

## WTO dispute-settlement cases on the rise

With a record seven panel requests before it, the Dispute Settlement Body (DSB), on 16 October, agreed to establish three panels to examine, respectively, Korea's taxes on alcoholic beverages, India's patent protection for pharmaceutical and agricultural products, and Argentina's measures affecting textiles and clothing. The number of active panels has thus risen to 12, which could rise to 15 in November when the DSB comes back to three new panel requests made at the October meeting.

### Liquor taxes

Claims of discriminatory tax treatment of imported alcoholic beverages was a major subject of the DSB meeting.

The EC reiterated its request for a panel to examine alleged discriminatory treatment by Korea against imports as consultations had failed to yield results. It said that this matter had been a long-standing trade irritant, and underlined its major exporting interest in the products involved.

In its request, the EC claimed that Korea, by according preferential tax treatment through the Liquor Tax Law and the Education Tax Law to the domestic drink *soju* had acted inconsistently with a GATT provision (Article III:2) on equal tax treatment of domestic and imported goods.

The United States also reiterated its panel request on Korea's taxes, citing instances where taxes on certain US products were four times higher than those on *soju*. The United States proposed that a single panel be established to examine both complaints.

Korea maintained that the taxes were in conformity with the WTO rules but agreed to the proposed joint panel.

The DSB established a single panel to examine the EC and US complaints. Canada and Mexico reserved their third party rights in the panel proceedings.

The EC requested a panel to examine its complaint that Chile's alleged preferential tax treatment, through the Special Sales Tax on Spirits, to the domestic drink *pisco* violated GATT Article III:2. It said that the matter had been the subject of long discussions, which had involved other members, for the past ten years. The EC said that Chile provided a 25% tax on *pisco* while applying 30% and 70% tax rates on vodka and whisky, respectively. It added that since the introduction of the taxes in 1974, the market share of *pisco* had risen to 80%.

The United States said it was also concerned about Chile's



Director-General Renato Ruggiero congratulates Singaporean designer Ms. Su Yeang after the unveiling ceremony of the WTO logo. (Photo by Tania Tang/WTO)

### WTO logo unveiled

Director-General Renato Ruggiero unveiled the logo of the WTO on 9 October. The Chairman of the WTO General Council, Ambassador Celso Lafer (Brazil), Singapore's Ambassador Chak Mun See and logo designer Ms. Su Yeang were among those

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taxes, and that it had taken part in consultations mentioned by the EC. It said its concerns were not allayed by a current legislation in Chile to reform the measure, and that it was evaluating what steps to take next on this matter. Mexico noted its trade interest regarding *tequila*.

Chile said that as the government's draft law revising the measure in question had already passed the lower House of its legislative body it would not be appropriate to establish a panel at the current meeting.

As required by WTO rules, Japan gave a status report on its implementation of DSB recommendations with respect to its taxes on alcoholic beverages. It said that it had carried out major adjustments to its liquor tax rates as a first step to

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## ***Panels established***

*(Continued from page 1)*

implement the recommendations: taxes on whisky and brandy had been reduced by about 44% while taxes on domestic *shochu* A and B had been increased by 30% and 48%, respectively.

The United States and Canada, co-complainants along with the EC, urged Japan to implement the recommendations within the 15-month period determined by a WTO arbitrator.

### ***Two other panels established***

The EC reiterated its panel requests to examine, respectively, its complaints against India's patent protection for pharmaceutical and agricultural chemical products and Argentina's measures affecting textiles and clothing. It said that it needed to secure rights as a complainant regarding these two issues.

India said that a panel report (concerning a US complaint) had been issued on the measure in question, and that it had appealed the findings. It expressed concern that resources of small delegations would be put under strain in repetitive panel proceedings. India agreed to a panel, adding that it would ask that body whether a member can ask for the reexamination of a matter that had already been decided by a panel.

Argentina said did not object to the EC panel request, noting that the Communities had deleted a previous reference to measures on footwear in response to its objections stated at the previous meeting. However, it was concerned that the lateness of the request could lead to an imbalance in WTO rights, as the EC would have the advantage of knowing all of Argentina's arguments.

