with the privatization programme, and, in parallel to this, of developing adequate regulatory frameworks and competition policy. They recognized that reforms needed to be accompanied by the provision of adequate technical assistance, including in capacity building. Members said that the Integrated Framework, in which Burundi participates, could help to meet priority technical assistance needs, and integrate trade reforms into its overall strategy for poverty reduction.

Members noted Burundi's participation in COMESA, and the efforts undertaken to fully integrate into the COMESA customs union by 2005. They also noted the gains that could potentially accrue to Burundi from improvements in market access that would arise from a completion of negotiations under the Doha Development Agenda, while acknowledging that Burundi would need specific assistance to help it meet sanitary, phytosanitary, and technical requirements in export markets. They stressed that the stability and predictability of Burundi's trade regime could be enhanced by increasing the scope of bindings on non-agricultural products, lowering ceiling bindings on agricultural products, transposing pre-Uruguay Round tariff concessions into the HS nomenclature, and undertaking a greater level of commitments under the GATS. They also urged Burundi to adopt WTO-consistent customs valuation procedures as part of the wider process of customs reforms, and to respect the principle of national treatment in the application of certain domestic taxes.

Some clarification was sought regarding procurement procedures and domestic preferential margins under the existing regime. On intellectual property rights, Members sought further information on existing legislation. Clarification was also sought on the following issues:

- measures taken to promote sustainable development;
- trade facilitation, pre-shipment inspection;
- import licensing procedures;
- incentives for production and exports, including export processing zones;
- contingency trade remedies;
- technical assistance needs, "mainstreaming" trade into the Poverty Reduction Strategy Paper; and
- the regulatory framework for telecommunications.

Members appreciated the responses provided by the Burundi delegation, and looked forward to further replies.

I believe that this meeting of the TPRB has allowed an in-depth reflection on how it may be possible to develop a blueprint for policy action that would place Burundi on a higher growth path. It has drawn attention both to Burundi's determination to pursue its reform agenda and to areas in which policy reforms could enhance transparency and predictability in Burundi's trade regime, and contribute to its further integration into the multilateral trading system. I trust that the main considerations of this meeting will be incorporated into the Integrated Framework process in order to strengthen the linkages between trade and poverty reduction. I urge all Members to support Burundi in its efforts to take up its challenges, and to pay particular attention to its request for technical assistance.

Southern African Customs Union (Botswana, Lesotho, Namibia, South Africa and Swaziland)

This Trade Policy Review of the Southern African Customs Union (SACU) has allowed us all a far better understanding of the "new" SACU, of its trade policies, and of the policies and aspirations of its members. Our dialogue has been thorough and comprehensive, stimulated by

the full and open engagement of the high-level delegations of Botswana, Lesotho, Namibia, South Africa, and Swaziland, as well as the insightful comments made by the discussant.

Members commended the SACU countries for the progress achieved in their economic reform programmes since the previous time their trade policies were reviewed in 1998, and noted that trade and investment liberalization had played a key role in these programmes.

Members acknowledged efforts made by SACU in trying to simplify its tariff structure. However, they noted that SACU's trade regime remains complex; the tariff structure still comprises *ad valorem*, specific, mixed, compound, and formula duties. The imposition of formula duties raised concerns about compliance by SACU countries with their tariff bindings and with their obligations under the Customs Valuation Agreement. Concerns were also expressed about differences in tariff bindings among SACU countries, and about the large use of anti-dumping and other contingency trade remedies by South Africa on behalf of the customs union.

Some Members emphasized that lack of harmonization within SACU in certain key non-tariff measures, such as quantitative restrictions, customs procedures, standards and technical regulations, sanitary and phytosanitary measures, competition policy, and internal taxes, distorts trade flows, and undermines the utility of having a common external tariff. In this regard, Members welcomed the 2002 SACU Agreement, which provides for a more democratic institutional structure, a dispute settlement mechanism, a new system regarding the common revenue pool and sharing formula, and further harmonization of policies throughout the customs union. Members expressed hope that, once in force, the Agreement would contribute to the further integration of SACU into the global economy.

Members praised SACU members for their commitment to the multilateral trading system, and for their strong support for the Doha Development Agenda. Several Members called attention to the complications of trade policy making stemming from SACU states' membership in overlapping preferential arrangements. This was not only difficult to manage, given the limited resources of the countries, but could also detract from multilateral efforts.

In the light of their recent macroeconomic performance, SACU countries were encouraged to move ahead in implementing structural reforms, including privatization, and market and product diversification. Fiscal reforms and new sources of government revenue would be necessary to address the expected negative effects of further tariff liberalization and increases in health-related budgetary expenditures, notably on HIV/AIDS and poverty alleviation.

Members also sought further clarification on:

- export and investment incentives;
- standards, technical regulations, and SPS measures;
- public procurement regimes;
- protection of intellectual property rights;
- agriculture, including food security;
- mining;
- manufacturing, particularly motor, textiles and clothing industries; and
- services (telecommunications, tourism, transportation, financial services, energy).

Members appreciated the replies provided by the delegations of SACU, and looked forward to further responses.

In conclusion, I believe that through this Review we have gained a better understanding of the progress made by SACU since 1998, and of the challenges that lie ahead. The very strong participation by SACU in this meeting, the large number of questions posed, and the active discussion, indicate the importance Members attach to this Review. I encourage SACU countries to improve their multilateral commitments, both in goods and services, and to pursue the implementation of their reform programmes, with a view to enhancing the transparency, predictability, and credibility of their trade regimes, and adherence to the WTO principles. Trading partners can help by ensuring that their markets are fully open, and by providing appropriate technical assistance to SACU.

New Zealand

We have had a very productive discussion of the trade policies and practices of New Zealand. We owe this to the full and forthright engagement of the New Zealand delegation, led by Ambassador Groser, to our discussant, Ambassador Ahmad, and to the Members' lively interest in New Zealand's policies.

Members have been impressed by New Zealand's strong economic performance following wide-ranging macroeconomic and structural reforms initiated in the mid 1980s. The reform programme has made New Zealand one of the most open economies in the world and has contributed to stable macroeconomic performance in the face of adverse external and climatic circumstances.

New Zealand's liberal stance is reflected in the WTO where it has been at the forefront of the efforts to reduce trade barriers to agricultural and non-agricultural products. In particular,

in July 2001, New Zealand became one of the first countries to grant duty-free access to all products from least developed countries. New Zealand is also active in pursuing trade liberalization through regional and bilateral agreements. In this context, in addition to its long-standing relationship with Australia under the Australia New Zealand Closer Economic Relations Agreement (ANZCERTA), bilateral agreements have been negotiated with Singapore, and a "Pacific three" agreement is being negotiated with Singapore and Chile.

New Zealand's economic achievements were praised and it was noted that the Government is targeting higher economic growth in order to raise per capita GDP. In order to achieve this goal, the Government has introduced a "proactive" policy targeting certain high technology sectors, including biotechnology, information and communication technologies, and creative industries. A decision has also been taken to halt any further privatization; in this connection, Members noted that some previously privatized companies have recently been re-nationalized. In order to attract foreign direct investment, the Government has also made changes to its policies on foreign investment albeit maintaining a few restrictions, largely on land, considered to be in the "national interest".

Members noted that as a result of aggressive liberalization, New Zealand has removed import licensing and its tariff has declined to an average of 4.1% in 2002. Concern was expressed, however, over the tariff freeze. Several Members also raised questions about tariff peaks and escalation, especially in sectors such as textiles and clothing, which were important to developing countries; however, such peaks are relatively low by international standards. These sectors are also excluded under New Zealand's GSP programme for developing countries. The use of "alternative specific" tariffs, moreover, renders the tariff opaque and it was suggested that these mixed rates be replaced with *ad valorem* tariffs. Some Members had questions on New Zealand's intellectual property rights legislation and its intention to join recent international intellectual property rights agreements.

On sectoral issues, while noting that barriers to New Zealand's agricultural exports have been a major impediment to more rapid trade and economic growth, Members had queries regarding New Zealand's export policies and its heavy reliance on agriculture; they also expressed the view that SPS measures are perhaps more stringent than necessary, resulting in an effective ban on imports of some products. With regard to manufacturing, questions were raised on how exactly New Zealand plans to implement its proactive policies in the targeted sectors.

Members also sought clarification on several more specific issues including:

- the role of the Investment Promotion Agency in attracting foreign investment and FDI policies and procedures;
- participation in regional and bilateral trade liberalization agreements;
- import and export prohibitions;
- contingency measures;
- subsidies;
- standards and conformity assessment;
- genetically modified organisms and labelling requirements;
- government procurement procedures and accession to the WTO Agreement on Government Procurement;
- local-content requirements;
- export promotion and finance;
- intellectual property rights including legislation on patents, copyright, trade marks, geographical indications, and protection of undisclosed information; parallel imports and enforcement;
- fisheries quota allocation;
- services; and subsidies for services.

Members expressed their appreciation for the oral and written responses provided by the delegation of New Zealand and look forward to responses to outstanding questions.

In conclusion, it is my strong sense that we all highly appreciate New Zealand's liberal stance and active participation in moving the WTO's trade liberalization agenda forward. New Zealand provides a vivid example of the benefits of unilateral market-oriented reform. However, it is also clear from the New Zealand case that the full benefits of reform require a long period of adjustment, the support of the multilateral system – particularly through liberal market access – and a sustained effort. It is in this context that I hope that the DDA will bear fruit and that New Zealand will take the concerns of Members into account in its participation in the negotiations, especially with regard to tariff peaks, largely affecting textiles and clothing, and SPS measures.

Morocco

This third Trade Policy Review of Morocco has led us to a far better understanding of Morocco's economic policies, with emphasis on its trade policies and practices, and of the

challenges it faces. Our dialogue has been comprehensive thanks to the full and open engagement of Morocco's high-level delegation, led by Minister Mustapha Mechahouri, the perceptive comments by the discussant, and the active involvement of many Members. I would like to thank Minister Mechahouri for the committed approach he has taken to this TPR.

Members were appreciative of Morocco's macroeconomic performance and of the structural reform it has undertaken; this, by further diversifying the economy, has helped it to contain the effects of recurrent droughts and to promote sustainable growth. The dirham has been somewhat stabilized and inflation kept low. Members commended Morocco on its active participation in the multilateral trading system and recalled that the WTO Agreement was concluded in Morocco. They were supportive of Morocco's initiatives towards regional and bilateral agreements to expand its trade; they hoped that the regional agreements would conform to WTO principles and would avoid overlapping and other difficulties. Members stressed the importance of diversification of trading partners by Morocco, particularly toward southern countries. Some Members sought clarification on Morocco's position with respect to the ongoing multilateral negotiations and encouraged Morocco to further mainstream trade into its development strategy.

Members urged Morocco to simplify its tariff structure, notably with a view to addressing escalation. They also noted with concern that some one third of Morocco's applied rates exceed bindings and that variable duties are still used. Some Members also expressed concern about Morocco's local-content requirements.

Further information was sought regarding procurement (methods, procedures, and preferential margins), trade facilitation, rules of origin, import monopoly, import and export licensing, tariff quotas, and internal taxation. Members noted that regular notification of trade policy measures and related legislation to the WTO would improve the transparency of Morocco's trade regime.

Some Members encouraged Morocco to pursue its liberalization reform with a focus on agriculture, its most protected sector, and to eliminate remaining quantitative restrictions on exports of skins. Members mentioned that Morocco would improve its business environment in the services sector by strengthening its commitments under the GATS. This would unquestionably reinforce the predictability of its trade regime; make its economy more attractive for foreign investment; facilitate privatization; and consolidate reforms in areas where Morocco's multilateral commitments are somewhat lagging behind the liberalization efforts already made. Such an improvement is necessary in the current international economic context, where a lack of buyers has forced Morocco to delay privatization, particularly in the areas of telecommunications and air transport.

Clarification was also sought on the following issues:

- Incentives, including subsidies and selective exemptions;
- contingency trade remedies;
- standards and other technical requirements;
- intellectual property rights;
- sustainable capacity-building in agriculture, for small-scale farmers in particular;
- the rural electrification programme;
- manufacturing (production and processing methods, textiles and clothing, pharmaceutical products, automobile industry); and
- services (tourism, insurance, banking, telecommunications, and transport).

Members appreciated the interventions by the Moroccan delegation, and look forward to receiving written replies to the questions.

In conclusion, this meeting has given Members a further insight into Morocco's trade policies and practices, and identified areas where further reforms could enhance transparency and predictability of its trade regime. We were all very appreciative of the reforms being undertaken by Morocco. In this supportive context, Members urged Morocco to accelerate its trade reforms with a view to improving efficiency and fully benefiting from its participation in the multilateral trading system. I would encourage all Members to support Morocco in its efforts to take up its challenges, guaranteeing market access for its products and assisting it to improve competitiveness.

Indonesia

We have had a very productive discussion of the trade policies and practices of Indonesia. We owe this to the full and forthright engagement of the Indonesian delegation, led by Mr Pos Hutabarat, Director General for International Trade and Industry Cooperation, to our discussant, Ambassador J.K. Weerasinghe, and to Members' keen interest in Indonesia's policies.

Members praised Indonesia's efforts to undertake macroeconomic, trade and structural reforms in the wake of the 1997 crisis. As a consequence of these reforms, particularly fiscal

consolidation, the economy seems to have stabilized. Members sought clarification of the impact of the rapid moves to decentralize government and enhance regional autonomy on trade and investment. They also noted the difficult external and internal circumstances facing the Indonesian authorities, expressing particular concern over recent trends in investment. The need for progress in regulatory, enforcement, institutional, and transparency matters was stressed.

Indonesia's active participation in the WTO and commitment to multilateralism was acknowledged.

Members noted that as a result of unilateral liberalization, Indonesia's tariff had declined to an average of 7.2% in 2002. Several Members also raised questions about the large gap between bound and applied rates. They also noted that policy in certain sensitive areas was formulated on an ad hoc basis. Some Members sought clarification on the use of "check" prices for customs valuation purposes and the use of import restrictive licensing and anti-dumping measures. Questions were asked on Indonesia's strengthening of its legislation on intellectual property rights legislation and enforcement of these rights. Members noted policy developments in agriculture and forestry.

On sectoral issues, with regard to manufacturing, Members noted the persistence of tariff peaks and NTBs on sensitive products, such as textiles and steel. On services, Members praised the extent of unilateral liberalization and sought clarification of market-access conditions for certain activities; in some services sectors, reforms went beyond Indonesia's WTO obligations.

Members also sought clarification on several more specific issues including:

- the status of approval of the new law on and other revival plans for foreign investment;
- participation in regional and bilateral trade liberalization agreements;
- several tariff policy matters, notably customs valuation and bound tariffs;
- WTO notification of import licensing procedures, state trading practices, and labelling requirements;
- standards formulation and conformity assessment;
- genetically modified organisms and labelling requirements;
- government procurement objectives and practices;
- export restrictions, promotion, and finance;
- legislation on patents, copyright, trade marks, geographical indications, and protection of undisclosed information; piracy rate and enforcement;
- national treatment, GATS commitments, and developments in financial services;
- deregulation/liberalization plans in telecommunications;
- policy developments in the tourism sector.

