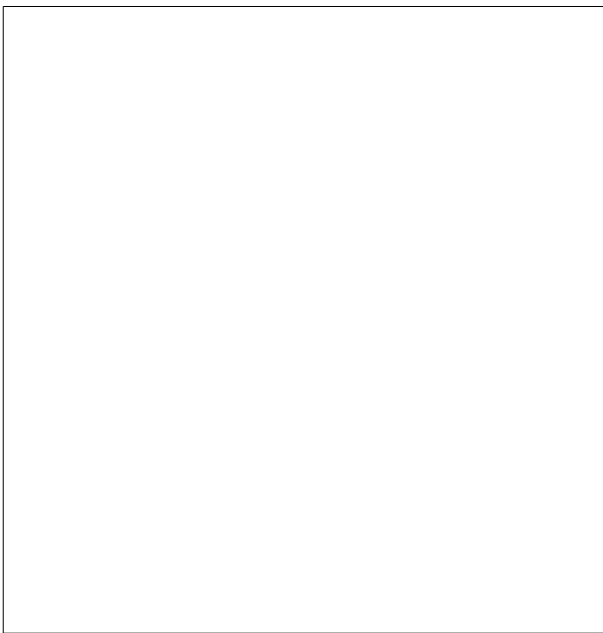


WTO holds second Ministerial, celebrates 50th anniversary of the multilateral trading system



Geneva is the setting for the second WTO Ministerial. Above, the WTO headquarters, and in the background, the UN Palais des Nations where the Conference and the 50th Anniversary commemoration will take place. (ILO Photo)

The World Trade Organization (WTO) will hold its second Ministerial Conference in Geneva on 18 and 20 May and commemorate the fiftieth anniversary of the multilateral trading system on 19 May.

The 50th anniversary celebration will be attended by a number of Heads of States/Governments, including President Flavio Cotti of Switzerland, Prime Minister Go Chok Tong of Singapore, which hosted the first WTO Ministerial Conference, and Prime Minister Kjell Magne Bondevik of Norway.

During the Ministerial Conference, trade ministers of the 132 WTO member governments will hold working sessions on implementation and on future activities.

Continued on page 8

Message from the Director-General

This year is the Golden Jubilee of the multilateral trading system. The creation of this system surely ranks among the greatest economic achievements of the post-World War II era.

For a war-torn international community, the system gave substance to a shared dream of a fair and open world trading system. More than that, it has led directly to the breaking-down of barriers not just between countries but between peoples. At the heart of the system are its rules-based structure and the principle of non-discrimination.

The multilateral trading system continues to grow in scope and credibility. Currently, there are 132 member governments, with an additional 31 negotiating their terms of membership. It would be difficult to overstate the contribution the WTO makes to growth and development on a world scale.

On 19 May 1998, we will hold a high profile celebration in Geneva to mark the Golden Jubilee and highlight for the citizens of the world the contribution this system has made to global peace and prosperity. □

Renato Ruggiero

SCHEDULE OF EVENTS 18-20 May 1998

18 May Ministerial Conference	AM - Addresses by the Chairman of the Conference, Minister Pascal Couchepin (Switzerland); WTO Director-General Renato Ruggiero; and General Council Chairman Ambassador John Weekes (Canada).
	PM - Working session on implementation
19 May	50th Anniversary Commemoration
20 May Min. Conference	AM - Working session on future activities
	PM - Closing formal session - adoption of the results

GATT: A provisional agreement rebuilds world trade

From 1948 to 1994, the General Agreement on Tariffs and Trade (GATT) provided the rules for much of world trade and presided over periods that saw some of the highest growth rates in international commerce. It seemed well-established, but throughout those 47 years, it was a provisional agreement and organization.

The original intention was to create a third institution handling international economic cooperation, to join the “Bretton Woods” institutions now known as the World Bank and the International Monetary Fund. The complete plan, as envisaged by over 50 countries, was to create an International Trade Organization (ITO) as a specialized agency of the UN. The draft ITO Charter was ambitious. It extended beyond world trade disciplines, to include rules on employment, commodity agreements, restrictive business practices, international investment, and services.

Even before the charter was finally approved, 23 of the 50 participants decided in 1946 to negotiate to reduce and bind customs tariffs. With the Second World War only recently ended, they wanted to give an early boost to trade liberalization, and to begin to correct the large legacy of protectionist measures which remained in place from the early 1930s.