The DSB established panels to examine, respectively, the EC's complaints against India and Argentina. The United States expressed its interest to participate as a third party in both panels, and stressed that these new panels should not interfere with or delay appeal proceedings in its case against India, and panel proceedings in its case against Argentina.

### ***New panel requests***

The United States requested the establishment of two panels to examine its complaints against measures by India and Japan, respectively, to which the DSB may revert in November.

The United States claimed that since the 1940s India had imposed quantitative restrictions on imports of more than 2,000 products to shield local producers from competition. It said that the WTO Committee on Balance-of-Payments Restrictions and the IMF had determined that India no longer had a BOP problem that would justify the restrictions. The United States added that in parallel with its panel request, it would continue discussions with India.

India said that it could not agree to a panel because it believed that promising consultations it was having with the United States on this matter should be given a fair chance of achieving a mutually-satisfactory solution.

Japan and Switzerland said they expected to reach a solution through their consultations with India in the near future. The EC expressed the hope for satisfactory results in its own consultations with India.

The United States alleged that Japan required quarantine-

## **WTO dispute-settlement panels**

<b>Complainant</b>	<b>Subject of the complaint</b>	<b>Date established</b>
US	<i>Japan - Measures affecting consumer photographic film and paper</i>	16 Oct. 1996
EC	<i>US - The Cuban Liberty and Democratic Solidarity Act (work suspended at EC's request)</i>	20 Nov. 1996
US	<i>Argentina - Certain measures affecting imports of footwear, textiles, apparel and other items</i>	25 Feb. 1997
India, Malaysia, Pakistan, Thailand	<i>US - Import prohibition of certain shrimp and shrimp products</i>	25 Feb. 1997; 10 April 1997 for India
US	<i>EC, UK, Ireland - Customs classification of certain computer equipment</i>	25 Feb. 1997; 10 March 1997
Mexico	<i>Guatemala - Anti-dumping investigation regarding imports of Portland cement from Mexico</i>	20 March 1997
Canada	<i>Australia - Measures affecting the importation of salmon</i>	10 April 1997
Japan, EC, US	<i>Indonesia - Certain measures affecting the automobile industry</i>	12 June 1997
Brazil	<i>EC - Measures affecting importation of certain poultry products</i>	30 July 1997
EC, US	<i>Korea - Taxes on alcoholic beverages</i>	16 Oct. 1997
EC	<i>India - Patent protection for pharmaceutical and agricultural chemical products</i>	16 Oct. 1997
EC	<i>Argentina - Measures affecting textiles and clothing</i>	16 Oct. 1997

treatment testing of each variety of a fruit, and prohibited imports of a variety that had not been tested even if other varieties of the same fruit had passed the test. It said this was inconsistent with the Agreement on Sanitary and Phytosanitary Measures, the GATT and the Agriculture Agreement, and had affected adversely US agricultural exports. It added that consultations in June had failed to resolve the dispute.

Japan maintained that the measure in question complied with the WTO. It also believed that bilateral consultations had not yet exhausted possibilities for a solution.

### ***EC examining options on banana report***

Regarding recommendations on its regime for the importation, sale and distribution of bananas adopted by the DSB on 25 September, the EC reaffirmed its attachment to the WTO dispute-settlement system and stated that it would fully respect its international obligations. It said that a process had been initiated in Brussels for examining all options of compliance with the DSB recommendations, adding that it would need a reasonable period of time to undertake the difficult legislative measures required.

The complainants in this case—Guatemala, Honduras, Ecuador, Mexico and the United States—expressed concerns over what they viewed as lack of precision by the EC with respect to the specific international obligations it would respect and the length of the reasonable period of time it would need to implement the DSB recommendations.

In response to a clarification sought by Ecuador, the Chairman recalled that WTO rules provided for parties to the dispute to agree to a reasonable period of time for implementation within 45 days from adoption of the recommendations by the DSB. □

## Signatories terminate WTO plurilateral agreements on meat and dairy products

In the interest of economy and efficiency, the International Meat Council and the International Dairy Council, on 30 September, agreed to terminate, respectively, the WTO International Bovine Meat Agreement and the WTO International Dairy Agreement at the end of 1997.