Members expressed their appreciation for the oral and written responses provided by the delegation of Indonesia and looked forward to responses to outstanding questions.

In conclusion, it is my strong sense that we all highly appreciate Indonesia's stance and active participation in moving the WTO's agenda forward. It is clear from Indonesia's experience that the full benefits of reform require sustained efforts, a long period of adjustment, and the support of the multilateral system – particularly through liberal market access. In this context, it is hoped that Indonesia will take advantage of the opportunities presented by the DDA. On the one hand, Indonesia can take into account the concerns expressed by Members during this Review; on the other, it can bring to Members' attention, the importance of their responding to Indonesia's developmental needs in these negotiations.

Niger and Senegal

The Chairperson noted that the review of the trade policies of Niger and Senegal had enabled all the participants to gain a far better understanding of the two countries' trade policies, which were shaped by the WAEMU, and of their trade-related policies and aspirations. The discussion had been both thorough and exhaustive, thanks to full and open cooperation from high-level delegations, and the discussant's judicious remarks.

Members had congratulated Niger and Senegal on the efforts they had made in recent years to achieve stabilization and implement economic reforms, mainly in the field of public finances and investment. Members had noted that sustainable development and the fight against poverty, together with the integration of the informal sector in the formal economy, remained difficult challenges.

Members had stressed that trade was an instrument of development and underlined the importance of the IF and other cooperation initiatives. Niger and Senegal were not taking full benefit from their status as WTO Members, given that their own constraints with regard to resources did not allow them to recognize and/or to exploit the possibilities on offer. Several Members had indicated that, despite their direct or indirect contribution in the shape of technical assistance and the promotion of trade with Niger and Senegal, integration of the two countries in the multilateral trading system had not advanced very rapidly.

Members had recognized the efforts made to simplify the tariff structure and the influence of the WAEMU regarding the reduction of the average level of MFN rates. They had noted the use of additional duties and taxes, together with administered prices agreed by the WAEMU for customs valuation purposes. Several Members had inquired about what was being done to improve the protection of intellectual property rights.

In light of their recent macro-economic results, Niger and Senegal had been encouraged to move forward with the implementation of structural reforms, including privatization, and in the diversification of markets and products. Budgetary reforms and new sources of revenue for the State were necessary to face up to the expected effects of further tariff liberalization and the increase in budgetary expenditure linked to health and the fight against poverty.

Members had also sought clarification on the following points:

- investment;
- national standards;
- government procurement;
- intellectual property rights;
- questions linked to national and regional agriculture and fisheries;
- privatization;
- questions linked to financial services, telecommunications and tourism;
- commitments made under the GATS and negotiations.

Members had appreciated the thorough and complete replies given by the delegations of Niger and Senegal, and expected to receive further responses and details.

The TPR had allowed Members to gain a fuller appreciation of the progress made by Niger and Senegal, and of the challenges awaiting them. The highly active participation of the two delegations in the meeting, the number of questions asked and the lively debate had shown the importance that Members attached to the review. Niger and Senegal were encouraged to improve their multilateral commitments, both in the field of goods and in that of services, and to continue implementing their reform programmes in order to enhance the transparency, predictability and credibility of their trade regimes and their compliance with WTO principles. It was nonetheless necessary to put such considerations in their context. Niger and Senegal faced genuine constraints in their resources; technical assistance was required from the WTO and other relevant organizations; needs had been identified in the Reports of the Secretariat and had to be met. Moreover, trading partners should participate in the effort by guaranteeing that their markets were completely open to products from Niger and Senegal.

Honduras

This first Trade Policy Review of Honduras has shed considerable light on its trade and investment policies and practices, also contributing to a better understanding of the economic and institutional framework within which they are formulated and implemented. We owe this to the documentation prepared for the meeting, to the active participation of the Honduran delegation led by Dr Núñez, and to the constructive comments of the discussant and the Members.

Members expressed their support for Honduras' ongoing economic and institutional reform efforts, including trade and investment liberalization. Honduras has shown discipline in the conduct of monetary policy, and has become more closely integrated into the global economy. However, Members noted Honduras' large trade deficit and encouraged it to diversify its production and export base, including by taking further advantage of unilateral trade preferences offered by some trading partners.

Members noted with concern the modest rate of economic growth, partly the result of a series of external shocks. As a result, living standards have stagnated, and poverty continues to affect a large proportion of the population. To achieve faster growth, Members referred to the need to redress the fiscal imbalance, to improve regulatory transparency, and to persevere with efforts to restructure the economy. Reaching an agreement with the IMF was also considered important, as was support from the international community.

Members took note of Honduras' commitment to the multilateral trading system, and commended the steps it has taken to implement its WTO obligations. They welcomed Honduras statement that the multilateral trading system represents the main instrument to ensure non-discriminatory access to foreign markets. Honduras was invited to complete its WTO notification commitments, in particular with respect to technical regulations, which Honduras engaged to do as soon as possible.

Noting Honduras' rapidly growing network of preferential trade agreements, Members expressed the view that these agreements should complement multilateral efforts. Some Members welcomed the growing integration within the Central American Common Market, including through the establishment of a customs union. They were worried, however, that

the negotiation of independent free-trade agreements might be incompatible with a common market. A few Members also asked questions regarding Honduras' institutional capacity to negotiate and implement a number of agreements in parallel.

Members praised Honduras for its application of the WTO Agreement on Customs Valuation and efforts to modernize customs procedures, and sought further details on the latter. They commended Honduras for not using contingency measures, for its low applied average MFN tariff, and for binding the full tariff schedule. Honduras was encouraged to lower its bindings in the context of the Doha Development Agenda. Its use of a price-band system for certain agricultural imports gave rise to questions.

Interest was expressed in Honduras' application of other trade measures, including technical regulations, quantitative restrictions on imports and wood exports, and on "absorption agreements". The effects on trade of certain sanitary measures were of concern to some Members. Honduras' efforts to enhance transparency in government procurement were welcomed. Some Members noted that Honduras had adopted new intellectual property legislation and enhanced IPR protection, and considered that Honduras would benefit from adopting competition policy legislation.

Members recognized the important contribution that free-trade zones (FTZs) had made to the generation of investment and employment in Honduras. However, attention was drawn to the impact on fiscal revenue and the possible economic distortions, which could arise from the FTZ regime.

Members commended Honduras' efforts to liberalize and open its services sectors, but some referred to some market access impediments. Although reforms have been introduced, it was pointed out that the financial sector remains institutionally weak. Members also remarked on the reforms in the telecommunications and electricity sectors. Members observed that commitments under the GATS did not reflect the actual openness in services, in part as a result of unilateral liberalization. Honduras indicated that it is preparing a new, more ambitious schedule. This would improve the predictability of Honduras' legal framework.

Members also sought clarification on specific issues, including:

- trade policy formulation, the role of civil society, and environmental considerations; and
- criteria for the authorization of foreign investment.

The delegation of Honduras provided written and oral answers to the questions posed during the Review and undertook to supply replies in writing to any outstanding issues. The replies provided made a considerable contribution to the Review and Members clearly appreciated them.

This brings us to the conclusion of the first Review of Honduras. It has given Members a better understanding of the numerous reforms undertaken by Honduras in recent years, and of the challenges that lie ahead. I am heartened by Honduras' statement that it sees its closer integration in the world economy as an instrument to further its economic development.

Bulgaria

This Trade Policy Review has allowed us all to understand and better appreciate the trade policies and practices of Bulgaria. Our dialogue has been thorough, positive and comprehensive, stimulated by the full and open engagement of the high-level Bulgarian delegation, led by Deputy Minister Radoslav Bozadzhiev.

Members praised Bulgaria for the significant macroeconomic and structural reforms implemented since its economic crisis in 1996. Membership of the WTO and the objective of accession to the EU had contributed to the process. Reforms implemented included trade and investment liberalization, privatization, and introduction of new legislation on bankruptcy and competition policy as well as in other trade-related fields. These had contributed to high rates of economic growth in the past five years. However, problems of widespread poverty and high levels of unemployment, and the proportion of economic activity in the grey economy, remained to be tackled, although there were recent signs of improvement in social indicators. Members encouraged Bulgaria to continue consolidating its reforms.

Bulgaria's active participation in the multilateral trading system since its WTO accession in 1996 was acknowledged. All tariff lines were bound and average applied MFN rates had fallen from 17.6% in 1997 to 11.2% in 2003. Bulgaria had also undertaken GATS commitments with wide coverage of sectors and modes of supply. Furthermore, autonomous liberalization in goods and services had gone beyond Bulgaria's WTO commitments. However, some Members, observing that there remained a considerable margin between bound and applied tariff rates, stated that reduction of this margin would enhance the predictability of the tariff regime. Some Members also noted that there remained high tariffs on particular products.

Regional trade liberalization, including the objective of EU membership, had contributed to Bulgaria's economic development. Some Members were of the view that, given Bulgaria's level of development and the significant levels of tariff liberalization already undertaken, it was inappropriate for Bulgaria to further reduce its applied MFN tariff rates. Others encouraged Bulgaria to reduce the gap between MFN and preferential rates in order to optimize net trade creation effects.

Bulgaria's legislative reforms in customs administration, contingency trade measures, government procurement, SPS and technical requirements, and intellectual property rights were commended. Issues were raised regarding the need for effective implementation and enforcement of these reforms.

On sectoral matters, the restoration of farm land to previous owners was commended, however the resulting structure of partitioned, small farms, and the lack of adequate complementary capital for investment, were seen as hindering the development of the sector and the reduction of poverty. Continuation of privatization reforms in energy and services areas was also encouraged.

Clarification was also sought by Members on the following issues:

- progress under the judiciary reform programme;
- tariff quota utilization;
- customs and trade facilitation provisions;
- internal taxation provisions;
- implementation of trade remedies;
- government procurement procedures;
- foreign direct investment procedures and guidelines;
- regulatory measures for biotechnology products;
- energy price liberalization and State aids to the energy sector;
- a variety of intellectual property issues, including enforcement questions;
- trade in unbound services and the current round of negotiations; and
- issues in the services sector, particularly financial and telecommunication services.

Members expressed their appreciation for the oral and written responses provided by the Bulgarian delegation to these issues.

In conclusion, I believe that the Trade Policy Review Body is highly appreciative of the reform efforts undertaken by Bulgaria and their positive effects to date. I hope that Bulgaria has found the trade policy review process a positive exercise. Bulgaria participates actively in the Doha Development Agenda and Members encourage it to continue working constructively in the multilateral trading system.

Guyana

This first Trade Policy Review of Guyana has shed considerable light on its trade and investment policies and practices. It has also led us to a far better understanding of the challenges Guyana faces and of the economic and institutional framework within which its policies are formulated and implemented, both at the national level and through participation in CARICOM. We owe this particularly to the active participation of the delegation of Guyana led by Minister Rohee.

Guyana was commended for the efforts undertaken to reform its economy since the late 1980s. Members expressed their appreciation for the efforts undertaken at the domestic level to liberalize trade and the exchange rate regime, privatize state-owned enterprises, and reform institutions. Members noted the openness of Guyana's economy, as witnessed by the fact that total trade is almost double GDP.

Members also expressed support for the steps that Guyana has taken at the international level, including the development of a National Trade Strategy and the negotiation of market-opening agreements at the multilateral, regional, and bilateral levels. Guyana was encouraged to continue and accelerate the pace and scope of these domestic and international reform efforts.

Members also noted that, despite these wide-ranging reforms, Guyana continues to face difficult economic problems. The rate of economic growth in Guyana has been relatively low in recent years, the debt burden is high, and the current account deficit is large. Guyana continues to rely heavily upon exports of a narrow range of traditional products, and remains vulnerable to shifts in the level of global demand, fluctuation in prices, and the erosion of its margins of preference in access to major foreign markets. A number of Members noted that Guyana's difficulties are also felt by other small, export-dependent, developing countries, and expressed the view that the current round of multilateral trade negotiations must address their shared concerns regarding dependency on tariff revenue, preferential market access, and the special problems of small economies.

Members took note of the importance Guyana attaches to its commitment to the multilateral trading system, and commended the steps it has taken to implement its WTO

obligations. Members recognized the importance of Guyana's leadership role as CARICOM spokesman for WTO matters. Some Members nevertheless observed that Guyana's non-resident status in the WTO may impede its ability to participate fully in the deliberations and activities of the organization. Guyana was encouraged to participate actively in the current services negotiations.

Members noted that Guyana is dependent upon trade taxes as a source of government revenue, and that the efforts under way to reform the tax structure and the planned value-added tax might permit reductions in trade-related taxes. Some Members took note of the disparities between Guyana's bound and MFN applied rates, and the use of conditional duty exemptions and other forms of trade and investment incentives. Members noted that these aspects of Guyana's tariff regime tend to undermine transparency and predictability, and encouraged Guyana to undertake further reforms.

Members appreciated the notifications made by Guyana to the WTO; some encouraged Guyana to improve and complete its notifications on such subjects as state-trading enterprises, technical barriers to trade, and sanitary and phytosanitary measures. Some Members observed that Guyana's laws have not been amended yet to fully conform with the requirements of the TRIPS Agreement, and requested information on the status of the efforts to enact new legislation.

Members noted the importance of targeted technical assistance to support Guyana in its efforts to improve its participation in the multilateral trading system and to continue to work towards the achievement of its development objectives. In this respect, some Members expressed their wish to continue providing assistance to Guyana, as had been the case in the past.

In addition to the aforementioned topics, Members sought clarification on several specific issues, including:

- investment;
- customs valuation and rules of origin;
- import prohibitions, restrictions, and licensing;
- technical regulations;
- government procurement;
- competition policy;
- intellectual property right legislation;
- electricity;
- agriculture and mining; and
- financial and telecommunications services.

The delegation of Guyana provided written and oral answers to the questions posed during the Review and undertook to supply replies in writing to any outstanding issues. The replies provided made a considerable contribution to the review and Members clearly appreciated them.

This brings us to the conclusion of the first Review of Guyana. It has given Members a better understanding of the effort displayed and the numerous reforms undertaken by Guyana in recent years, and of the challenges that lie ahead. I welcome Guyana's conviction that trade liberalization and participation in the multilateral trading system is central to its development strategy, and hope it will find among WTO Members the technical support it needs to enhance its participation in the system and the benefits derived from this participation.

Haiti

This first Trade Policy Review of Haiti has provided the opportunity for a better understanding and appreciation of its trade-related policies. Our discussion has been facilitated by the frank involvement of Minister Jean-Claude Roche and his delegation.

Members were encouraged by Haiti's unilateral reform efforts that have made it one of the most liberal economies in Latin America and the Caribbean. However, because of socio-political problems, the lack of institutional capacity, supply-side constraints and delays in structural reforms, the efforts are yet to show their full benefits. Members encouraged Haiti to tackle these impediments and to pursue its reforms. The new Investment Code might help attract the foreign direct investment needed to improve Haiti's economic performance.

Members commended Haiti on its active participation in the multilateral trading system. Noting that Haiti was also becoming involved in regional trade agreements such as CARICOM, Members enquired about the likely impact of the agreements and how Haiti intended to ensure their compatibility with its current trade regime. Haiti was encouraged to mainstream trade into its development and poverty reduction strategies. Some Members noted Haiti's technical assistance needs; they also remarked on Haiti's difficulties in taking advantage of preferential treatment and on the erosion of preferential margins.