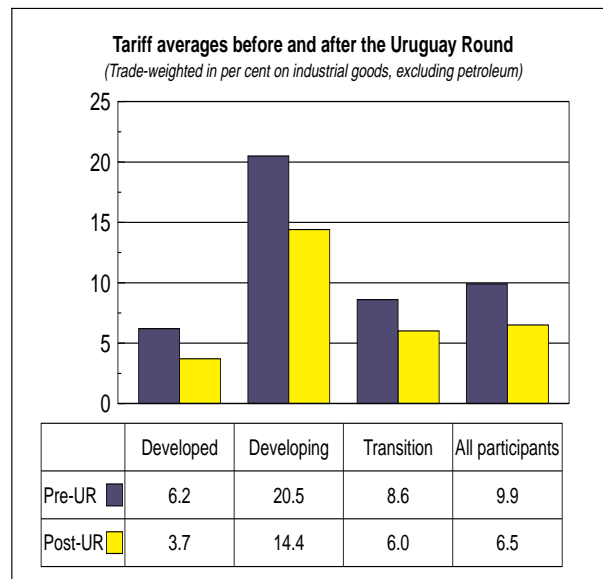
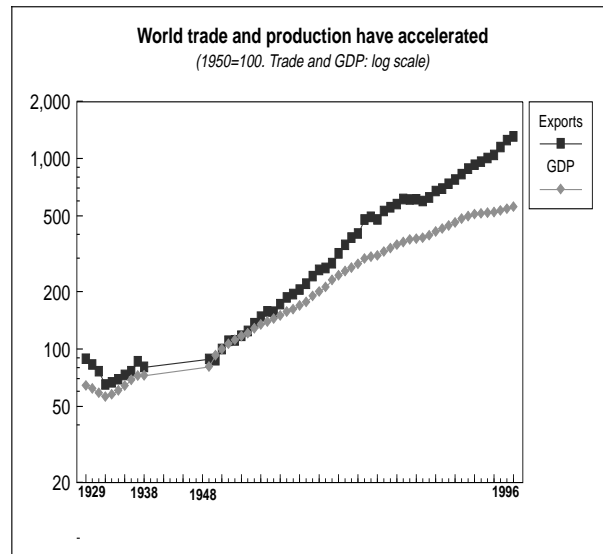
This first round of negotiations resulted in 45,000 tariff concessions affecting \$10 billion of trade, about one-fifth of the world total. The 23 also agreed that they should accept some of the trade rules of the draft ITO Charter. This, they believed, should be done swiftly and “provisionally” in order to protect the value of the tariff concessions they had negotiated. The combined package of trade rules and tariff concessions became known as the General Agreement on Tariffs and Trade. It entered into force in January 1948, while the ITO Charter was still being negotiated. The 23 became founding GATT members (officially, “contracting parties”).

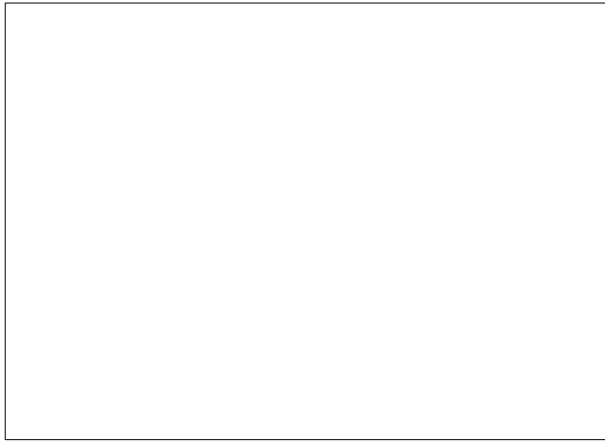
Although the ITO Charter was finally agreed at a UN Conference on Trade and Employment in Havana in March 1948, ratification in some national legislatures proved impossible. Even though it was provisional, the GATT remained the only multilateral instrument governing international trade from 1948 until the WTO was established in 1995.

For almost half a century, the GATT’s basic legal text remained much as it was in 1948. There were some additions in the form of “plurilateral” agreements (i.e. with voluntary membership) and efforts to reduce tariffs further continued. Much of this was achieved through a series of multilateral negotiations known as “trade rounds”—the biggest leaps forward in international trade liberalization have come through these rounds which were held under GATT auspices.