Parties to the two plurilateral agreements said that the establishment of the WTO Committees on Agriculture (*see below*) and on Sanitary and Phytosanitary Measures, which deal with trade policy-related matters affecting agricultural products including meat and dairy products, had cast doubts on the continued usefulness of the Meat and Dairy Agreements.

For this reason, and considering the “resource constraints faced by governments as well as the Secretariat”, the parties decided to request the WTO Ministerial Conference to delete the two agreements from the list of plurilateral agreements annexed to the WTO Agreement.

There are two other plurilateral agreements annexed to the WTO Agreement: the Agreement on Government Procurement and the Agreement on Trade in Civil Aircraft.

The Arrangement Regarding Bovine Meat and the International Dairy Arrangement came into operation on 1 January 1980 after the Tokyo Round with the objective of expanding and liberalizing world trade in their respective



*Dairy farm: Members of two plurilateral agreements have agreed that trade policies affecting meat and dairy can be dealt with in the WTO committees on agriculture and SPS. (ILO)*

sectors. Both plurilateral agreements—renamed the International Bovine Meat Agreement and the International Dairy Agreement—were annexed to the WTO Agreement. □

### *Agriculture: More questions on implementation*

The WTO’s Agriculture Committee, meeting for the third time this year on 25-26 September, considered more than 100 questions on the way the Agriculture Agreement is being put into practice.

Many of the questions dealt with the latest information that individual members had supplied to the WTO on the measures they have implemented under the agreement. Twelve members asked almost 90 questions about information notified by about 25 members on their export subsidies, domestic support programmes, and market access policies — particularly tariff quotas.

An issue that aroused a considerable amount of discussion was the interpretation of Article 9 paragraph 2(b) of the Agriculture Agreement. This article allows governments some flexibility in fulfilling their commitments to reduce agricultural export subsidies gradually over the agreement’s six-year implementation period (sometimes called “downstream flexibility”).

The central question was this: if a country’s agricultural export subsidies in one year fall short of the limit in its WTO commitment, can it transfer the shortfall for later use — in any of the second to fifth years of the implementation period?

Some countries argued that the Agriculture Agreement allows them to do just that.

Other countries said the interpretation conflicts with the letter or the spirit of the agreement, or both.

They said that interpreting the agreement to allow unused export subsidy commitments to be rolled over in full (rather than within the narrower margins specified in the article) could destabilize world markets, increase market uncertainty, and could even revive subsidy wars.

Some members replied that the narrower view was not supported by the text of the article as a whole, and that it was the text itself which was paramount. They added that their rights under these provisions would be exercised responsibly.

One point was not contested: the agreement says that whatever happens in an individual year, over the full implementation period export subsidies cannot exceed the total committed for the whole of the period.

The debate has arisen because in 1995 and 1996, agricultural prices on world markets were relatively high, especially for cereals. Many countries with export subsidy reduction commitments were therefore able to export without using the full amount of export subsidies that were available to them.

Two issues which the committee had previously discussed were raised again at this September meeting: a revenue-pooling scheme for domestically-used and exported milk products, and the use of “inward processing” arrangements for cheese exports that exceed export commitments. (*WTO FOCUS No 20, p. 11.*) □

### Rules of origin enters negotiating phase

The Committee on Rules of Origin has launched bilateral and plurilateral consultations to resolve outstanding issues submitted recently by the Brussels-based Technical Committee on Rules of Origin for decision. On 3 October, the Committee adopted 86 product-specific rules and the Chairperson, Mrs. Lourdes Berrig (Philippines), noted the following initial results of the consultations:



- » Full agreement on granting country of origin to the assembly of furskins from pieces, cuttings or other unassembled parts of furskins.
- » Preliminary agreement on granting country of origin to: the processing of molybdenum ore into molybdenum concentrate (lubricant); the conversion of metal ores into concentrates, including by calcination or roasting; the production of briquettes, ovoids and similar solid fuels from coal; and the manufacture of pitch coke from pitches of coal tars and other mineral tars.