Trade liberalization has been a main component of Haiti's reforms. Members praised Haiti for the simplification of its tariff structure; MFN tariffs averaged 2.9%, with about 65% of

lines carrying the zero rate. However, inconsistencies were noted in the imposition of excise duties, and other duties and charges (inspection fees in particular) were deemed relatively high. Members encouraged Haiti to narrow the gap between bound and applied rates, to transpose its former tariff bindings into the Harmonized System, and to pursue its reform of taxation.

Noting that the waiver granted to Haiti to delay application of the WTO Customs Valuation Agreement had expired on 30 January 2003, Members sought clarification about its plans to implement the Agreement. They urged Haiti to start taking steps to bring its intellectual property regime into compliance with the TRIPs Agreement, and stood ready to provide the necessary assistance.

Some Members pointed out that structural problems, inconsistent policies, and exogenous factors, (including bad weather conditions and unfair competition from foreign countries) had contributed to the decline of agriculture and manufacturing, and had further concentrated economic activities in services. The pursuit of the privatization programme might contribute to economic diversification by enhancing efficiency, reducing costs of basic services needed for production, and releasing resources for improvement of infrastructure. This might also promote Haiti's tourism sub-sector, which has largely untapped potential.

Members also sought further clarification on a number of issues, including trade policy formulation, import licensing, local-content requirements, export assistance, contingency trade remedies, standards and sanitary and phytosanitary measures, and the government procurement regime.

Members appreciated the replies provided by the delegation of Haiti and looked forward to receiving additional material.

I believe that this review has highlighted the efforts made by Haiti to unilaterally liberalize its economy despite various difficulties. I am pleased that some Members identified areas in which they were providing trade-related technical assistance to Haiti, and to take note of their commitment to continue their assistance. I urge that we follow through on this, particularly in the context of the Integrated Framework. Haiti needs this support to mainstream its trade-related policy into its development strategy, address its supply-side constraints, and diversify its economy. In sum, subject to socio-political stability, further assistance by major trading partners will be necessary if Haiti is to meet its development potential and fully integrate into the multilateral trading system.

Thailand

This fourth Trade Policy Review of Thailand has undoubtedly contributed to a better understanding of recent developments in its trade and trade-related policies. Our discussion has been facilitated by the informative contribution of Ambassador Puangrat Asavapisit and her delegation as well as by the incisive comments of our discussant, Ambassador Seixas Corrêa.

Members noted Thailand's prudent macroeconomic policies, trade liberalization and structural reforms, including those in the financial and corporate sector, and encouraged the authorities to continue with this approach, which has contributed to the steady development of the economy since the previous Review in 1999.

Members commended Thailand on its active participation in the multilateral trading system, including its support for the Doha Development Agenda. Noting that Thailand has become more involved in bilateral/regional trade initiatives, some Members enquired about the likely impact of these arrangements. In this context, they asked how Thailand intends to deal with the added complexity that the resulting rules will entail for its trade regime and the compatibility of these arrangements with the multilateral trading system.

Members encouraged Thailand to continue reforms, including improvements in customs procedures and liberalization of foreign ownership restrictions. Members expressed concern about relatively high tariffs faced by their exports to Thailand, particularly in agriculture; they called for greater transparency in the tariff regime, reduced tariff rates and tariff escalation, and a narrower gap between bound and applied tariff rates. Members also encouraged Thailand to increase the transparency of its import licensing regime.

While noting various new laws and regulations on the protection of intellectual property rights, Members encouraged Thailand to continue its efforts to combat the infringement of these rights. Some Members sought clarification of developments concerning Thailand's regulatory regime for the telecommunications sector.

Members also sought clarification on other issues, notably: domestic regional imbalances; contingency measures; standards and SPS; government procurement; local-content requirements; export duties and controls; investment incentives; subsidies; privatization; competition policy; liberalization of trade in agriculture and fisheries products; and reform of the energy and various other services sectors.

Members expressed their appreciation of the oral and written responses to their questions as provided by the Thai delegation; they looked forward to receiving answers on any outstanding questions.

This brings us to the conclusion of our fourth Review of Thailand. The large number of advance questions, the many interventions and the high level of attendance indicate the important role that Thailand plays at the WTO. In this context, I would encourage Thailand to continue to strongly support, as it has up to now, the multilateral trading system.

Chile

This third Trade Policy Review of Chile has been highly informative. Through our dialogue with the Chilean delegation we have obtained a better understanding of the trade-related policies and practices in place and of changes affecting them over the last six years. We owe this in considerable measure to the presence of a large Chilean delegation, led by Vice-Minister Rosales and Ambassador Jara, to the incisive comments of our discussant, Ambassador Groser, and to the active involvement of many Members.

Members expressed support for Chile's liberalization policies since its last Review in 1997. They welcomed Chile's generally transparent and sector-neutral trade policies, sound macroeconomic strategy and strong progress in reducing poverty. Chile's economy has thereby become more resilient and closely integrated into global markets, which allowed it to cope well with a number of external shocks over the last six years.

The various autonomous, preferential and multilateral initiatives Chile has taken to liberalize its trade and investment regimes have been key elements in its economic strategy. Members highlighted Chile's active and constructive participation in the multilateral trading system, but encouraged it to improve predictability by enhancing its tariff and service commitments in WTO. Members sought further information on preferential initiatives, with some also raising concerns about the increased complexity and effects on third parties of Chile's growing number of preferential agreements.

Members noted Chile's almost uniform applied MFN tariff, and welcomed the unilateral steps to reduce it to 6%. However, a number of Members expressed concerns about possible distortions induced by the price band system, which grants special protection to a small number of agricultural goods. Several Members also requested details on changes to bring the system into compliance with Chile's WTO obligations.

Questions were posed on customs procedures and valuation, with some Members suggesting that Chile effect improvements and notify its legal framework to the WTO. Members requested information on other measures affecting imports, such as domestic taxes, contingency measures and technical regulations. Members also sought clarification on the omnibus law on WTO compliance; the foreign investment regime; incentive schemes; state-owned enterprises; government procurement; specific activities such as electricity, maritime transport and financial services; and the protection of intellectual property rights.

On sectoral policies, Members highlighted the sharp contrast between Chile's general aim to foster efficiency through sector-neutral policies, and the high assistance granted to the sugar industry. They also sought information on other primary industries and on several service activities.

This brings us to the conclusion of our Review of Chile. I was encouraged to hear that trade policy is at the heart of Chile's development strategy, and that further reforms are sought through a multi-dimensional strategy that has WTO at its core. A process of continuous reforms has served Chile's interests well, and I trust Chile will continue to take advantage of the multilateral trading system to lock-in past changes, and as a catalyst for future reforms. This will of course depend in good part on the success of our collective efforts in the ongoing Doha Development Agenda, to which I note Chile is making a very valuable contribution.

Turkey

This meeting has allowed us to improve our understanding of the developments in the trade policies and practices of Turkey since its previous Review in 1998, and of the challenges that lie ahead. Our dialogue has been thorough and comprehensive, stimulated by Ms. Ülker Güzel, Undersecretary of Foreign Trade, and her delegation, as well as by the incisive comments by our Discussant, H.E. Ambassador Péter Balás.

Members appreciated steps taken by Turkey to stabilize its economy, and encouraged it to continue its structural reforms. They praised Turkey for the 2002-04 reform programme, initiated in response to the 2000-01 economic crisis. Members expressed hope that the programme would help redress Turkey's economic situation which remained fragile, with high inflation and public indebtedness, and economic growth alternating with recession.

Members noted Turkey's commitment to the multilateral trading system and to the WTO. Some Members noted that accession to the EU remained Turkey's ultimate objective. In this context, Turkey's trade policies are increasingly being pursued through bilateral and regional trade agreements in order to comply with its obligations under the customs union with the EU. Some Members expressed concern that participation in preferential arrangements might further complicate Turkey's trade regime. Some Members remarked that Turkey was applying non-*ad valorem* tariffs to products on which it bound tariffs at *ad valorem* rates. They pointed out that further tariff reform, including reduction of the margins between bound and applied rates, would enhance the predictability of the tariff regime. Concerns were expressed about Turkey's relatively large use of anti-dumping measures.

Members praised Turkey's wide-ranging 2001-05 programme to restructure agriculture, but called attention to the insulation of the sector from competition as a result of its exclusion from Turkey's preferential trade agreements, high tariff protection and government support. They commended Turkey for having taken steps to liberalize the electricity and natural gas subsectors, and for addressing some structural problems faced by services activities, such as banking and telecommunications.

Members also sought clarification on other issues, notably: customs procedures; internal taxation; import licensing; standards and SPS; export and investment incentives; government procurement; protection of intellectual property rights; state involvement in mining, energy and manufacturing; and trade reforms in various services subsectors.

Members expressed their appreciation for the responses to their questions as provided by the Turkish delegation; they looked forward to receiving written answers to any outstanding questions.

In conclusion, it is my belief that the large number of advance written questions, and the high level of attendance indicate the important role that Turkey plays in the multilateral trading system. I encourage Turkey to continue improving its multilateral commitments and implementing its economic reform programme, with a view to enhancing the predictability and credibility of its trade regime. Trading partners can help by ensuring that their markets are fully open to Turkey's exports.

Annex II – WTO Publications

Our on-line bookshop offers free downloadable versions of many titles on this list. These can also be purchased in print format using a credit card (transactions are conducted on a secure server), or you can print out and complete the order form to mail or fax to the WTO.

In many countries there is the possibility of ordering in local currency, through the WTO regional distributor.

Many of the products are co-publications. These may also be ordered through the co-publisher whose addresses are listed.

All prices quoted are in Swiss Francs (CHF).

Legal publications

The Legal Texts – The Results of the Uruguay Round of Multilateral Trade Negotiations

First published in 1994 by the GATT Secretariat and reprinted by the WTO in 1995, this title has now been reprinted by Cambridge University Press.

ISBN 05-217-8094 2 – Hardback

Price CHF 150

ISBN 05-217 – 8580 4 – Paperback

Price CHF 70

Can also be ordered from Cambridge University Press (co-publisher).

The French and Spanish versions are co-published with Éditions Yvon Blais.

The Legal Instruments embodying the results of the Uruguay Round of Multilateral Trade Negotiations 1 – 34

The legal instruments embodying the results of the Uruguay Round of multilateral trade negotiations, adopted in Marrakesh on 15 April 1994, published in a set of 34 volumes. The complete set covers the legal texts, the ministerial decisions and the Marrakesh declaration, the signatory countries, as well as the individual agreements, the schedules of specific commitments on services, the tariff schedules for trade in goods, and the Plurilateral Agreements.

From April 2004, William S. Hein & Company will supply all volumes in this series Schedules in the original language only.
The following volumes (2-26) contain the tariff schedules for trade in goods for the countries listed:

Vol. 2	Australia – Brazil – Myanmar	CHF120
Vol. 3 (a+b)	Canada	CHF240
Vol. 4	Sri Lanka – Chile – China	CHF120
Vol. 5	Cuba – India – New Zealand	CHF120
Vol. 6	Norway – Pakistan	CHF120
Vol. 7	South Africa	CHF120
Vol. 8 (a+b)	United States	CHF240
Vol. 9	Indonesia – Dominican Republic – Finland – Nicaragua – Sweden	CHF120
Vol. 10	Uruguay – Austria – Peru Turkey	CHF120
Vol. 11	Japan	CHF120
Vol. 12	Malaysia – Israel	CHF120
Vol. 13	Nigeria – Gabon – Senegal – Madagascar – Côte d'Ivoire – Zimbabwe Switzerland/Liechtenstein	CHF120
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Vol. 15	Iceland – Egypt – Argentina	CHF120
Vol. 16	Poland – Jamaica – Trinidad & Tobago – Romania	CHF120
Vol. 17	Hungary – Singapore – Suriname, Philippines	CHF120
Vol. 18	Colombia – Mexico – Zambia – Thailand	CHF120
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Vol. 20	Morocco – Hong Kong – Tunisia – Bolivia	CHF120
Vol. 21	Namibia	CHF120
Vol. 22	Paraguay – Czech Republic	CHF120
Vol. 23	Slovak Republic – Honduras – Antigua & Barbuda, Bahrain – Barbados – Belize	CHF120
Vol. 24	Brunei Darussalam – Cameroon – Cyprus – Dominica – Fiji – Ghana – Guyana – Kenya Kuwait – Malta – Mauritius – St. Lucia – St. Vincent & the Grenadines,	CHF120
Vol. 25	Swaziland	CHF120
Vol. 26	Benin – Mauritania – Niger – Bangladesh – Congo – Tanzania – Uganda	CHF50
Vol. 27	Agreements: Agriculture, Application of Sanitary and Phytosanitary Measures, Textiles and Clothing, Technical Barriers to Trade, Trade-related Investment Measures, Implementation of Article VI (GATT 1994), Implementation of Article VII (GATT 1994), Preshipment Inspection, Rules of Origin, Import Licensing Procedures, Subsidies and Countervailing Measures, Safeguards	CHF50
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Second GATS Protocol: Revised Schedules of Commitments on Financial Services

This publication presents about 30 countries' (the European Communities and its member States count as one) improvements or changes to their original commitments for opening up markets to trade in financial services. (The original offers – by 76 countries – are included in volumes 28, 29 and 30 of the published results of the Uruguay Round negotiations released in 1994. See above for more information.) These schedules will be of vital interest to organizations and companies in the international financial services sector. The schedules are published in the language in which they were submitted (English, French or Spanish).

October 1995

ISBN 92-870-0147-2

Price CHF 120

Third GATS Protocol: Schedules of Specific Commitments relating to Movement of Natural Persons

The Decision on the Movement of Natural Persons was adopted by the Council for Trade in Services on 30 June 1995. The third protocol contains the specific commitments of six countries (the European Communities and its member States counting as one). Of particular interest to professionals and organizations with an interest in foreign markets.

The schedules are published in the language in which they were submitted (English, French or Spanish).

October 1995

ISBN 92-870-0148-0

Price CHF 30

Fourth GATS Protocol: Schedules of Specific Commitments concerning Basic Telecommunications

The Agreement on Basic Telecommunications of 15 February 1997 is hailed as a landmark in the liberalization of the communications sector. The schedules of commitments of 69 countries make this an important publication for business and organizations worldwide. The schedules are published in the language in which they were submitted (English, French or Spanish).

April 1997

ISBN 92-870-0181-2

Price CHF 120

Fifth GATS Protocol

Schedules of Specific Commitments and Lists of Exemptions from Article II concerning Financial Services. The results of the negotiations on financial services concluded on 12 December 1997 under the WTO, consisting of 56 schedules of specific commitments undertaken by 70 WTO member governments and 16 lists of Article II (MFN) exemptions (or amendments of exemptions) submitted by 16 members.

February 1998

ISBN 92-870-0197-9

Price CHF 120

WTO Status of Legal Instruments

This loose-leaf edition is an up-to-date account of the legal instruments, showing a complete list of agreements and protocols in force, and the situation of their ratification and entry into force.