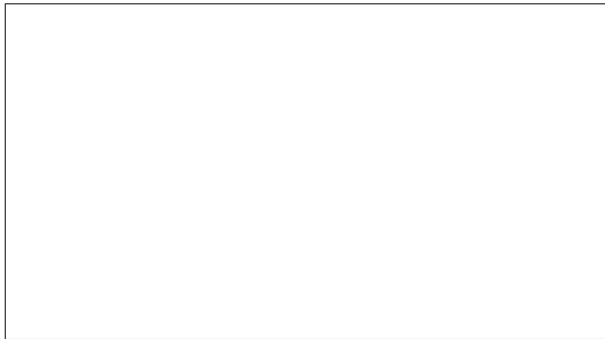
In the early years, the GATT trade rounds concentrated on further reducing tariffs. Then, the Kennedy Round in the mid-sixties brought about a GATT Anti-Dumping Agreement. The Tokyo Round during the seventies was the first major attempt to tackle trade barriers that do not take the form of tariffs, and to improve the system. The eighth, the Uruguay Round of 1986-94, was the most extensive of all. It led to the creation of the WTO and a new set of agreements. □

The GATT trade rounds			
Year	Place/Name	Subjects covered	Countries
1947	Geneva	Tariffs	23
1949	Annecey	Tariffs	13
1951	Torquay	Tariffs	38
1956	Geneva	Tariffs	26
1960-61	Geneva (Dillon Round)	Tariffs	26
1964-67	Geneva (Kennedy Round)	Tariffs and anti-dumping measures	62
1973-79	Geneva (Tokyo Round)	Tariffs, non-tariff measures, plurilateral agreements	102
1986-93	Geneva (Uruguay Round)	Tariffs, non-tariff measures, rules, services, intellectual property, dispute settlement, textiles, agriculture, creation of the WTO, etc.	123





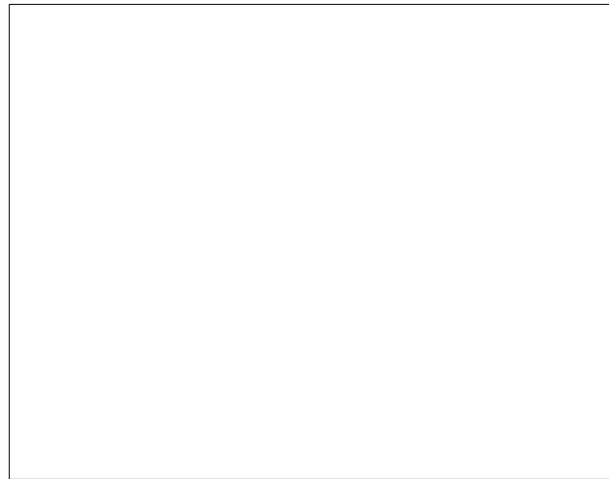
First Round - The Birth of GATT. A UN preparatory committee composed of some 50 countries meets in Geneva to create an International Trade Organization (ITO). In the margins of the meeting, 23 countries decided to negotiate to reduce and bind customs tariffs. With the Second World War just ended, they wanted to give an early boost to trade liberalization. To prevent the tariff concessions from being frustrated by trade restrictions the original contracting parties signed, on 30 October 1947, the General Agreement on Tariffs and Trade (GATT) as a provisional measure in advance of the ITO. The first round of trade negotiations resulted in 45,000 tariff concessions affecting one-fifth of total world trade.



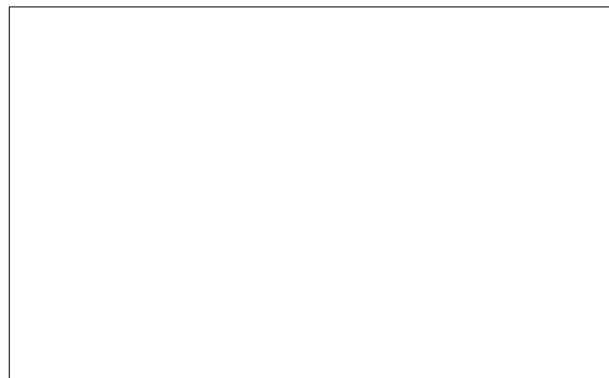
Delegations from 56 countries, in November 1947 in Havana, start negotiating the charter of the ITO. The charter was signed in March 1948 but governments did not commit themselves to ratification.