The Committee agreed to discuss in November rules of origin for textiles, wood and paper, footwear, ceramic products, glasses, precious stones and metals, musical instruments, iron and steel, chemicals, mineral products, leather, and clocks and watches. □

### Trade and investment

At the second meeting of the Working Party on the Relationship between Trade and Investment, held on 6-7 October, the OECD, World Bank, IMF, UNCTAD and UNIDO presented papers that in general suggested that foreign direct investment (FDI) promotes economic growth and development. Japan, Hong Kong (China) and Poland submitted informal papers citing the positive effect of investments on trade.

The WTO Secretariat presented a paper on a survey of current thinking on the economic relationship between trade and investment. The findings included evidence that FDI enhances export performance and competitiveness of developing countries. Many delegations highlighted another key point made in the paper: that FDI in an open trade policy environment contributes more to economic performance than FDI induced by protective trade policy measures.

On Canada's proposal for a study of issues covered in existing bilateral regional and plurilateral investment agreements as a first step in identifying possible gaps in the coverage of investment issues in existing WTO rules, the Group agreed to request the Secretariat to prepare a factual overview of such agreements. □

### List of protected names for wines

The Council for Trade Related Aspects of Intellectual Property Rights (TRIPS) has taken first steps towards a possible WTO system for registering place names to identify wines and maybe spirits. On 19 September, it agreed that the WTO Secretariat should compile information on existing international systems for notifying and registering geographical indications used for wines and spirits.

The Council also examined current programmes of tech-

nical and financial assistance that developed countries and international organizations are providing to developing countries to help them implement the Agreement. □

### Goods: Waiver for Hungary

The Council for Trade in Goods, on 6 October, agreed to recommend to the General Council the granting of a waiver—until end 2001—to agricultural subsidies by Hungary, subject to the successful conclusion of consultations by that country with Egypt. The waiver was a result of successful dispute-settlement consultations by Hungary with Argentina, Australia, Canada, New Zealand, Thailand and the United States. Hungary had maintained that the measures were left out erroneously in its Uruguay Round schedule.

The Goods Council also agreed to hold four special sessions that month and in November to review the implementation of the Agreement on Textiles and Clothing during the first stage of the integration of the sector into GATT 1994 rules. It also adopted the terms of reference for the examination of two free trade agreements—between Canada and Chile, and between Romania and Moldova—by the Committee on Regional Trade Agreements.

Under "Other Business", Korea expressed concern over a recent US decision to identify alleged barriers by Korea to imported automobiles as a Priority Foreign Country Practice under the so-called "Super 301" procedures. □

### ITA Committee launches next phase

The WTO Committee of Participants on the Expansion of Trade in Information Technology Products, at its first meeting held on 29 September, launched the next phase of ITA negotiations involving expanding the product coverage of the agreement and consultations on non-tariff measures on IT products.

A number of participants reported they were consulting with industry on what products to nominate for inclusion into the agreement. The period for submissions of these product lists is 1 October-31 December 1997.

The interim Chairman, WTO Deputy Director-General Anwarul Hoda, noted that with the acceptance by participants of El Salvador, the ITA now covered 43 participants and 93 per cent of world trade in ITA products. He added that the participation of Panama and Latvia was still awaiting the Committee's decision. □

### PSI: Working on recommendations

The Working Party on Preshipment Inspection, on 24 September, agreed to hold a series of informal meetings in October and November to work on a list of ten issues that would be the subject of its recommendations to the General Council as the results of its review of the PSI Agreement. These issues are: price verification, confidentiality of business information, non-discriminatory treatment of inspection criteria, transparency, delays, on-site representation of PSI entities, operation of the Independent Entity, conflicts of interest, notifications and technical assistance.