English, French, Spanish versions available

WTO/Leg/1 Supplement 1 April 1998

WTO/Leg/2 Supplement 2 April 2000

WTO/Leg/3 Supplement 3 January 2003

ISBN 92-870-1164-8

First supplement + binder CHF50. Each subsequent supplement CHF10

Protocol on the Accession of the People's Republic of China to the Marrakesh Agreement Establishing the World Trade Organization

Done at Doha 10 November 2001

This is the official WTO certified text of the Protocol of Accession negotiated by China to become a member of the WTO. The document provides all the terms, commitments and conditions accepted by China for membership in the WTO. The Protocol includes detailed schedules on market access conditions to China for trade in both Goods and Services. This book is intended for trade specialists and for business users who need to know the market-access conditions granted by China for trade in every category of Goods and Services.

Contents:

Protocol on the Accession of the People's Republic of China (English, French and Spanish versions) with Annexes; Schedule CLII – People's Republic of China (English only): Part I. Most-Favoured-Nation Tariff: 1. Agricultural products; 1.A Tariffs; 1.B Tariff quotas; 2. Other products; Part II. Preferential Tariff; Part III. Non-Tariff Concessions: Part IV. Agricultural Products: Commitments Limiting Subsidization: Annexes.

November 2002

ISBN 05-217-8890-0

Paperback

CHF 250

Can also be ordered from Cambridge University Press (co-publisher).

Protocol on the Accession of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu to the Marrakesh Agreement Establishing the World Trade Organization

Doha 11 November 2001

This is the official WTO certified text of the Protocol of Accession negotiated by Chinese Taipei to become a member of the WTO. The document provides all the terms, commitments and conditions accepted by Chinese Taipei for membership in the WTO. The Protocol includes detailed schedules on market access conditions to Chinese Taipei for trade in both Goods and Services. This book is intended for trade specialists and for business users who need to know the market access conditions granted by Chinese Taipei for trade in every category of Goods and Services.

Contents:

Protocol on the Accession of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu to the Marrakesh Agreement establishing the World Trade Organization (English, French and Spanish versions) with Annexes; Schedule CLIII – The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (English only): Part I. Most-Favoured-Nation Tariff: 1. Agricultural Products; 1.A Tariffs; 1.B Tariff quotas; 2. Other products; Part II. Preferential Tariff; Part III. Non-Tariff Concessions: Part IV. Agricultural Products: Commitments Limiting Subsidization: Annexes.

CHF 250

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Paperback

ISBN 05-2178-891-9

Can also be ordered from Cambridge University Press (co-publisher).

GATT Analytical Index: Guide to GATT Law and Practice (1995)

The GATT's own article-by-article handbook on the General Agreement, describing the drafting history, interpretation and application of the rules, based on official documentary records.

The 6th edition is the most complete and up to date presentation of GATT law: it spans 1945 to the end of 1994, when the World Trade Organization was established. It includes decisions by GATT bodies, the many interpretations of GATT law made by dispute settlement panels, and a new chapter on institutional and procedural matters.

Thoroughly researched, each chapter analyzes precedents and practice, and presents the relevant material in the original text, with full documentary references.

ISBN 0-890-5948-05

Hardback

Price CHF 150

Can also be ordered from Bernan Press (co-publisher).

WTO Analytical Index

The WTO Analytical Index is the authoritative guide to the interpretation and application of findings and decisions of WTO panels, the WTO Appellate Body, and other WTO bodies.

The material is presented in separate chapters for each WTO agreement. These chapters generally present the text of the particular article or agreement, chronologically arranged excerpts of relevant jurisprudence and decisions, a discussion of the relationship to other articles and WTO agreements, and cross-references to the GATT Analytical Index when applicable

ISBN 0-8905-9603-4

Hardback

CHF 203

Also available on CD-ROM

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WTO Basic Instruments and Selected Documents

The BISD is the official, one-stop source for documents pertaining to the operation and scope of the World Trade Organization (WTO). It contains the Protocols for Accession for new WTO member nations along with other legal instruments.

Volume 1

Publish Date: January 2001

Hardcover.

ISBN 08-905-9191-1

Price CHF 110

Can also be ordered from Bernan Press (co-publisher).

GATT Basic Instruments and Selected Documents

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The complete series is also available on CD-ROM.

Prices and ordering details are available from William S. Hein & Company.

WTO Agreements Series

The WTO's agreements are the legal foundation for the international trading system that is used by the bulk of the world's trading nations. This series offers a set of handy reference booklets on selected agreements. Each volume contains the text of one agreement, an explanation designed to help the user understand the text, and in some cases supplementary material.

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Annual publications

World Trade Report 2004

The World Trade Report 2004 explores coherence in the linkages between trade policy, economic policy, underlying economic conditions and the institutional framework. The 2004 Report also discusses and analyzes recent trends in international trade and prospects for trade in the near-term. In addition, the Report addresses three separate policy issues of particular relevance to the international trading system: trade preferences, the temporary movement of natural persons for the purposes of trade, and geographical indications.

ISBN 92-870-1240-7

Price CHF 60.00

World Trade Report 2003

The 2003 report focuses on development and gives extensive examination to the Doha Development Agenda round of global trade negotiations and states clearly that these talks hold significant potential for raising levels of development in impoverished countries. This is particularly true with respect to negotiations on agriculture and non-agricultural market access.

ISBN 92-870-1230-X

Price CHF 50

WTO Annual Reports

The Annual report of the WTO focuses on the regular activities of the organization and details of its current structure, staff and budget. The Annual report is published in the first half of each year.

Annual Report 2004 – ISBN 92-870-1239-3

Annual Report 2003 – ISBN 92-870-1223-4

Price CHF 50 per report

International Trade Statistics

This report provides comprehensive, statistics on trade in merchandise and commercial services for an assessment of world trade flows by country, region and main product groups or service categories.

Some 250 tables and charts depict trade developments from various perspectives and provide a number of long-term time series. Major trade developments are summarized and

discussed in the first part of the report under Overview. Detailed trade statistics are provided in Appendix tables.

November 2002

International Trade Statistics 2003 – ISBN 92-870-1225-3

International Trade Statistics 2002 – ISBN 92-870-1235-0

Price CHF 50

The International Trade Statistics is also available on a cd-rom.

Guide and handbook series

A Handbook on Dispute Settlement

This guide has been prepared by the WTO Secretariat to explain the practices that have arisen in the operation of the WTO dispute settlement system since its entry into force on 1 January, 1995. Its detailed content will be useful to expert practitioners as well as to those wanting to gain a basic understanding of the dispute settlement system.

Co-published with Cambridge University Press.

June 2004

Hardback: ISBN 0521841925

Price CHF 160

Paperback: ISBN 0-521602920

Price CHF 65

Can also be ordered from Cambridge University Press (co-publisher).

A Handbook on Anti-Dumping Investigations

The subject of antidumping procedures has received growing attention in international trade policy and has become a source of tension between countries. This handbook covers the major areas arising in anti-dumping investigations as embodied in the relevant WTO provisions, providing an exposition of well-sourced information, explanations and guidance for grasping the intricacies of anti-dumping proceedings.

September 2003

ISBN 05-218-3042-7

Price CHF 144

Can also be ordered from Cambridge University Press (co-publisher).

Guide to Dispute Settlement

Peter Gallagher

This guide to bringing a case before the WTO, or responding to a case already in progress, is an easy-to-use book and an ideal starting-point for lawyers, business people, or government officials confronted with a disputable trade issue. It is sure to find a place in the working library of people everywhere concerned with international trade.

September 2002

ISBN 90-411-9886-5

Paperback

Price CHF 30

Can also be ordered from Kluwer Law International (co-publisher).

Guide to the GATS

An Overview of Issues for Further Liberalization of Trade in Services.

This guide provides an assessment of recent developments in major sectors of services trade. It also examines some of the issues governments will confront as they pursue the liberalization of services trade. The papers in the Guide consider the economic importance of particular services sectors, the ways in which they are regulated and traded, problems of definition and classification, the pattern of commitments under the GATS and they provide sources of further information. In many cases they suggest areas of further work, and some identify prevalent forms of trade restriction or discrimination. The papers were written by specialists in the WTO Secretariat.

ISBN 90-411-9775-3

September 2001

Hardback

Price CHF 300

Can also be ordered from Kluwer Law International (co-publisher).

Guide to the WTO and Developing Countries

Peter Gallagher

This is the second edition in the series of WTO guides published by Kluwer.

Developing countries comprise two thirds off the WTO membership. In order to ensure equitable participation of these countries in the benefits of the global trading system, the GATT Uruguay Round Agreements that created the WTO accorded special and differential treatment to developing countries. The provisions are covered in the guide and include: market access, dispute settlement, trade policy reviews, foreign direct investment, environment and labour issues and technical assistance. The guide also includes case studies on how WTO members are making progress in working with the obligations and the benefits of the WTO Agreements.

September 2000

ISBN 90-411-9799-0

Price CHF 134

Can also be ordered from Kluwer Law International (co-publisher).

Guide to the Uruguay Round Agreements

This publication is the only official and comprehensive explanation by the WTO of the Uruguay Round treaties. It helps readers to navigate the complexities of well over 20,000 pages of decisions, agreements, and commitments arising out of the negotiations.

Features of this work include: a straightforward explanation of each agreement with cross-references to the provisions of the legal texts and associated decisions; concise introductory notes explaining each agreement's purpose and providing sufficient background to put the agreements in context; and the WTO Secretariat's own analysis of the significance and likely impact of the commitments on goods and services.

December 1998

ISBN 90-411-1125-5

Price CHF 30

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Tariff Negotiations and Renegotiations under the GATT and the WTO – Procedures and Practices

Anwarul Hoda

The procedures and practices to implement the provisions relating to tariff negotiations and renegotiations have evolved considerably since the GATT was established in 1947. The provisions themselves have undergone some changes in the last fifty-four years. Professor Hoda reviews the evolution of these provisions and of the procedures adopted and practices followed by the contracting parties to GATT 1947 and the Members of the WTO. He offers some conclusions and recommendations. This new book will be of particular interest to negotiators including Geneva based delegations, members of government trade ministries, economists, and all academics who specialize in trade policy.

October 2001

ISBN 0-521-80449-3

Price CHF 110

Can also be ordered from Cambridge University Press (co-publisher).

The Internationalization of Financial Services – Issues and Lessons for Developing Countries

The Internationalization of financial services is an important issue for the strengthening and liberalizing financial systems in developing countries. There has been considerable support for the view that internationalization can assist countries in building financial systems that are more stable and efficient by introducing international standards and practices. At the same time, there have been concerns about the risks that internationalization may carry for some countries, particularly in the absence of adequate regulatory structures. The chapters in this book examine different aspects of this debate, the relative benefits and costs of internationalization, and together provide an insight into the diversity and significance of the effects of internationalization on domestic financial systems.

November 2001

ISBN 90-411-9817-2

Price CHF 200

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Trade, Development and the Environment

In recent years the relationships between trade and the environment, and trade and development, have become increasingly complex. The need to reconcile the competing demands of economic growth, economic development, and environmental protection has become central to the multilateral trade agenda. In this volume various commentators debate the role of the World Trade Organization and other institutions in addressing these

challenges. The book arises from the papers presented at two High Level Symposia hosted by the World Trade Organization in March 1999, on Trade and the Environment and Trade and Development.

November 2000

ISBN 90-411-9804-0

Price CHF 100

Printing on Demand

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Reshaping the World Trading System – Second edition

John Croome

Take 120 government and territories, each bent on vigorously seeking its own self-interest. Give them a mandate to reach agreement on new rules for more open markets – not only for goods but for services and intellectual property as well. And give them a time-limit – four years. It sounds impossible and it almost was.

This is the story, told in frank, lively and non-technical terms, of how and why the Uruguay Round came about, what the participant countries sought, and the twists, turns, setbacks and successes of each stage and sector of the negotiations and how, after seven years, the final achievement in many instances surpassed the original goals.

December 1998

ISBN 90-411-1126-3

Hardback

Price CHF 150

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Dispute Settlement Publications

A Handbook on Dispute Settlement

This guide has been prepared by the WTO Secretariat to explain the practices that have arisen in the operation of the WTO dispute settlement system since its entry into force on 1 January, 1995. Its detailed content will be useful to expert practitioners as well as to those wanting to gain a basic understanding of the dispute settlement system.

Co-published with Cambridge University Press (co-publisher).

May 2004

ISBN 0-521602920

Price CHF 65

Can also be ordered from Cambridge University Press (co-publisher).

WTO Dispute Settlement Procedures – 2nd Edition

A Collection of Legal Texts

This volume contains a collection of the legal texts related to the settlement of disputes under the Agreement Establishing the WTO. To facilitate their use, the texts have been grouped by subject-matter, and cross-references and a subject index have been added by the WTO Secretariat. These additions do not form part of the legal texts and therefore should not be used as source of interpretation.

March 2001

ISBN 05-2101-077-2

Paperback

Price CHF 50.00

Can also be ordered from Cambridge University Press (co-publisher).

Dispute Settlement Reports

These are the only WTO authorized and paginated reports in English.

The Dispute Settlement Reports of the World Trade Organization (WTO) include Panel and Appellate Body reports, as well as arbitration awards, in disputes concerning the rights and obligations of WTO members under the provisions of the Marrakesh Agreement.

An essential addition to the library of all practising and academic trade lawyers, and needed by students worldwide taking courses in international economic or trade law.

Prices vary depending on year and volume.

All Dispute Settlement Reports can also be ordered from Cambridge University Press (co-publisher).

Special Studies

All special studies can be downloaded free of charge from our website.

Special Study No. 7 – Adjusting to Trade Liberalization; The Role of Policy, Institutions and WTO Disciplines

This study seeks to identify tools at the disposal of governments to smooth adjustment, to minimize an economy's adjustment costs and to alleviate the burden of those who suffer most.

April 2003
ISBN 92-870-1232-6
Price CHF 30

WTO Agreements and Public Health

This joint study by the World Health Organization and the World Trade Organization Secretariat on the relationship between trade rules and public health. The 171-page study *WTO Agreements and Public Health* explains how WTO Agreements relate to different aspects of health policies. It is meant to give a better insight into key issues for those who develop, communicate or debate policy issues related to trade and health. The study covers areas such as drugs and intellectual property rights, food safety, tobacco and many other issues which have been subject to passionate debate. In this joint effort, the first of its kind, WHO and the WTO Secretariat endeavour to set out the facts.

September 2002
ISBN 92-870-1223-7
Price CHF 30

Special Study No. 6 – Market Access: Unfinished Business

The WTO Secretariat study profiles post-Uruguay Round market access conditions in three areas – industrial tariffs, agriculture and services, the latter two of which are already the subject of ongoing negotiations. The detailed study is intended as a comprehensive resource for negotiators and the interested public.

May 2001
ISBN 92-870-1217-2
Price CHF 30

Special Study No. 5 – Trade, Income disparity and Poverty

A WTO study, which is based on two expert reports commissioned by the WTO Secretariat, aims to clarify the interface between trade, global income disparity, and poverty. Professor Dan Ben-David of Tel Aviv University, takes an in-depth look at the linkages between trade, economic growth, and income disparity among nations. Professor L Alan Winters of University of Sussex, discusses the various channels by which trade may affect the income opportunities of poor people. The publication also includes a non-technical overview of the two expert reports.