GATT enters into force on 1 January 1948. The 23 original members—11 developed and 12 developing—hold one of their first sessions at the Palais des Nations in Geneva.



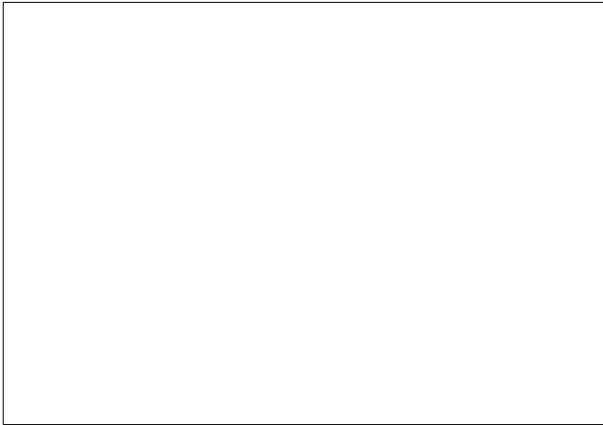
Second Round - Annecy 1949. The second GATT Round was held at Annecy, France, where the contracting parties exchanged some 5,000 tariff concessions.



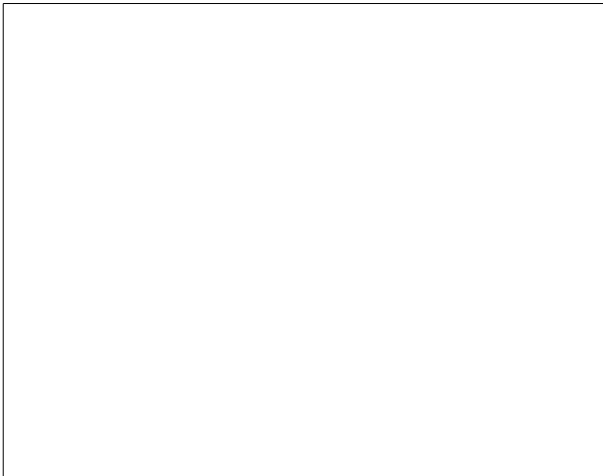
Third Round - Torquay 1950. The English town hosted the third GATT Round during which the contracting parties exchanged some 8,700 tariff concessions that cut 1948 tariff levels by 25%. Reports that the ITO Charter would not be ratified, including by the United States, meant that the GATT was left as the only international instrument governing the conduct of world trade.



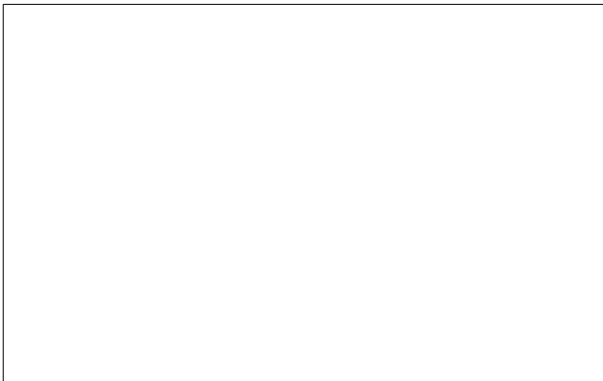
The Fourth Round - Geneva 1955-56. This Round was completed in May 1956 and produced some \$2.5 billion worth of tariff reductions. In 1955, GATT organized the first of its regular training courses for developing-country trade officials. Some 1,600 officials have benefitted from this programme.



The Dillon Round 1960-62. *The fifth GATT Round was named in honour of US Undersecretary of State Douglas Dillon who proposed the negotiations. Launched in 1960 (above) and concluded in 1962, it yielded tariff concessions covering \$4.9 billion of world trade, and involved negotiations related to the creation of the EEC.*