The Chairman, Mr. Chiedu Osakwe (Nigeria), hoped that members would be able to adopt a set of recommendations at its final meeting scheduled for 6-7 November. □

Renato Ruggiero

## Charting the trade routes of the future

*Excerpts from the address delivered by Mr. Renato Ruggiero, Director-General of the WTO, on 29 September, to the International Industrial Conference in San Francisco :*

The WTO will—and must—play a leading role in this interconnected world. There is a clear and indivisible relationship between the dynamic of technological progress in our time, and the dynamic of liberalization in the world economy—the WTO's future agenda is key to keeping this trend on track. There is also a clear link between deeper economic and technological integration, and the global rules need to manage our interdependence—rules which only the multilateral trading system can provide. Let me outline some of the ways in which the WTO is charting the path ahead:

**Managing the Technology Frontier.** First there is the progress that has been made in liberalizing new sectors of the world economy—helping to widen and deepen the flow of technology and information around the world. This year alone we have reached agreements to liberalize global telecommunications services and information technology products, the trade coverage of which is the equivalent of global trade in agriculture, autos and textiles combined. Taken together, we have in effect concluded a new Round by another name. But more important, we have taken an important step towards bringing the technological trade of the next century inside a rules-based system, with an enforcement capacity. This is the unique contribution of the WTO to a more predictable economic evolution.

But the “technology frontier” is advancing continuously—in turn generating new pressures for the trading system to keep pace. In a recent speech, President Clinton has called for the negotiation of a free trade zone on the Internet. This represents an important step in our efforts to debate the trade agenda for the 21st century—and to expand upon the global trend towards free trade in information. Nevertheless, just because the Internet offers a bright and beneficial new frontier where business can be done across a seamless global web of electronic connections, we should not think that governments have no legitimate concerns and responsibilities in relation to it. Governments cannot simply abdicate in this area. Among the most important policy issues facing governments in relation to electronic commerce are privacy questions, the protection of intellectual property, tax policy, and regulation for public policy reasons. But a careful line will have to be drawn between legitimate intervention and distortions motivated by protectionism.

In the WTO, our immediate priority this year is a successful conclusion in December to the global financial services negotiations. Financial liberalization and the creation of a strong and stable global financial system are really two sides of the same coin. Liberalization invites investment, which means greater access to capital, to know-how, and to an interactive global financial network. Commitments to liberalize financial services under the GATS will not in any way compromise the ability of WTO members to pursue sound macroeconomic and regulatory policies. On the contrary, commitments to liberalize require the adoption of sound macroeconomic and regulatory policies—the *sine qua non*

of a healthy financial sector.

There is another point to bear in mind as we begin to define a liberalizing agenda for the next century. While recognizing the great potential for borderless trade, we must not forget the many areas of international trade where borders are all too real—like agriculture, textiles, or industrial goods—and the many countries which depend on more open trade in these sectors for their economic well-being.

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*“With the agreements on telecoms and information technology products, we have taken an important step towards bringing the technological trade of the next century inside a rules-based system...”*

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Unless we can move forward in a way which addresses long-established concerns as well as new ones, developing countries as well as developed, we risk a fragmentation of the global economy, and a further widening the gap between countries “plugged-in” to globalization and those left on the margins.

**Integrating Emerging Markets—Opportunities and Challenges.** The second key element in the WTO's agenda is expanding the membership. The borderless economy is not just deepening our relations—it is broadening them as well. With intensifying ties to fast-emerging countries in Asia, Latin America and now Africa come enormous opportunities, but also enormous challenges of integration, adjustment, and stability. Your conference document rightly argues that the future growth of China, India, or Mercosur will hinge on “maintaining economic and political stability and continuing the reform process”.

**Helping Those on the Margins of the Global Economy.** There is another important dimension to universality. The need to ensure that everyone is included in the new information-driven economy—not only to prevent the poorest from becoming more marginalized, but also to help all of us to benefit from the opportunities which technological and economic integration presents. Today's shift from industrial production to knowledge production requires newer—and far more sophisticated—skills than last century's migration from the farm to the shop floor. So governments also need to find new approaches to the development challenge which extend beyond investments in industry and infrastructure, to investments in people.

In October, the WTO will hold a High Level Meeting with UNCTAD, the ITC, and the major multilateral financial institutions to develop a new integrated approach to the problem of marginalization of the least-developed countries. One objective—which the WTO is well on the way to realizing—is to use new technologies much more extensively to extend the reach and effectiveness of technical assistance and information.