June 2000
ISBN 92-870-1215-6
Price CHF 30

Special Study No. 4 – Trade and the Environment

A study by the WTO which addresses several key questions related to the environment: Is economic integration through trade and investment a threat to the environment? Does trade undermine the regulatory efforts of governments to control pollution and resource degradation? Will economic growth driven by trade help us to move towards a sustainable use of the world's environmental resources? The study goes on to show that trade could play a positive role in this process by facilitating the diffusion of environment-friendly technologies around the world and is backed up by the five case studies on chemical-intensive agriculture, deforestation, global warming, acid rain, and overfishing.

October 1999
ISBN 92-870-1211-3
Price CHF 30

Special Study No. 3 – Trade, Finance and Financial Crises

This study by the WTO explains the basic links between trade and the financial sector, and how financial crises are interrelated with trade. It explains how weak financial systems and financial instability disrupt the flow of goods and services and why protectionism undermines financial stability. Finally, the study examines the role of the WTO framework of multilateral trade rules in underpinning a sound international economic order and demonstrates that the WTO framework and the international financial system are interdependent elements of one global economic order, where trade cannot flourish without financial development and stability, and financial stability is

unlikely to prevail without trade. The study also includes case studies on past financial crises.

October 1999
ISBN 92-870-1210-5
Price CHF 30

Special Study No. 2 – Electronic Commerce and the Role of the WTO

The second study examines the potential trade gains from the rapidly increasing use of the Internet for commercial purposes. The study was written as a means of providing background information for WTO members who are now developing policy responses to this new form of commerce.

Written by a team of economists from the WTO Secretariat, it identifies the complexities as well as the potential benefits of trade via the Internet. The book describes the extraordinary expansion of opportunities that electronic commerce offers, including for developing countries.

March 1998
ISBN 92-870-1198-2
Price CHF 30

Special Study No. 1 – Opening Markets in Financial Services and the Role of the GATS

This first publication in a series of special studies explores some of the issues surrounding the financial services negotiations, analyzes what is at stake, and assesses what WTO members have already achieved in previous negotiations.

This 50-page study contains detailed tables, charts, and boxes to help the reader understand some of the characteristics of the financial services sector and appreciate the full benefits of its trade liberalization.

August 1997
ISBN 92-870-2189-2
Price CHF 30

Staff Discussion Papers

These are regularly produced papers written by members of the WTO secretariat on current issues at the WTO. These papers are available for free on the WTO website.

Discussion Paper No. 3 – Income Volatility in Small and Developing Economies: Export Concentration matter

This paper examines the effect of export concentration on income volatility in small economies, and concludes that volatility is reduced if small economies diversify their exports.

ISBN 92-870-1242-2
Price CHF 20

Discussion Paper No. 2 – Improving the Availability of Trade Finance during Financial Crises

This paper explores the reasons behind the failure by private markets and other institutions to meet demand for cross-border and domestic short-term trade finance during financial crises such as the one which affected emerging economies in the 1990s.

ISBN 92-870-1238-5
Price CHF 20

Discussion Paper No. 1 – Industrial Tariffs and the Doha Development Agenda

Containing many tables and charts, the paper focuses on the basic mandate given to negotiators at Doha and looks at specific issues facing developed, developing and least-developed countries.

ISBN 92-870-1231-8

Only available as a downloadable file from the WTO Website.

Reference Works

WTO Dictionary of Trade Policy Terms

The multilateral trading system represented by the GATT and the WTO is attracting more attention than ever. But the language used by trade negotiators can be difficult for the layperson and newcomers to trade policy to penetrate. This is an accessible guide to the vocabulary used in trade negotiations. Its nearly 2000 entries cover in simple language not

only traditional GATT and WTO concepts, but also many of the trade-related activities, outcomes and terms used in other international organizations, such as UNCTAD, OECD, the Food and Agricultural Organization among others. It also explains the rules governing the formation of free-trade areas. Newer trade issues and developing-country concerns receive generous space. Its entries span the period from about 1947 when the GATT was formed to the present. Its emphasis is on current and recent developments.

March 2003

ISBN 0-521-53825-4

Price CHF 48

Can also be ordered from Cambridge University Press (co-publisher).

Trade Policy Reviews

Surveillance of national trade policies is a fundamentally important activity running throughout the work of the WTO. At the centre of this work is the Trade Policy Review Mechanism (TPRM). All WTO members are reviewed, the frequency of each country's review varying according to its share of world trade.

Trade Policy Reviews carried out in 2003

Turkey, Chile, Thailand, Haiti, Guyana, Bulgaria, Honduras, Senegal, Niger, Indonesia, Morocco, New Zealand, SACU, Burundi, Canada, El Salvador, Maldives.

Each volume costs CHF 105.

Can also be ordered from Bernan Press (co-publisher).

CD-ROMs

Complete Results of the Uruguay Round of Multilateral Trade Negotiations

This unique CD-ROM contains the complete legal texts and market-opening commitments of the 125 countries who participated in the 1986-94 Uruguay Round. It includes the capability to organize information for specific countries or country groups. The material covers 30,000 pages of legal text covering goods, services, trade-related intellectual property rights, dispute settlement and individual countries' schedules of commitments in the goods and services areas.

Updated for Windows 2000 and XP.

February 1996

Trilingual

ISBN 92-870-0145-6

Price CHF 1000 (Single User); CHF 2000 (LAN Licence)

WTO Agreements on CD-ROM: The Legal Texts and Schedules: Services

This CD-ROM, co-published with Cambridge University Press, contains the updated schedules of services commitments and/or MFN exemptions for WTO member countries to the year 2000 in English, plus the English, French and Spanish versions of the WTO Legal Texts.

The following equipment is recommended. PC with Intel 486 (or compatible) processor (Pentium recommended) with Windows 95, 98 or NT4). Hard Disc: minimum 28 mb free. Display: minimum 800 × 600. Double-speed CD-ROM drive. Includes FOLIO software.

March 2002

ISBN 0521796458

Price CHF 800

Can also be ordered from Cambridge University Press (co-publisher).

CD-ROM: International Trade Statistics 2003

The figures have been compiled and analyzed by the WTO's economists and statisticians. The electronic version offers the user the opportunity to examine international trade figures by country, region, and economic sector. It includes search and graphics capabilities, permitting the researchers to examine data in chart, table, or graphical formats, and even to create their own analyses from the database.

March 2004

Price CHF 120

Can also be ordered from Bernan Press (co-publisher).

WTO Analytical Index CD-ROM

Researchers can use this CD-ROM as a guide to the to the interpretation and application of findings and decisions of WTO panels, the WTO Appellate Body, and other WTO bodies.

This CD-ROM presents the text of the particular articles or agreements; chronologically arranged excerpts of relevant jurisprudence and decisions; discussions of the relationships to other articles and WTO agreements; and cross-references to the GATT Analytical Index when applicable.

March 2004
ISBN 0890598630
Price CHF 200

Can also be ordered from Bernan Press (co-publisher).

Trade Policy Review CD-ROM

This CD-ROM is an efficient tool to locate, compare and contrast the reviews of trade policies and practices of the twenty-eight member countries made by the World Trade Organization (WTO) between 1999 and 2002. The CD-ROM provides the English text of the 2001 and 2002 reports, and the French and Spanish text of the 1999, 2000, and 2001 reports.

March 2004
ISBN 0890598738
Price CHF 165

Can also be ordered from Bernan Press (co-publisher).

CD-ROM: Guide to GATT Law and Practice: Analytical Index

The GATT's own article-by-article handbook on the General Agreement, describing the drafting history, interpretation and application of the rules, based on official documentary records.

The 6th edition is the most complete and up-to-date presentation of GATT law: it spans 1945 to the end of 1994, when the World Trade Organization was established. It includes decisions by GATT bodies, the many interpretations of GATT law made by dispute settlement panels, and a new chapter on institutional and procedural matters. Thoroughly researched, each chapter analyses precedents and practice, and presents the relevant material in the original text, with full documentary references.

English only
March 1998
ISBN 92-870-1181-8
Price CHF 200

CD-ROM: GATT Basic Instruments and Selected Documents

The entire GATT Basic Instruments and Selected Documents (BISD) – all 42 volumes in English, French and Spanish – on one CD-ROM.

Jointly developed by Bernan Associates and the WTO, this disk uses technology that turns the large library of documents into a highly accessible and useful tool for research.

The CD-ROM includes Folio 4 software, with its state-of-the-art searching mechanisms, helping the user to conduct sophisticated research quickly and efficiently, saving both time and shelf space. With a multiple-user licence, the data can also be accessed by several people on a computer network.

May 1998
ISBN 089-059-101-6
Price CHF 700 – Single user network licence
Price CHF 835 – Multiple-user network licence

Can also be ordered from Bernan Associates (co-publisher).

CD-ROMs – Computer Based Training

This is a series of easy-to-use interactive guides to WTO Agreements on CD-ROM. Each CD-ROM module is designed to guide the user through the complex WTO agreements in a simple step-by-step manner.

The following are now available:

CBT on Accessing WTO Electronic Information

A guide to the most common tasks that users encounter when obtaining information from the WTO Website or from other WTO electronic media. It is designed to help trade officials refresh or improve their skills using WTO Resources.

It provides step-by-step instructions on how to access WTO On-line information through the WTO Internet sites and on CD-ROM.

August 2002
ISBN 92-870-1225-3
Price CHF 30

CBT on Agreement on Sanitary and Phytosanitary Measures

This module, which covers the WTO Agreement on Sanitary and Phytosanitary Measures, includes text, video and audio material and is complemented by a multiple-choice test to enable users to monitor their individual progress.

The complete text of the Agreement is also included.

Trilingual

February 2003

ISBN 92-870-0222-3

Price CHF 75

CBT on Textiles Agreement

The CD includes text, video and audio material and is complemented by a multiple-choice test to enable users to monitor their individual progress. The complete text of the Agreement is also included.

Trilingual

September 1998

ISBN 92-870-0211-8

Price CHF 75

CBT on the General Agreement on Trade in Services (GATS)

The CD is a training course on the GATS, using text and interactive methods to enable users to acquire a detailed knowledge of this agreement. It includes a library of documents on the GATS, including the basic Agreement.

Trilingual

February 2003

ISBN 92-870-0027-4

Price CHF 75.00

Videos

To the heart of the WTO

This video opens up the system in a simple and lively way. It looks at the experience and motivation of two very different countries: Brazil, a large and developing nation, and Norway, a small but economically advanced State. Both have big trade interests and are active in the WTO.

January 2003

Price CHF 30

Solving Trade Disputes

This video explains how trade disputes between WTO Members are solved through the dispute settlement system. The first part of the video explains how the dispute settlement system was created by WTO members during the 1986-1994 Uruguay round of global trade talks and how the system operates. The process is clearly illustrated in the second part of the video using specific cases.

Length 30 minutes. Available in English, French and Spanish.

November 1999

Price CHF 30

Trading into the future

Essential viewing for those who want to understand international trade and the role of the World Trade Organization. A taster of the system's importance.

November 1995,

Length 25 minutes

Price CHF 25

From GATT to WTO – Achievements and Challenges

This video explains for a wide audience the role played by GATT and the new WTO over the past 50 years. It traces the evolution of the trading system and looks at how the system works. It includes comments from people of a wide range of backgrounds.

May 1998

Length 17 minutes

Price CHF 15

Free publications

All free publications can be downloaded from the WTO website. If you require colour versions, please email free@wto.org

Understanding the WTO

An introduction to the WTO, what it is, why it was created, how it works, and what it does, written specifically for non-specialists.

March 2003

The WTO in Brief

A starting point for essential information about the WTO. You can browse the html version on the WTO website.

10 Common Misunderstandings about the WTO

Is it a dictatorial tool of the rich and powerful? Does it destroy jobs? Does it ignore the concerns of health, the environment and development? Emphatically no. Criticisms of the WTO are often based on fundamental misunderstandings of the way the WTO works. You can browse the html version on the WTO website.

10 Benefits of the WTO

From the money in our pockets and the goods and services that we use, to a more peaceful world – the WTO and the trading system offer a range of benefits, some well-known, others not so obvious. You can browse the html version on the WTO website.

The Doha Declarations

This booklet contains the full texts of the Declarations and Decisions adopted by WTO Members at the Doha Ministerial. Also included are relevant documents of the WTO General Council dealing with implementation of the Doha Development Agenda.

GATS Fact and Fiction

Since January 2000, over 140 WTO members governments have been engaged in negotiations aimed at further liberalization of the global services market. This booklet debunks some of the myths and falsehoods about the GATS and the new negotiations. You can browse the html version on the WTO website.

Report on the CPA/WTO Regional Workshops for Parliamentarians (available only as electronic version).

The WTO and Commonwealth Parliamentary Association have published a new booklet on the multilateral trading system, based on regional workshops for African and Caribbean Parliamentarians held in Cape Town and Port-of-Spain in 2003. It is also available on the WTO website and website of the Commonwealth Parliamentary Association.

http://www.wto.org/english/thewto_e/whatis_e/whatis_e.htm.

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Chapter Three

ORGANIZATION, SECRETARIAT AND BUDGET

Organization, Secretariat and budget

The organization

The World Trade Organization came into being in 1995, as the successor to the General Agreement on Tariffs and Trade (GATT), which had been established (1947) in the wake of the Second World War. The WTO's main objective is the establishment of rules for Members' trade policy which help international trade to expand with a view to raising living standards. These rules foster non-discrimination, transparency and predictability in the conduct of trade policy. The WTO is pursuing this objective by:

- Administering trade agreements,
- Acting as a forum for trade negotiations,
- Settling trade disputes,
- Reviewing national trade policies,
- Assisting developing countries in trade policy issues, through technical assistance and training programmes,
- Cooperating with other international organizations.

The WTO has 146 Members, accounting for 90% of world trade (see inside cover for a complete list of Members). Members are mostly governments but can also be customs territories. Nearly 30 applicants are negotiating to become Members of the WTO. Decisions in the WTO are made by the entire membership, typically by consensus.