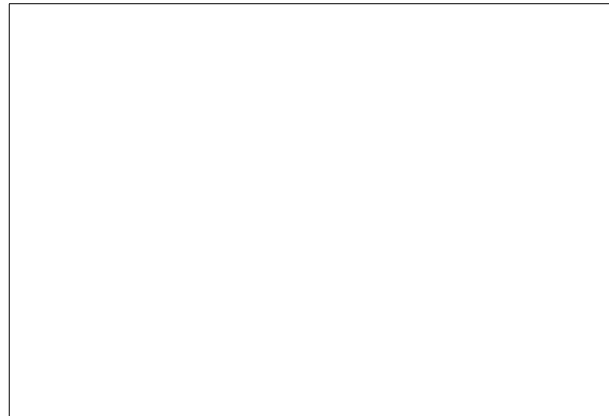
The Kennedy Round 1964-67 *Named in honour of the late US President, the sixth GATT Round began in 1964 and was concluded (above) in 1967 with tariff cuts covering \$40 billion of world trade.*



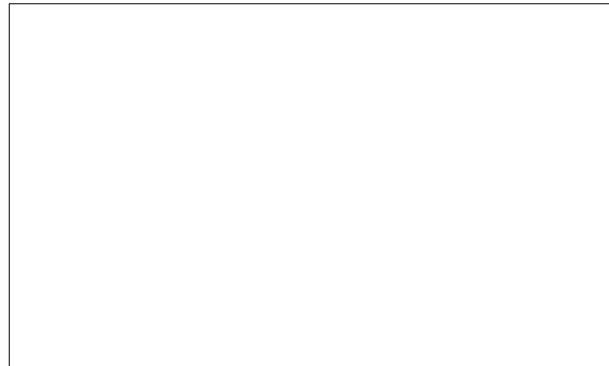
The Tokyo Round 1973-79 *The seventh Round, launched in the Japanese capital, saw GATT tackling not only tariffs but non-tariff barriers as well. Around a hundred participants exchanged tariff reductions covering more than \$300 billion of world trade. Agreements reached included those on subsidies, import licensing, customs valuation and anti-dumping.*



Uruguay Round 1986-93 *GATT Trade Ministers launch the eighth Round of trade negotiations at Punta del Este, Uruguay with the most wide-ranging agenda of any Round so far.*



The Uruguay Round is concluded successfully in Geneva on 15 December 1993. The market-opening results of this final and most ambitious GATT Round are expected to boost global income by \$500 billion by the year 2005.



Marrakesh Ministerial Meeting 1994 *Trade ministers meet for the last time under GATT auspices at Marrakesh, Morocco in April to sign the Final Act of the Uruguay Round containing the results of the negotiations and establish the WTO. Above, King Hassan II presides over the closing ceremony.*

Photos from the UN and WTO archives. Photo research by Tania Tang/WTO.