There is a window of opportunity, as we approach the 50th anniversary of the multilateral system, to be as creative in building this increasingly borderless, global economy as our forefathers were a half a century ago in building the postwar international system. □

TPRB: Chile

# Trade liberalization assists a remarkable economic performance

*The Trade Policy Review Body (TPRB) concluded its second review of Chile's trade policies on 23 and 24 September 1997. Excerpts from the Chairperson's concluding remarks:*

Members commended Chile's remarkable macro-economic performance since 1990, which had been assisted by progressive liberalization; the high rate of growth combined with growing social equity; and the reduction of unemployment and inflation.

Questions were asked regarding the balance in Chile's trade policies between multilateral, regional and bilateral approaches, and the emphasis currently given to the conclusion of agreements with regional entities. In this connection, specific questions were posed about Chile's relations with NAFTA, the recently concluded Free Trade Agreement with Canada, the status of negotiations for a framework agreement with the European Union, the network of agreements with Latin American partners, including the consistency with LAIA provisions of the complementarity agreements with some Members, and the new agreement with MERCOSUR.

In reply, the representative of Chile said that multilateralism was Chile's top priority. However, Chile saw bilateral and regional agreements as essential to advance the opening of its own economy and new export markets. It was also important to recall the political dimension of such agreements in Latin America, in particular South America, and the relationship between open economies and the development of democracy.

He emphasized that most trade would be liberalized within 10 years, although a longer period was allowed for some sensitive items. He noted that the agreements within South America, and that with Mexico, were under LAIA, covered by the Enabling Clause.

In general Members commended Chile's open trade regime, in particular, the uniform tariff. Some Members sought clarification about the proposal to reduce the tariff by 3-4 percentage points. Noting the gap between WTO bound rates and the MFN applied rate, several Members asked if there were any plans to bind closer to the applied rate.

Some Members sought clarification regarding an apparent difference between taxation of domestic and imported spirits. Information was sought on Chile's implementation of the WTO Customs Valuation Agreement.

Members noted the existence of certain export subsidies and sought clarification as to whether Chile had implemented any measures to eliminate them. In addition, Members sought clarification regarding the export promotion activities of PROCHILE, and the Agricultural Fund established in 1995 to promote agricultural exports.

On intellectual property, some Members sought information regarding progress in amending Chile's legislation to bring it into compliance with the TRIPS Agreement.



In reply, the representative of Chile said that the average bound tariff of 25 per cent for industrial products represented a balance reached in the Uruguay Round. A draft law had been prepared to reduce the flat applied rate from 11 to 8 per cent; the Executive believed that this reduction would need to be offset to guarantee the continuity of social programmes. Concerning liquor taxation, a draft law had been sent to Congress which would ensure equal tax treatment, varying only according to the alcoholic content. Chilean customs valuation was in accordance with the relevant WTO Agreement; variations on transaction value were in line with the provisions of the Agreement.

The representative provided details of the operation of Chilean standards, sanitary and phytosanitary measures in relation to wine, beef and lamb, chicken and wheat; he gave assurance that national treatment was applied. The only preferential sectoral regime was the automotive programme, which was being phased out. Exports benefited from a duty drawback system for imported inputs and a simplified system for minor exports. The simplified system was not sector-specific; any subsidy component was being phased out.

The representative of Chile also provided information on Chile's legislation and practices, as well as recent advances, in the area of intellectual property. Any changes required to bring legislation into line with the WTO TRIPS Agreement were being studied and would be completed by 1 January 2000, as required for developing countries.