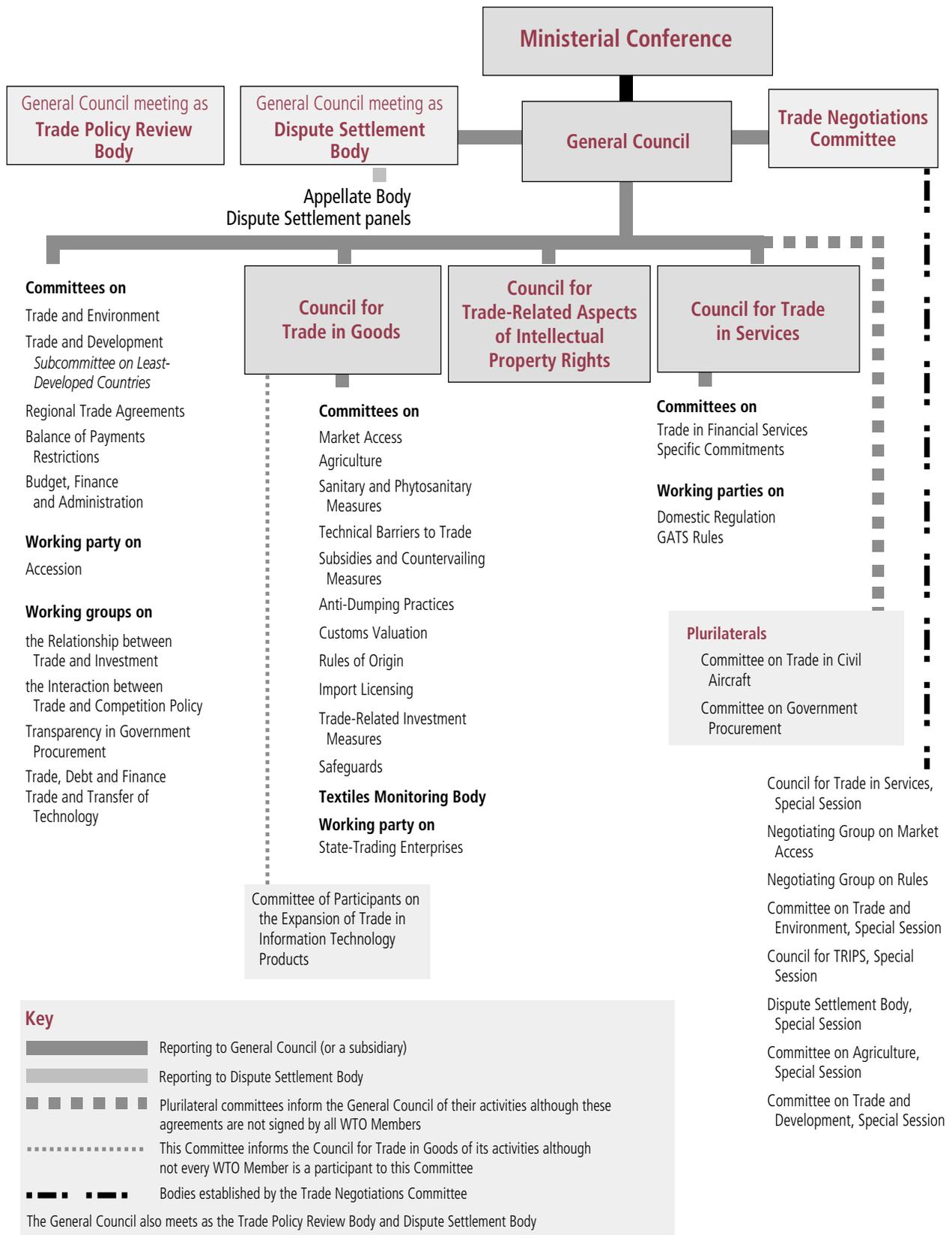
The WTO's top level decision-making body is the Ministerial Conference, which meets at least once every two years. In the intervals between sessions of the Ministerial Conference, the highest-level WTO decision-making body is the General Council where Members are usually represented by ambassadors or heads of delegations. The General Council also meets as the Trade Policy Review Body and the Dispute Settlement Body. At the next level, the Goods Council, Services Council and Trade-Related Aspects of Intellectual Property (TRIPS) Council report to the General Council.

Numerous specialized committees, working groups and working parties deal with the individual agreements and other important areas such as the environment, development, membership applications, regional trade agreements, trade and investment, trade and competition policy and transparency in government procurement. Electronic commerce is being studied by various councils and committees.

A Trade Negotiations Committee (TNC) was set up by the Doha Declaration at the fourth WTO Ministerial Conference. The Declaration provides the mandate for negotiations in the TNC and its subsidiaries on a range of subjects. The TNC operates under the authority of the General Council.

WTO structure

All WTO Members may participate in all councils, committees, etc, except Appellate Body, Dispute Settlement panels, Textiles Monitoring Body, and plurilateral committees.



Secretariat

The WTO Secretariat, with offices only in Geneva, has 601 regular staff and is headed by a Director-General. Since decisions are taken by Members only, the Secretariat has no decision-making powers. Its main duties are to supply technical and professional support for the various councils and committees, to provide technical assistance for developing countries, to monitor and analyze developments in world trade, to provide information to the public and the media and to organize the ministerial conferences. The Secretariat also provides some forms of legal assistance in the dispute settlement process and advises governments wishing to become Members of the WTO.

The Secretariat staff of 601 includes individuals representing about 60 nationalities. The professional staff is composed mostly of economists, lawyers and others with a specialization in international trade policy. There is also a substantial number of personnel working in support services, including informatics, finance, human resources and language services. The total staff complement is composed almost equally of men and women. The working languages of the WTO are English, French and Spanish.

The Appellate Body was established by the Understanding on Rules and Procedures Governing the Settlement of Disputes to consider appeals to decisions by dispute settlement panels. The Appellate Body has its own Secretariat. The seven-member Appellate Body consists of individuals with recognized standing in the fields of law and international trade. They are appointed to a four-year term, and may be reappointed once.

**WTO Secretariat
Organization Chart – January 2004**

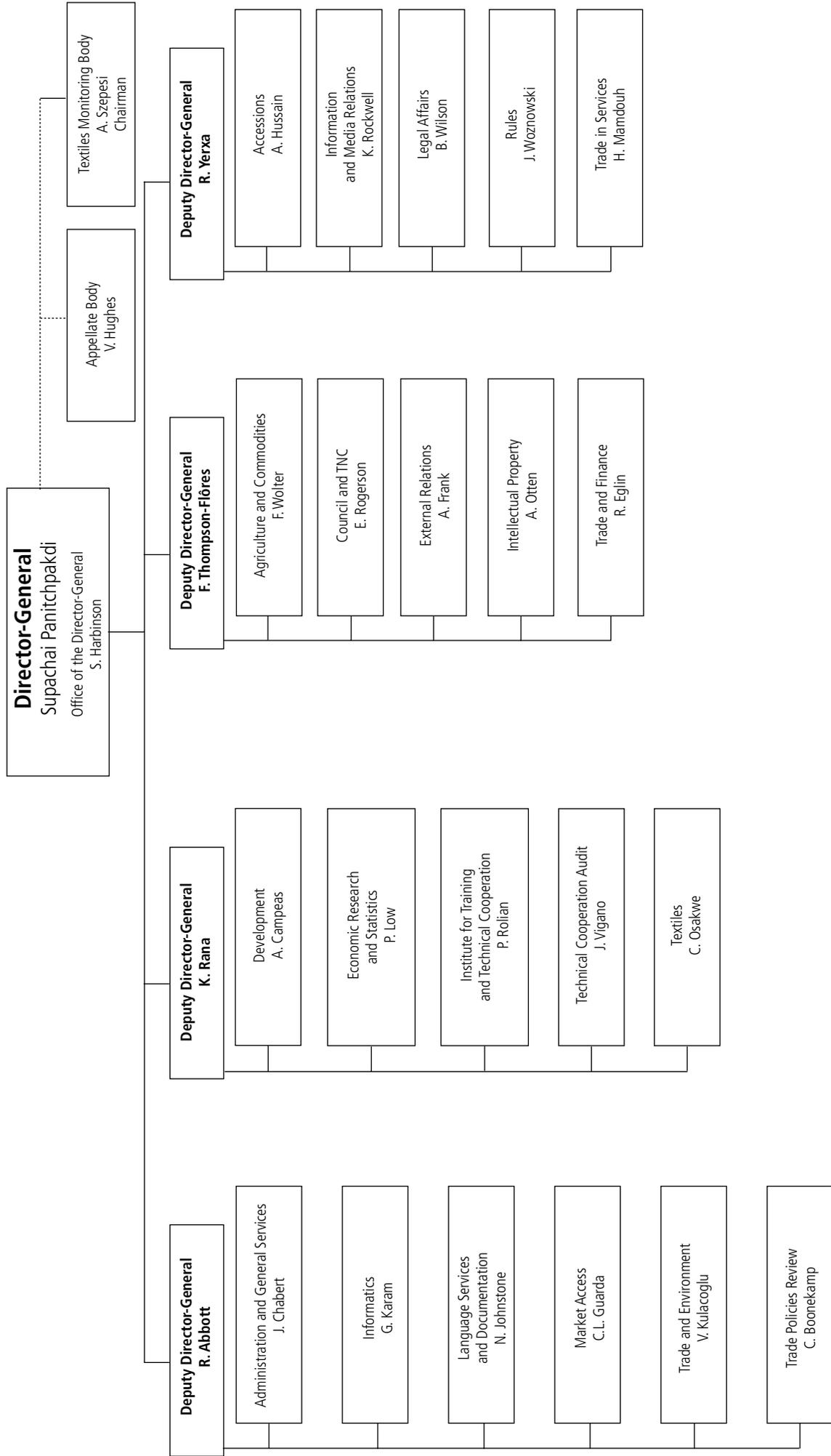


Table III.1

Table of regular staff by nationality

Country	M	F	Total
Argentina	5	2	7
Australia	6	5	11
Austria	3	3	6
Belgium	2	2	4
Benin	1		1
Bolivia	1	2	3
Brazil	3	3	6
Cameroon		1	1
Canada	18	9	27
Chile	3	3	6
China	1	4	5
Colombia	6		6
Congo, the Democratic Republic of the	1		1
Costa Rica		1	1
Cote d'Ivoire	1		1
Cuba		1	1
Denmark	1	1	2
Ecuador	1		1
Egypt	3	2	5
Estonia		1	1
Finland	3	1	4
France	80	75	155
Germany	10	6	16
Ghana	3		3
Greece	2	2	4
Honduras		1	1
Hong Kong		1	1
Hungary	3		3
India	7	6	13
Ireland	2	9	11
Italy	7	6	13
Japan	3	1	4
Kenya	1		1
Korea, Republic of	1		1
Malawi	1		1
Malaysia	1	1	2
Mauritius	2		2
Mexico	5	1	6
Morocco	1	1	2
Netherlands	5	2	7
New Zealand	4	1	5
Nigeria	1		1
Norway	2	1	3
Paraguay		1	1
Peru	3	3	6
Philippines	5	4	9
Poland	3	2	5
Portugal	2		2
Romania		2	2
Rwanda	1		1
Senegal	1		1
South Africa	1		1
Spain	19	22	41
Sri Lanka	2	2	4
Sweden	2	4	6
Switzerland	15	22	37
Thailand	3	1	4
Tunisia	3	2	5
Turkey	1	2	3
United Kingdom	19	61	80
United States	8	16	24
Uruguay	7	2	9
Venezuela	3	1	4
Zimbabwe		1	1
Grand Total	298	303	601

Table III.2

Distribution of staff positions within the WTO's various divisions 2004

Divisions	Regular staff	Directors	Senior Management	Total
Senior Management			5	5
Office of the Director General	9	1		10
Offices of the Deputy Directors-General	5			5
Accessions Division	7.4	1		8.4
Administration and General Services Division	94.1	1		95.1
Agriculture & Commodities Division	15	1		16
Council and TNC Division	11.5	1		12.5
Development Division	6.5	1		7.5
Economic Research and Statistics Division	49	1		50
External Relations Division	8	1		9
Informatics Division	27	1		28
Information & Media Relations Division	22	1		23
Institute for Training and Technical Cooperation	25	1		26
Intellectual Property Division	14.5	1		15.5
Language Services & Documentation Division	143	1		144
Legal Affairs Division	16	1		17
Market Access Division	14	1		15
Rules Division	16	1		17
Technical Cooperation Audit	1			1
Textiles Division	3	1		4
Textiles Monitoring Body	1		1	2
Trade & Environment Division	9	1		10
Trade and Finance Division	7	1		8
Trade in Services Division	15	1		16
Trade Policies Review Division	33	1		34
Appellate Body	13	1		14
New posts and posts pending consolidation	10	5		15
Grand Total	575	27	6	608*

* Total number of regular positions is 608 while total staff actually employed is 601.

WTO Secretariat: Divisions

The WTO Secretariat is organized into divisions with functional, information and liaison and support roles. Divisions are normally headed by a Director who reports to a Deputy Director-General or directly to the Director-General.

Functional divisions

Accessions Division

The work of the division is to facilitate the negotiations between WTO Members and states and entities requesting accession to the WTO by encouraging their integration into the multilateral trading system through the effective liberalization of their trade regimes in goods and services; and to act as a focal point in widening the scope and geographical coverage of the WTO. There are at present 25 Accession working parties in operation.

Agriculture and Commodities Division

The division handles all matters related to the ongoing negotiations on agriculture. Furthermore, the division provides support in the implementation of the existing WTO rules and commitments on agriculture, including by ensuring that the process for multilaterally reviewing these commitments by the Committee on Agriculture is organized and conducted in an efficient manner. The work of the division encompasses to facilitate implementation of the Agreement on the Application of Sanitary and Phytosanitary Measures, including by servicing the SPS Committee. Other activities of the division include support for the implementation of the Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries; dealing with matters related to trade in fisheries and forestry products as well as

natural resource-based products; providing services for dispute settlement in the area of agriculture and SPS; providing technical assistance in all areas under its purview; and cooperation with other international organizations and the private sector.

Council and Trade Negotiations Committee Division

The division provides support for sessions of the Ministerial Conference, in the work of the General Council, the Dispute Settlement Body, and the Trade Negotiations Committee. It is responsible for the preparation and servicing of relevant meetings and consultations between Ministerial sessions, for preparation of BISD supplements and for derestriction of documents.

Development Division

The Development Division is the focal point for all developmental policy issues and assists the senior management and the Secretariat as a whole on issues relating to the participation of developing countries, including the least-developed among them, in the multilateral trading system. The division services the Committee on Trade and Development in regular session, as well as its dedicated sessions on small economies and its special sessions on special and differential treatment, as well as the Working Group on Trade and Transfer of Technology. It services the Sub-Committee on LDCs. It is also responsible for the Integrated Framework (IF), holds its Secretariat and is responsible for its management structure such as the Integrated Framework Working Group (IFWG) and the Integrated Framework Steering Committee (IFSC).

Economic Research and Statistics Division

The division provides economic analysis and research in support of the WTO's operational activities, including monitoring and reporting on current economic news and developments. It carries out economic research on broader policy-related topics in connection with the WTO's work programme, as well as on other WTO-related topics of interest to delegations arising from the on-going integration of the world economy, the spread of market-oriented reforms, and the increased importance of economic issues in relations between countries. The division contributes to regularly scheduled annual publications, including the World Trade Report. Other major activities include work related to cooperation with other international organizations and the academic community through conferences, seminars and courses; preparation of special research projects on policy-related topics in the area of international trade; preparation of briefings to senior management.

On the statistics side, the division supports WTO Members and the Secretariat with quantitative information in relation to economic and trade policy issues. The division is the principal supplier of WTO trade statistics through the annual "International Trade Statistics" report and Internet and Intranet sites. The division is responsible for the maintenance and development of the Integrated Data Base which supports the Market Access Committee's information requirements in relation to tariffs. The division's statisticians also provide Members with technical assistance in relation to the Integrated Data Base. And finally, the division plays an active role in strengthening cooperation and collaboration between international organizations in the field of merchandise and trade in services statistics, and in ensuring that WTO requirements in respect to the concepts and standards underpinning the international statistical system are met.