WTO Members (132) and when they joined

Angola, 1 December 1996	Greece 1 January 1995	Pakistan 1 January 1995
Antigua and Barbuda, 1 January 1995	Grenada 22 February 1996	Panama 6 September 1997
Argentina, 1 January 1995	Guatemala 21 July 1995	Papua New Guinea 9 June 1996
Australia, 1 January 1995	Guinea 25 October 1995	Paraguay 1 January 1995
Austria, 1 January 1995	Guinea Bissau 31 May 1995	Peru 1 January 1995
Bahrain, 1 January 1995	Guyana 1 January 1995	Philippines 1 January 1995
Bangladesh, 1 January 1995	Haiti 30 January 1996	Poland 1 July 1995
Barbados, 1 January 1995	Honduras 1 January 1995	Portugal 1 January 1995
Belgium, 1 January 1995	Hong Kong, China 1 January 1995	Qatar 13 January 1996
Belize, 1 January 1995	Hungary 1 January 1995	Romania 1 January 1995
Benin, 22 February 1996	Iceland 1 January 1995	Rwanda 22 May 1996
Bolivia, 14 September 1995	India 1 January 1995	Saint Kitts and Nevis 21 February 1996
Botswana, 31 May 1995	Indonesia 1 January 1995	Saint Lucia 1 January 1995
Brazil, 1 January 1995	Ireland 1 January 1995	Saint Vincent & the Grenadines 1 January 1995
Brunei Darussalam, 1 January 1995	Israel 21 April 1995	Senegal 1 January 1995
Bulgaria, 1 December 1996	Italy 1 January 1995	Sierra Leone 23 July 1995
Burkina Faso 3 June 1995	Jamaica 9 March 1995	Singapore 1 January 1995
Burundi, 23 July 1995	Japan 1 January 1995	Slovak Republic 1 January 1995
Cameroon, 13 December 1995	Kenya 1 January 1995	Slovenia 30 July 1995
Canada, 1 January 1995	Korea 1 January 1995	Solomon Islands 26 July 1996
Central African Rep., 31 May 1995	Kuwait 1 January 1995	South Africa 1 January 1995
Chad, 19 October 1996	Lesotho 31 May 1995	Spain 1 January 1995
Chile, 1 January 1995	Liechtenstein 1 September 1995	Sri Lanka 1 January 1995
Colombia, 30 April 1995	Luxembourg 1 January 1995	Suriname 1 January 1995
Congo, 27 March 1997	Macau 1 January 1995	Swaziland 1 January 1995
Costa Rica, 1 January 1995	Madagascar 17 November 1995	Sweden 1 January 1995
Côte d'Ivoire, 1 January 1995	Malawi 31 May 1995	Switzerland 1 July 1995
Cuba, 20 April 1995	Malaysia 1 January 1995	Tanzania 1 January 1995
Cyprus, 30 July 1995	Maldives 31 May 1995	Thailand 1 January 1995
Czech Republic, 1 January 1995	Mali 31 May 1995	Togo 31 May 1995
Democratic Rep. of the Congo, 1 January 1997	Malta 1 January 1995	Trinidad and Tobago 1 March 1995
Denmark 1 January 1995	Mauritania 31 May 1995	Tunisia 29 March 1995
Djibouti 31 May 1995	Mauritius 1 January 1995	Turkey 26 March 1995
Dominica 1 January 1995	Mexico 1 January 1995	Uganda 1 January 1995
Dominican Republic 9 March 1995	Mongolia 29 January 1997	United Arab Emirates 10 April 1996
Ecuador 21 January 1996	Morocco 1 January 1995	United Kingdom 1 Jan. 1995
Egypt 30 June 1995	Mozambique 26 August 1995	United States 1 January 1995
El Salvador 7 May 1995	Myanmar 1 January 1995	Uruguay 1 January 1995
European Community 1 Jan. 1995	Namibia 1 January 1995	Venezuela 1 January 1995
Fiji 14 January 1996	Netherlands - For the Kingdom in Europe and for the Netherlands Antilles 1 January 1995	Zambia 1 January 1995
Finland 1 January 1995	New Zealand 1 January 1995	Zimbabwe 3 March 1995
France 1 January 1995	Nicaragua 3 September 1995	
Gabon 1 January 1995	Niger 13 December 1996	
Gambia 23 October 1996	Nigeria 1 January 1995	
Germany 1 January 1995	Norway 1 January 1995	
Ghana 1 January 1995		

Observer governments (34)

Albania	Cape Verde	Georgia	Lithuania	Sudan
Algeria	China	Holy See	Moldova	Chinese Taipei
Andorra	Croatia	Jordan	Nepal	Tonga
Armenia	Estonia	Kazakhstan	Oman	Ukraine
Azerbaijan	Ethiopia	Kyrgyz Republic	Russian Fed.	Uzbekistan
Belarus	Former Yugoslav Rep. of Macedonia	Latvia	Saudi Arabia	Vanuatu
Cambodia		Laos, P.D.R. of	Seychelles	Viet Nam

Renato Ruggiero

From vision to reality: The multilateral trading system at 50

The world we see around us—a world of growing economic integration, widening circles of development, and unprecedented prosperity—is in many ways the fulfilment of an idea which arose out of the destruction of the Second World War.

Certainly, inequalities and poverty are still present on an unacceptably wide scale. But over the past 50 years, trade has been a powerful engine for growth. In 1950 its ratio to global GDP was 7%. Now it represents 23%, and a third of the 25 largest trading countries are developing countries. Between 1948 and 1997, merchandise trade increased 14 times, while world production increased 5 ½ times. In the same period world GDP increased by 1.9% per year at constant prices and taking account of overall population growth. Seen in an historical context, this figure is extremely high.

In particular, over the past 10 to 15 years, when developing countries have more and more embraced trade liberalizing policies, there have been signs that the tide is turning. The share of developing countries in world trade overall has increased from 20 to 25 %. For the manufactured sector it has doubled from 10 to 20 %, and on current trends could exceed 50% by the year 2020.