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To conclude, I should like to emphasize some main elements. First, Chile's focus, since 1990, on growth with equity is an exemplary combination of economic and social policies, going now well beyond the so-called "Washington consensus". I am sure Members will also welcome Chile's continuing emphasis on economic stability and the success that has been achieved. I also welcome the clear statements that have been made by Chile on the relationship between the multilateral and regional aspects of their policies, and the detailed answers given on specific questions, including those on government procurement, sanitary standards, regional and export support, intellectual property, and sectoral policies. Finally, I am sure that the discussion that we have held in the past two days will have contributed to the important transparency obligation that I stressed in my opening statement. □

TPRB: Mexico

## Exploring multilateral and regional paths for opening markets

*The Trade Policy Review Body conducted its second review of Mexico's trade policies on 7-8 October. The following are excerpts from the Chairperson's concluding remarks:*

Members praised Mexico's active and positive role in the WTO. They also took note of Mexico's growing participation in regional trade agreements, highlighting in particular NAFTA's major role in Mexico's trade policy reforms. Areas of concern included the continued and considerable dependency of Mexico on the US market, the widening gap between preferential and MFN tariff rates, and the impact on third parties of NAFTA rules on customs valuation and rules of origin.

In reply, the representative of Mexico said that participation in the WTO, including the dispute settlement mechanism was fundamental to Mexico's trade policies. It was also a key element in how Mexico had addressed the financial crisis, having a positive effect on the expectation of the business and financial community and increasing confidence in Mexico's future. Mexico's relationship with the United States was intense and complex; NAFTA created a permanent legal basis for North American cooperation, that went beyond Uruguay Round commitments. Given the slow speed of improvements in the multilateral system, Mexico was continuing to explore the regional path as a means to greater liberalization. He mentioned the EU, Israel and APEC as new areas for such cooperation.

The representative pointed out that many of the benefits of NAFTA were available on an MFN basis to other WTO members, especially in services other than financial services. Mexico had recently also eliminated MFN tariffs on some 1,200 tariff lines of inputs and machinery. Since 1995, imports from non FTA partners had shown great dynamism, growing very rapidly in the first half of 1997.

Members appreciated Mexico's autonomous tariff reductions and the decline in other restrictions since the 1980s. However, concerns were expressed about the gap between "ceiling" bound tariffs and applied levels; this issue was highlighted by increases in tariffs for textiles, clothing, and footwear in 1995.

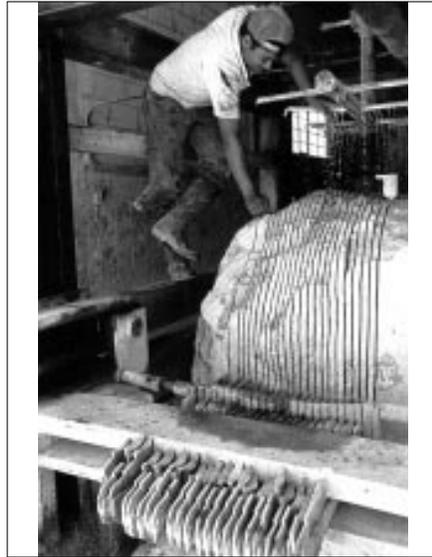
Several Members expressed concern regarding Mexico's application of a FOB customs valuation base for NAFTA and CIF for other partners.

Some Members noted Mexico's intensive use of anti-dumping measures, which they felt was increasing uncertainty for economic operators, while undermining reforms.

Members recognized the considerable economic importance of the maquiladora industry, but some stressed the need to encourage its closer integration in the domestic economy. Several Members sought details on the phasing out of the regime by 2001, as provided under the NAFTA.

Members asked about plans for further liberalization of trade and investment conditions in services and welcomed Mexico's active participation in current negotiations.

In reply, the representative of Mexico pointed out that Mexico's trade liberalization, including recent tariff eliminations, was largely the result of autonomous actions, benefiting all partners. The gap between applied and bound rates was due to this liberalization as well as to tariffication



*Working a marble quarry: Mexico said WTO participation has increased confidence in the economy's future, and was a key element in tackling the 1995 financial crisis. (ILO)*

in agriculture. Mexico stood ready to negotiate on bound levels in a new multilateral round. He noted that recent tariff increases on textiles, clothing and leather goods were within bound levels. The difference between customs valuation on a FOB basis of NAFTA trade and CIF basis for other trade would be insignificant and temporary, given the geographical proximity, and the large share of duty-free trade, which would eventually encompass all NAFTA trade. The representative noted that initiation of anti-dumping procedures depended on requests. The new draft law, still to be approved by Congress, was intended to harmonize domestic texts with the WTO rules, which had the status of Supreme Law in Mexico.