The WTO Library supports WTO activities and research through its print and electronic collection of documents; provision of an online public access catalogue; bibliographic reference services including Internet research; inter-library loans; depository for national statistics from Member and non-Member countries as well as specific product statistics; depository of GATT/WTO documents and publications; printed archives of the Organization.

Institute for Training and Technical Cooperation

The Institute's mission is to contribute to the fuller participation of beneficiary countries in the multilateral trading system through human resource development, institutional capacity building, and increased public awareness of the multilateral trading system. It delivers technical cooperation and training through activities including: advisory missions; seminars and workshops on a country or regional basis, and/or technical notes on issues of interest to beneficiary countries; trade policy courses; training of trainers; outreach activities with universities; and internet based training activities. The aim is to develop better understanding of WTO rights and obligations, adaptation of national legislation and increased participation of these countries in the multilateral decision-making process. Legal advice is also be made available under Article 27.2 of the DSU. Related activities include establishing and supporting WTO Reference Centres with Internet connectivity and with training provided on how to track down trade-related sources on the Internet, particularly the WTO website; and how to use information technology tools to meet notification requirements. The Institute

manages trust funds provided by individual donor countries for the purpose of training and technical cooperation.

Intellectual Property

The division provides service to the TRIPS Council and to dispute settlement panels; service to any negotiations that may be launched on intellectual property matters; provides assistance to WTO Members through technical cooperation, in particular in conjunction with the World Intellectual Property Organization (WIPO), and through the provision of information/advice more generally; maintains and develops lines of communication with other intergovernmental organizations, the NGO community, intellectual property practitioners and the academic community so that they have an adequate understanding of the TRIPS Agreement and of the WTO processes. In the area of competition policy it provides service to work in the WTO on the interaction between trade and competition policy; provides technical cooperation, in conjunction with UNCTAD and other intergovernmental organizations, and information/advice more generally to WTO Members. In the area of government procurement the division provides service to work in the WTO on transparency in government procurement; provides service to the Committee established under the plurilateral Agreement on Government Procurement and to dispute settlement panels that may arise; provides technical cooperation and information/advice more generally to WTO Members.

Legal Affairs Division

The principal mission of the Legal Affairs Division is to provide legal advice and information to WTO dispute settlement panels, other WTO bodies, WTO Members and the WTO Secretariat. The division's responsibilities include providing timely secretarial and technical support and assistance on legal, historical and procedural aspects of disputes to WTO dispute settlement panels; providing regular legal advice to the Secretariat, and in particular to the Dispute Settlement Body and its Chairman, on interpretation of the Dispute Settlement Understanding (DSU), WTO agreements and on other legal issues; providing legal information to WTO Members on the DSU and WTO agreements; providing legal support in respect of accessions; providing training in respect of dispute settlement procedures and on WTO legal issues through special courses on dispute settlement, regular WTO training courses and WTO technical cooperation missions; attend meetings of other organizations with WTO-related activities (e.g., IMF, OECD, Energy Charter).

Market Access Division

The division works with the following WTO bodies:

Council for Trade in Goods: oversees the multilateral trade agreements and ministerial decisions covering the goods sector and takes actions on the issues raised by the various committees which report to it. The CTG is also the competent body for WTO work in the area of trade facilitation. Servicing the Council includes the organization of formal meetings. The division also arranges informal meetings/consultations prior to formal meetings.

Committee on Market Access: supervises the implementation of concessions relating to tariffs and non-tariff measures; provides a forum for consultation on matters relating to tariffs and non-tariff measures; oversees the application of procedures for modification or withdrawal of tariff concessions; ensures that WTO Schedules are kept up-to-date, and that modifications, including those resulting from changes in tariff nomenclature, are reflected; conducts the updating and analysis of the documentation on quantitative restrictions and other non-tariff measures, in accordance with the timetable and procedures agreed by the CONTRACTING PARTIES in 1984 and 1985 (BISD 31S/227 and 228, and BISD 32S/92 and 93); oversees the content and operation of, and access to, the Integrated Data Base and will do the same for the future Consolidated Tariff Schedules Database.

Committee on Customs Valuation: Monitor and review annually the implementation of the Customs Valuation Agreement; provide service to the Committee on Customs Valuation; organizing, managing the WTO programme for technical assistance on customs valuation for developing countries that have invoked the five-year delay; cooperating with the World Customs Organization Secretariat on providing technical assistance to developing countries having requested a five-year delay in the implementation of the Agreement.

Committee on Rules of Origin: carrying out the harmonization work programme on non-preferential rules of origin; provide service to the Committee on Rules of Origin; providing information and advice to delegations, private parties and other divisions in the Secretariat on matters relating to rules of origin.

Committee on Import Licensing: Monitoring and reviewing the implementation and operation of the Agreement on Import Licensing Procedures; providing information and advice to acceding countries, delegations, private parties and other divisions in the Secretariat on matters relating to import licensing.

Committee of Participants on the Expansion of Trade in Information Technology Products (ITA): providing technical assistance and information to acceding participants; review the implementation of the ITA; continue the work, technical and otherwise, with respect to non-tariff barriers and classification issues; for review of product coverage (ITAIL); provide continuing support for the negotiations and the follow-up if necessary.

Rules Division

The role of the division is to facilitate on-going negotiations and consultations in all WTO bodies serviced by the division and to ensure their smooth functioning of all WTO bodies serviced by the Division. This includes facilitating new and on-going negotiations and consultations, This includes monitoring implementation of the WTO Agreements in the area of anti-dumping, subsidies and countervailing measures, safeguards, state-trading and civil aircraft and actively assisting in their implementation; providing all necessary implementation assistance, counselling and expert advice to Members concerning the above Agreements; provides providing secretaries and legal officers to WTO dispute settlement panels involving the rules-area Agreements; and active participation in the WTO technical assistance programme.

The bodies serviced by the Rules Division are: Committee on Anti-Dumping Practices, Committee on Subsidies and Countervailing Measures, Committee on Safeguards, Committee on Trade in Civil Aircraft, Working Party on State-Trading Enterprises, Informal Group of Experts on the Calculations of Subsidies under Article 6.1 of the Subsidies Agreement, Permanent Group of Experts, Informal Group on Anti-Circumvention, Ad-Hoc Working Group on Implementation of the Agreement on Anti-Dumping and Working Group on Trade and Competition (co-secretary).

Technical Cooperation Audit Division

Its responsibility is ensuring ongoing monitoring and evaluation of all forms of technical assistance provided by the WTO.

Textiles Division

The division provides technical advice and guidance on the implementation of the WTO Agreement on Textiles and Clothing (ATC) and on textile trade matters in general to WTO Members and countries in the process of accession; contributes to the servicing of the Textiles Monitoring Body; provides service to DSU panels, in cooperation with the Legal Division; participates in WTO training and technical cooperation functions; maintains a broad knowledge based on developments in world textiles and clothing trade and government policies and actions in this area; provides information and advice to intergovernmental and non-governmental organizations, trade associations and academics.

Textiles Monitoring Body

The Textiles Monitoring Body (TMB) "unit" of the Secretariat (composed of the Body's Chairman and a support staff member), assisted by a professional of the Textiles Division who performs the duties of Secretary of the TMB, ensures the efficient functioning of the Textiles Monitoring Body (TMB) by providing full service to it in carrying out its tasks to supervise the implementation of the Agreement on Textiles and Clothing (ATC), to examine all measures taken under the ATC and their conformity therewith and to take the actions specifically required of it by the ATC. It assists the TMB in preserving and further increasing transparency on matters related to its activities, in particular by providing detailed rationale in the TMB's reports on the Body's findings and recommendations.

Trade and Environment Division

The division provides service and support to WTO committees dealing with trade and environment and technical barriers to trade. For trade and environment, it supports the work of the Committee on Trade and Environment (CTE) by providing technical assistance to WTO Members; reporting to senior management and WTO Members on discussions in other intergovernmental organizations (IGOs), including negotiation and implementation of trade-related measures in multilateral environmental agreements. The division maintains contacts and dialogue with NGOs and the private sector on issues of mutual interest in the area of trade and environment.

Its work in the area of technical barriers to trade includes providing service to the Working Group on Technical Barriers to trade (WGTBT), if the TBT Committee so decides; providing technical assistance to WTO Members; providing Secretariat support to dispute panels and accessions examining aspects of the TBT Agreement. The division follows and reports on matters related to the TBT Agreement, and maintains contacts with the private sector on issues of mutual interest in this area.

Trade and Finance Division

The division's main objective is to service the needs of WTO Members and WTO management particularly in supporting the work of the Committees on Balance-of-Payment Restrictions and on Trade-Related Investment Measures, the Working Group on Trade and Investment, and informal General Council meetings on "Coherence in Global Economic Policy-making with the IMF and the World Bank". The division contributes to the work of dispute panels addressing matters falling under its responsibility; provides technical assistance and expert advice to Members in Geneva and in capitals, including joint activities with UNCTAD in the area of trade and investment; develops collaboration with the staff of the IMF and World Bank in work relating to coherence in international policy-making.

Trade in Services Division

The Services Division provides support for the new round of services negotiations underway since 2000. It also continues to provide support for the Council for Trade in Services and other bodies established under the GATS including the Committee on Financial Services; the Working Party on Domestic Regulation; disciplines under Article VI:4; the Working Party on GATS Rules; disciplines relating to safeguards, subsidies, government procurement; the Committee on Specific Commitments; any additional bodies set up under the Council; any dispute settlement panels involving services.

Other work includes providing support for the Committee on Regional Trade Agreements in its work relating to Article V of the GATS, and for working parties on accession of new Members in relation to services; facilitating the implementation of the results of negotiations on basic telecommunications, financial services and professional services; participating actively in technical cooperation and other forms of public explanation of the GATS, and providing a continuing service of advice and assistance to Geneva delegations; monitoring implementation of the GATS in terms of notifications and implementation of existing and new commitments.

Trade Policies Review Division

The principal task of the TPR Division is, pursuant to Annex 3 of the WTO Agreement, to prepare reports for meetings of the Trade Policy Review Body (TPRB), at which reviews of Members are carried out. The division provides a secretariat for the TPRB meetings. The division also prepares the Director-General's Annual Overview of trade policy developments. The division also supports the work of the Committee on Regional Trade Agreements.

Information and liaison divisions

External Relations Division

The division is the focal point for relations with Non-Governmental Organizations, International Intergovernmental Organizations, with parliaments and parliamentarians. It also carries out responsibilities in regard to protocol and the maintenance of the WTO registry of documents. Its principle activities are to organize and develop dialogue with the civil society and its various components; to maintain liaison with the UN system, and in particular with UN New York HQ and with UNCTAD and the ITC. The division maintains liaison with OECD, particularly with the Trade Directorate regarding substantive issues. The division acts as the focal point in the Secretariat to ensure coordination of attendance at relevant meetings, attends meetings on behalf of the WTO and delivers lectures and speeches. It is also in charge of official relations with Members including host country and protocol matters in close liaison with the Office of the Director-General and it maintains the WTO Directory.

Information and Media Relations Division

As mandated by Member Governments the focus of the division is to use all the means at its disposal to better inform the public about the World Trade Organization. The division offers the public clear and concise information through frequent and regular press contact, a wide range of relevant publications and an ever-improving Internet service. Its work includes providing publications which delegations and the public deem necessary to their understanding of trade and the WTO.

The Internet is an important vehicle for distributing WTO information. The "Newsroom" feature on the WTO website (www.wto.org) is accessible by journalists from around the world, while the main Internet site is accessed by an average of 640,000 users every month from more than 170 countries. Webcasting on the Internet is used to increase public access to special events such as Ministerial meetings and symposia.

Support divisions

Administration and General Services Division

Its work focuses on ensuring the efficient functioning of services in (a) all financial matters, including budget preparation and control, accounting, and payroll, (b) human resources matters relating to recruitment, contract, staff counselling, development and implementation of personnel policies and training programmes for the staff, (c) logistical issues related to the physical facilities, and (d) missions and other travel arrangements. This includes monitoring the decentralized budget as well as the extra-budgetary funds and providing timely information to divisions; ensuring the administrative functioning of the Committee on Budget, Finance and Administration; managing the WTO-specific salary and pension arrangements; providing information to senior management; and assisting the host country in the preparation of WTO Ministerial Conferences.

Informatics Division

The division ensures the efficient operation of the information technology (IT) infrastructure as well as the necessary support to cover the information technology needs of Members and Secretariat. This includes implementation of the IT security policy. The division works to constantly enhance IT services and procedures to better facilitate dissemination of WTO information to Members and the public through the Internet and specialized databases.

The division supports a complex desktop and network environment covering staff members, temporary staff and interns and a multitude of services (office automation, e-mail, Intranet, Internet, mainframe, client/server systems, etc.). In relation with the creation of WTO Reference Centres in the capitals of LDC and developing countries, the division provides IT expertise and participates in technical cooperation missions.

Language Services and Documentation Division

The division provides a range of language and documentation services to Members and to the Secretariat, including translation, documentation, printing and related tasks. The advent of the Internet has provided the Secretariat with a powerful vehicle to disseminate its documentation. The vast majority of people consulting WTO's homepage visit the LSDD's documentation facilities. Consultation is growing at a rate of 15% per month. LSDD ensures WTO documents, publications and electronic materials are available to the public and to Members in the three WTO working languages – English, French and Spanish.

WTO Appellate Body and its Secretariat

The WTO Appellate Body

The Appellate Body was established pursuant to the *Understanding on Rules and Procedures Governing the Settlement of Disputes* (the "DSU"), which is contained in Annex 2 to the *Marrakesh Agreement Establishing the World Trade Organization*. The function of the Appellate Body is to hear appeals arising from panel reports pursuant to Article 17 of the DSU. The Appellate Body comprises seven Members, recognized authorities in law, international trade and the WTO Agreements generally, who reside in different parts of the world and are required to be available at all times and on short notice to hear appeals. Individual members of the Appellate Body are sometimes called upon to act as arbitrators under Article 21 of the DSU.

WTO budget 2004

The WTO derives most of the income for its annual budget from contributions by its 146 Members. These are established according to a formula based on their share of international trade. The list of Members' contributions for 2004 can be found in Table III.5. The balance of the budget is financed from miscellaneous income.

Miscellaneous income is earned from rental fees and sales of WTO print and electronic publications. The WTO also manages a number of trust funds, which have been contributed by Members. These are used in support of special activities for technical cooperation and training meant to enable least-developed and developing countries to make better use of the WTO and draw greater benefit from the multilateral trading system. The active trust funds are listed in Table III.6. The WTO's total budget for the year 2004 is as follows:

- 2004 Budget for the WTO Secretariat: 157,060,700 CHF (Table III.3);
- 2004 Budget for the Appellate Body and its Secretariat: CHF 4,715,800 (Table III.4);
- Total WTO Budget for the year 2004: 161,776,500 CHF.