The success of the multilateral trading system in the last 50 years and in the three years after the creation of the WTO is evident. Nonetheless, there are also many signs of the pressing need to renew the case for free trade within a multilateral framework.

The fundamental strength of the system was, and remains, its **rule-based** nature. Like the GATT before it, the WTO rests on contractually binding commitments negotiated and undertaken freely by governments and ratified through their domestic legislative processes. It is thus a transparent and profoundly democratic system.

Furthermore, the success of the system testifies to the enduring power of its basic principle—**non-discrimination**. GATT's most obvious goal was to reduce barriers to trade—a goal which was pursued through eight successive Rounds of negotiations which have brought industrial tariffs down from an average of around 40% to under 4%. But a second and equally important goal was to provide a non-discriminatory set of rules—resting on the twin pillars of National Treatment and Most Favoured Nation—to help manage the interaction among distinct and different national economies. It was this core principle of non-discrimination which did much to reduce power politics in trade relations, by guaranteeing members equal access to the security of the rules irrespective of their size and level of development.

A third strength has been the system's commitment to **consensus in decision-making**. Its existence depended, not on power or coercion, but ultimately on the willingness of members to sustain it. Yet far from weakening the system or slowing it down, this principle of consensus has proved a remarkably cohesive force over the years, providing a unique and invaluable foundation for international cooperation in trade matters.

Over the past twelve months alone, we have launched an



Loading cargo at Casablanca: Ruggiero calls for a reaffirmation that the ultimate goal remains the establishment of a rule-based global system of free trade as the main element of a strategy for global development and security in the twenty-first century.

important initiative to integrate the Least-Developed Countries into the mainstream of the world trading system. We have reached an historic pact on telecommunications representing more than 90% of the global market. We have agreed to remove tariffs on information technology products, one of the fastest growing sectors of the world economy. And we have reached an equally sweeping agreement involving 102 countries to liberalize global financial services, bringing trade in banking, insurance and securities into the realm of multilateral rules for the first time. Taken together, these achievements amount to the equivalent of a major trade Round.

The value of these agreements is underwritten by a dispute settlement process which is the only one of its kind.

In three years of existence this system's enhanced effectiveness has shown in a greatly increased use by Members. But the success of the dispute settlement procedures is not only a matter of reaching judgements—it has acquired a strong deterrent value, helping to encourage "out-of-court" settlements in about a quarter of cases so far.

Of course the limit of the system is that it can only operate on the basis of trade-rules which have been approved by governments and ratified by Parliaments. This is why there is a strong need for progress by the international community to establish coordinated rules in the other fields like the Environment. An environmental problem needs an environmental answer, not a trade answer, even if the two policy areas should be ever more mutually supportive.

At the horizon of this century we see an impressive number of existing commitments in the WTO's agenda, including negotiations in agriculture, services and aspects of intellectual property. In addition, decisions must soon be taken about investment and competition. Other suggestions, like new negotiations for reducing industrial tariffs have already been presented by some countries. With momentum again mounting toward the removal of remaining trade barriers, no one can undervalue the fact that the main WTO role remains the promotion of further liberalization.

WTO's built-in agenda	
1999	Full review of dispute settlement rules and procedures.
	Review of the operation of the TRIMs Agreement and discussion on whether provisions on investment policy and competition policy should be included.
	Further negotiations on the plurilateral Agreement on Government Procurement.
2000	Agriculture: negotiations for continuing the process of substantial reductions in support and protection.
	Services: new round of negotiations with a view to achieving a progressively higher level of liberalization.
	Intellectual property rights: review of the implementation of the TRIPS Agreement.
	Trade policy review: appraisal of the mechanism.

A global economy calls in turn for a truly global system of trade rules. In addition to our 132 members, there is a "waiting list" of 31 applicants for membership in the WTO, another feature that makes this organization unique among the international agencies.

Joining the WTO is not like joining a political forum or an organization which can provide loans or grants; it means hard negotiation with existing members and very often major changes in national policies in order to be able to sign on to binding commitments across the whole trade spectrum. But countries which join the WTO gain security and predictability in their trade relations, and gain the assurance of equal access to the dispute settlement system.

Most important of all, by opening their economies these countries accelerate their development, while their partners know that unilateral economic reforms are henceforth bound into an international legal framework.

This is one important reason why the accession process is such a high priority for the WTO.