The representative also gave details of the operation of various sectoral policies. He said that the in-bond (maquiladora) industry regime would be changed from 1 January 2001 as a result of NAFTA commitments, to equalize tariff treatment on inputs as between goods sold on domestic markets and exports to other NAFTA partners. MFN duties would continue to be paid on imports from non-NAFTA partners.

The representative noted that market opening and deregulation had improved the supply in, and competitiveness of, the services sector in recent years. Mexico's commitments in the WTO were extensive and ambitious.

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Overall, Members commended Mexico for its continued programme of trade liberalization and economic reform, despite the difficult circumstances faced in recent years. Mexico's open policy had assisted recovery from the 1995 recession. However, concerns about certain areas were expressed in the discussion, including: the balance between regionalism and multilateralism; the use of anti-dumping measures; government procurement policies; application of standards; and sectoral policy aspects in agriculture, manufacturing and services. Members encouraged Mexico to continue its positive participation in the WTO. □

**WTO, UNCTAD get  
NGO inputs**

How can governments and international organizations best assist least-developed countries in improving their trade performance? WTO Director-General Anwarul Hoda posed this question to 35 non-governmental organizations (NGOs) when he opened, on 25 September in Geneva, a Joint WTO-UNCTAD Symposium on Trade-Related Issues Affecting Least-Developed Countries. He challenged participants to draw on their many years of "on-the-ground" experience in LDCs to come up with valuable proposals for the WTO High-Level Meeting on LDCs scheduled for 27-28 October.

Participants representing international development NGOs, NGOs from LDCs and business organizations drew up a set of conclusions at the close of the symposium that would be sent to the High-Level Meeting. The two-day symposium, the first of its kind leading up to a major WTO conference, focused on two main



*The Joint WTO-UNCTAD Symposium on Trade Issues Affecting LDCs was co-chaired by Mr. Peter Madden of Christian Aid (UK) and Ms. Charlotte Karibuhoye of Tinguena (Guinea Bissau). Also shown above are WTO Deputy Director-General Anwarul Hoda and UNCTAD Secretary-General Rubens Ricupero.*

themes: building the capacity to trade in LDCs, and encouraging investment into LDCs. The WTO and UNCTAD Secretariats, as well as the NGOs presented papers on these themes.

In closing the symposium, UNC-

TAD Secretary-General Rubens Ricupero cited the importance of NGO input to the High-Level Meeting on LDCs and praised the constructive manner in which discussions were conducted. □

**WTO logo**

*(Continued from page 1)*

who witnessed the ceremony.

"The adoption of an official logo by the World Trade Organization is another step in establishing this unique institution on a firm and lasting foundation. It is the visual representation of a dynamic organization with a vital role to play in ensuring the continued and rules-based expansion of trade worldwide," said Mr Ruggiero.

The design is adapted from the logo originally commissioned by the Government of Singapore for the WTO's first Ministerial Conference which was hosted by Singapore in December 1996. In April 1997, the WTO General Council accepted Singapore's offer to transfer to the WTO the logo and its copyright.

The original logo was created by Su Yeang Design, a Singapore-based graphic arts company, and selected from over 200 entries in a competition held by the Government of Singapore. "A hint of the globe is suggested by the six graphic arcs symbolizing world trade with member nations meeting to forge strategic alliances," according to Ms. Su Yeang. "Dynamism and optimism prevail as the swirls integrate, encapsulating WTO's united spirit of promoting fair and open trade." □



**MEETINGS**

The following is a **tentative** schedule of WTO meetings.

DECEMBER	
1-3	Trade Policy Review: South Africa
2	Committee on Market Access
3-5	Committee on Regional Trade Agreements
4-5	Trade Policy Review: Malaysia
8-9	WG on the Relationship between Trade and Investment Trade Policy Review: Japan
10	GENERAL COUNCIL
12	Committee on Trade in Financial Services
15-17	Textiles Monitoring Body

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