Table III.3

WTO Secretariat budget for 2004

Part	Section	Item	CHF
A	Sect 1 Work Years	(a) Salary	71,014,000
		(b) Pension	14,267,200
		(c) Common Staff Costs	13,430,000
	Sect 2 Temporary Assistance		15,763,150
B	Sect 3 Communications	(a) Telecommunications	748,000
		(b) Postal Charges	1,455,000
	Sect 4 Building Facilities	(a) Rental	302,400
		(b) Utilities	1,619,500
		(c) Maintenance and Insurance	1,193,000
	Sect 5 Permanent Equipt		3,219,850
	Sect 6 Expendable		1,353,000
	Sect 7 Contractual Serv.	(a) Reproduction	1,380,000
		(b) Office Automation	2,192,800
		(c) Other	267,000
C	Sect 8 Staff Overheads	(a) Training	490,000
		(b) Insurance	1,861,700
		(c) Joint Services	632,000
		(d) Miscellaneous	86,500
	Sect 9 Missions	(a) Missions Official	1,181,100
		(b) Missions Technical	1,383,200
	Sect 10 TPTC		3,881,000
	Sect 11 Various	(a) Representation and Hospitality	283,000
		(b) Dispute Settlement Panels	1,217,000
		(e) Library	578,900
		(f) Publications	275,000
		(g) Public Information Activities	210,000
		(h) External Auditors	40,000
		(i) Ministerial Operating Fund	600,000
		(j) ISO	57,000
		(k) Other	90,000
		Sect 12 Unforeseen	
D	Sect 13 International Trade Centre (ITC)		15,889,400
	Grand Total		157,060,700

Table III.4

Budget for the Appellate Body and its Secretariat, 2004

Part	Section	Item	CHF
A	Sect 1 Work Years	(a) Salary	1,684,900
		(b) Pension	350,100
		(c) Common Staff Costs	290,500
	Sect 2 Temporary Assistance		36,000
B	Sect 3 Communications	(a) Telecommunications	6,500
		(b) Utilities	13,000
	Sect 4 Building Facilities	(c) Maintenance and Insurance	5,000
		Sect 5 Permanent Equipt	23,000
		Sect 6 Expendable	20,000
	Sect 7 Contractual Serv.	(a) Reproduction	15,000
C		Sect 8 Staff Overheads	(a) Training
	(b) Insurance		9,000
	(d) Miscellaneous		2,000
	(a) Missions Official		10,000
	Sect 9 Missions	(a) Missions Official	10,000
		(a) Representation and Hospitality	1,000
	Sect 11 Various	(d) Appellate Body Members	620,000
		(e) Library	8,000
		(l) Appellate Body Operating Fund	1,596,800
	Grand Total		4,715,800

Table III.5

Members' contributions to the WTO budget and the budget of the Appellate Body, 2004

Members	2004 Contribution
	CHF
Albania	24,050
Angola	128,345
Antigua and Barbuda	24,084
Argentina	741,787
Armenia	24,084
Australia	1,849,231
Austria	2,205,079
Bahrain	117,049
Bangladesh	168,545
Barbados	30,467
Belgium	4,300,878
Belize	24,084
Benin	24,084
Bolivia	40,071
Botswana	56,112
Brazil	1,524,478
Brunei Darussalam	65,720
Bulgaria	155,698
Burkina Faso	24,084
Burundi	24,084
Cameroon	41,662
Canada	6,315,258
Central African Republic	24,084
Chad	24,084
Chile	498,958
China, People's Republic of	5,228,175
Colombia	351,620
Congo	38,534
Costa Rica	161,896
Côte d'Ivoire	101,153
Croatia	221,297
Cuba	102,558
Cyprus	97,792
Czech Republic	817,258
Democratic Republic of the Congo	30,506
Denmark	1,529,119
Djibouti	24,084
Dominica	24,084
Dominican Republic	200,700
Ecuador	131,458
Egypt	413,461
El Salvador	96,231
Estonia	102,566
European Communities	0
Fiji	25,649
Finland	1,017,574
Former Yugoslav Republic of Macedonia	40,140
France	8,354,347
Gabon	56,196
Gambia	24,084
Georgia	24,084
Germany	14,250,795
Ghana	61,013
Greece	656,188
Grenada	24,042
Guatemala	101,001
Guinea	24,084
Guinea-Bissau	24,084

Table III.5 (continued)

Members' contributions to the WTO budget and the budget of the Appellate Body, 2004

Members	2004 Contribution
	CHF
Guyana	24,084
Haiti	24,082
Honduras	60,916
Hong Kong, China	5,121,415
Hungary	685,063
Iceland	68,903
India	1,282,088
Indonesia	1,300,828
Ireland	1,841,263
Israel	902,768
Italy	6,663,198
Jamaica	88,242
Japan	10,261,866
Jordan	102,660
Kenya	72,143
Korea, Republic of	3,870,942
Kuwait	314,698
Kyrgyz Republic	24,084
Latvia	80,133
Lesotho	24,084
Liechtenstein	40,057
Lithuania	129,848
Luxembourg	549,865
Macao, China	102,580
Madagascar	24,040
Malawi	24,084
Malaysia	2,086,784
Maldives	24,069
Mali	24,084
Malta	75,323
Mauritania	24,084
Mauritius	62,497
Mexico	3,580,334
Moldova	19,220
Mongolia	24,055
Morocco	248,615
Mozambique	24,080
Myanmar, Union of	52,916
Namibia	43,304
Netherlands, Kingdom of the	5,487,774
New Zealand	400,664
Nicaragua	30,443
Niger	24,084
Nigeria	306,670
Norway	1,370,419
Oman	177,983
Pakistan	251,867
Panama	184,416
Papua New Guinea	48,105
Paraguay	81,886
Peru	208,728
Philippines	902,343
Poland	1,123,706
Portugal	909,903
Qatar	112,392
Romania	282,094
Rwanda	24,084
Saint Lucia	24,058

Table III.5 (continued)

Members' contributions to the WTO budget and the budget of the Appellate Body, 2004

Members	2004 Contribution
	CHF
Senegal	35,251
Sierra Leone	24,084
Singapore	3,242,936
Slovak Republic	306,166
Slovenia	254,823
Solomon Islands	24,084
South Africa	783,254
Spain	3,867,884
Sri Lanka	149,221
St. Kitts and Nevis	24,043
St. Vincent and the Grenadines	24,058
Suriname	24,084
Swaziland	25,636
Sweden	2,238,521
Switzerland	2,344,679
Chinese Taipei	3,210,565
Tanzania	38,534
Thailand	1,588,231
Togo	24,084
Trinidad and Tobago	64,177
Tunisia	206,769
Turkey	1,187,374
Uganda	27,287
United Arab Emirates	839,051
United Kingdom of Great Britain and Northern Ireland	9,116,628
United States of America	25,259,391
Uruguay	91,518
Venezuela	523,426
Zambia	25,690
Zimbabwe	70,577
TOTAL	160,378,776

Main active extra-budgetary funds donated for technical cooperation and training activities

Table III.6(A)

Technical assistance activity in 2004 – financial situation

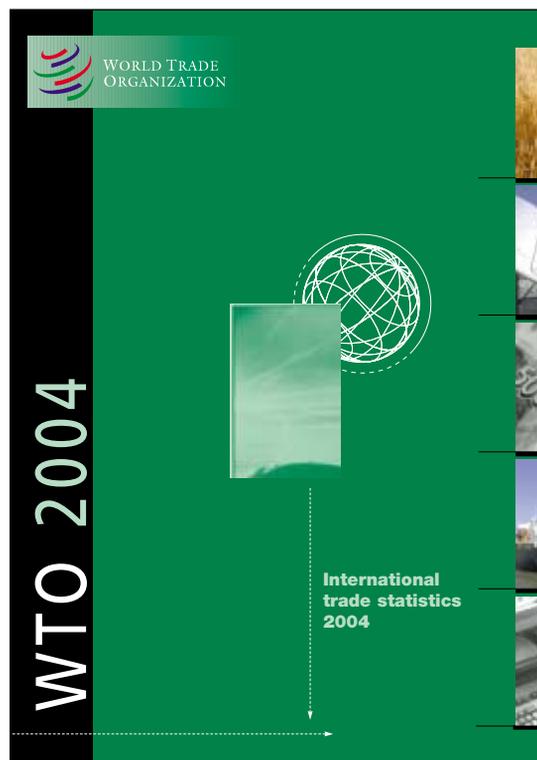
Fund	Donor	Balance 1 Jan. 2003	Transfers	Contributions	Expenditure	Overhead Fees	Balance 31 Dec. 2003
Trust funds							
T0006	Netherlands (Trainees)	1,654,006.59		678,197.40	767,796.59	99,813.56	1,464,593.84
T0013	Preshipment Inspection	88,099.32		134.30	83.10	10.80	88,139.72
T0027	JITAP	14,575.68	(17,645.89)		(2,717.00)	(353.21)	–
TBE01	Belgium (Flanders – Southern Africa)	25,425.37		77,200.00	90,818.91	11,806.46	–
TBE02	Belgium (Ref. Centres, Training of Negotiators)	–		385,750.00	231,770.72	30,130.19	123,849.09
TCA02	Canada (Training Institute)	117,419.85			103,911.37	13,508.48	–
TCA03	Canada (5 TA Activities in 2003)	–		467,945.72	412,491.81	53,623.94	1,829.97
TDDA1	Doha Development Agenda GTF (2002)	6,748,302.08	(7,051,073.95)		(267,939.71)	(34,832.16)	–
TDDA2	Doha Development Agenda GTF (2003)	(269,298.89)	7,026,443.91	15,899,147.16	9,112,641.87	1,184,643.44	12,359,006.87
TDDA3	Doha Development Agenda GTF (2004)	–		255,660.01	239,218.16	31,098.36	(14,656.51)
TDE01	Germany (TPRs)	198,085.80		271,495.99	114,290.40	14,857.75	340,433.64
TES02	Spain (TPC in Latin America)	21,781.41	(21,781.41)				–
TES03	Spain (TA in Latin America & Caribbean)	–	21,781.41	73,050.00	83,921.60	10,909.81	–
TES04	Spain (TA in Latin America & Caribbean)	–		231,450.00	204,823.01	26,626.99	–
TEU02	European Commission (Labelling event)	–		69,705.00	21,778.64	2,831.22	45,095.14
TFI01	Finland (GTF)	496,146.73			267,272.07	34,745.37	194,129.29
TFI02	Finland (LDCs)	–		656,200.00			656,200.00
TFR01	France (SPS)	77,904.09		154,900.00	(1,027.50)	(133.58)	233,965.17
TFR02	France (GTF)	3,469.00		458,700.00	408,999.12	53,169.89	(0.01)
TGR01	Greece (BSEC Countries)	102,437.96			63,991.92	8,318.95	30,127.09
TIF01	Integrated Framework for Outreach Activities	–					–
TIMM1	Interns for Members' Missions	30,306.86		606,372.00	219,818.50	28,576.41	388,283.95
TJIT2	JITAP II	–	17,645.89	718,444.35	179,509.35	23,336.22	533,244.67
TJP08	Japan (T & Investment)	15,970.44		117,531.56	90,414.08	11,753.83	31,334.09
TMI04	Qatar Ministerial (LDCs)	197,258.18	(197,258.18)				–
TMI05	Mexico Ministerial (LDCs)	5,413.80	187,819.62	1,008,735.80	851,030.50	110,633.96	240,304.76
TNO04	Norway (2003 NGO Symposium)	793,983.53			200,399.84	26,051.98	567,531.71
TNZ03	New Zealand	356,907.91	79,438.56		386,147.32	50,199.15	–
TSP10	NGO Symposium	28,585.26	(28,585.26)				–
TTPC1	Trade Policy Courses in Africa	707,373.46		401,776.00	19,755.32	2,568.19	1,086,825.95
TUK03	United Kingdom (Evaluation)	8,059.11		15,534.00	112,182.00	14,583.66	(103,172.55)
TUK07	United Kingdom (TRTA Database Project)	212.72	(9,105.82)		(7,870.00)	(1,023.10)	–
TUS04	United States (Africa)	57,812.02			198,964.14	25,865.34	(167,017.46)
TUS05	United States	–	(107,678.88)	1,306,800.00	(95,291.04)	(12,387.84)	1,306,800.00
TUS06	United States (Africa)	(94,622.70)		365,345.08	239,577.33	31,145.05	–
TWB01	World Bank (STDF on SPS)	–	100,000.00	417,000.00	195,226.78	25,379.48	296,393.74
Total trust funds		11,385,615.58	0.00	24,637,074.37	14,441,989.20	1,877,458.59	19,703,242.16
Other extra-budgetary funds							
EPSF1	Programme Support Fund	979,273.86		1,877,458.59	3,056,857.88	–	(200,125.43)
ES963	96 Surplus (Legal Fund)	162,093.05			28,800.00	–	133,293.05
Total other extra-budgetary funds		1,141,366.91	–	1,877,458.59	3,085,657.88	–	(66,832.38)
Grand total technical assistance funds		12,526,982.49	0.00	26,514,532.96	17,527,647.08	1,877,458.59	19,636,409.78

Table III.6(B)

**Doha Development Agenda Global Trust Fund – TDDA3
contributions pledged for 2004**

Donors	Fund	Year	Pledges		
			Currency	Amount	CHF
Finland	TDDA3	2004	Euro	420,000	642,600
Germany	TDE02	2004	DM	535,000	420,000
Germany	TDDA3	2004	Euro	500,000	765,000
Iceland	TDDA3	2004	CHF	15,000	15,000
Luxembourg	TDDA3	2003	Euro	75,000	116,250
Netherlands	TDDA3	2004	CHF	893,421	893,421
Sweden	TDDA3	2004	SEK	10,000,000	1,562,500
Total					4,414,771

WTO PUBLICATIONS



INTERNATIONAL TRADE STATISTICS 2004

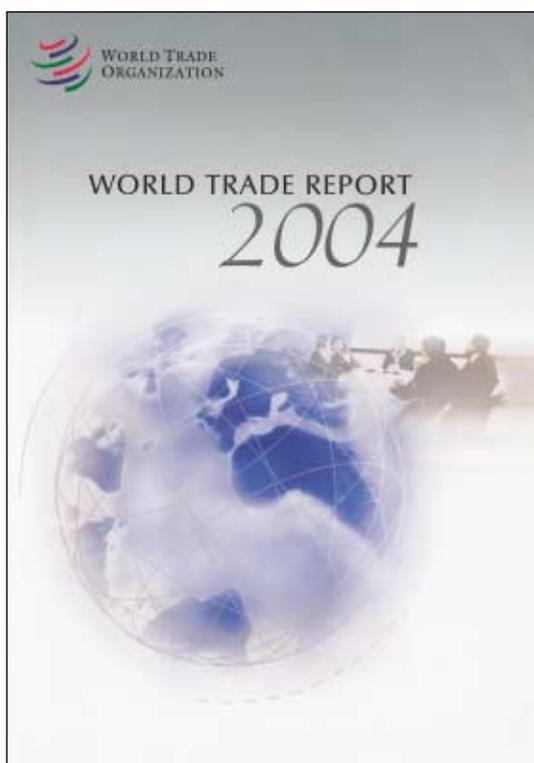
This report provides comprehensive, statistics on trade in merchandise and commercial services for an assessment of world trade flows by country, region and main product groups or service categories.

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