The increasing interdependence of the world economy underlines the necessity of having appropriate architecture to manage issues and policies which are becoming more interlinked. Finance, trade, development, environment, social issues are only some of those growing interrelations. This is also an important lesson from the financial turmoil in Asia. The rôle of the trading system in delivering a solution to this financial crisis has been and will continue to be critical. There can be no solution without the positive contribution of the rule-based multilateral system: system which has proved itself a bastion against protectionist pressures.

Let me state unequivocally: this is no time for protectionism.

What we celebrate today is a system of consensus-based rules that could embrace all of the world's economies. One that is helping to break down barriers, not just between economies, but between peoples. One that is weaving together a web of economic interdependence which gives us a shared interest in our mutual prosperity. And one that is helping to equalize the human condition through the spread of technology and knowledge, building a global vision as well as a global economy.

If the challenge of the cold war era was to manage a world divided, our challenge in the post-cold war era is to manage

a world of deepening interdependence.

This is also why trade's relevance has always gone beyond trade itself. One of the most striking examples in the last 50 years has been the role of trade liberalization in helping to transform the historic rivalry between France and Germany into a powerful bond that has united the two countries at the heart of European construction.

The celebrations of the 50th anniversary are also taking place in a time of rapid expansion of regional trading systems. More than 90 preferential regional agreements are currently in place, and over three quarters of them entered into force in the last four years. More than a third of these agreements involve the European Community.

Their contribution to the promotion of liberalization cannot be called into question. And yet the logic of regionalism makes less economic sense in an era of globalization.

As production and distribution become increasingly global and as economies become more integrated and more driven by borderless technologies, it is in no one's economic interest to have a fragmented system with fragmented rules and even a fragmented dispute settlement system.

Heads of State and Government have already agreed to free trade in the Pacific, free trade in the Americas, free trade in Europe and between Europe and the Mediterranean. Now there is the prospect of creating new free trade areas between Europe and the nations of sub-Saharan Africa, the Caribbean and the Pacific and there is the possibility of free trade across the Atlantic. These numerous initiatives are planned to come into full effect within the next twenty years.

What, then, is to hold us back from the logical next step of global free trade?

What we celebrate today is a system of consensus-based rules that could embrace all of the world's economies. One that is helping to break down barriers, not just between economies, but between peoples...

In the next few years, as we approach the target dates set for completing the various regional arrangements, we have to better define what kind of a future we want. Do we want a world which is based on non-discrimination, which is rules-based and global in coverage? Or do we want a very different world, fragmented into a few huge regional trading areas, with different rules and which are based—by definition—on discrimination among trading partners?

The implications of this choice go far beyond the trade system.

To avoid a dangerous ambiguity about the future of the world economy and to maintain a mutually supportive relationship between present and future regional areas and the multilateral system, we need to clarify our own vision.

What better time than the 50th Anniversary of the multilateral trading system to reinforce beyond any doubt that our ultimate goal remains the establishment of a rule-based global system of free trade as the main element of a strategy for global development and security in the twenty-first century. □

Excerpts from the address by WTO Director-General Renato Ruggiero given on 4 March 1998 in Washington D.C. to the Brookings Institution Forum "The Global Trading System: a GATT 50th Anniversary Forum".

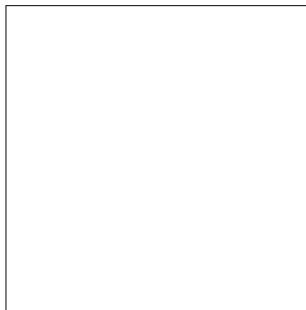
2nd Ministerial

(Continued from page 8)

WTO members will pay tribute to the General Agreement on Tariffs and Trade (GATT), which entered into force on 1 January 1948 and until its replacement by the WTO at the beginning of 1995 was the multilateral instrument that governed world trade. During that period, more than a hundred countries had joined the original 23 members, and eight negotiating "Rounds" had reduced trade barriers all over the world to their lowest levels ever. □

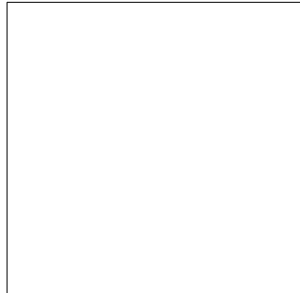
Please visit the WTO Website (www.wto.org) for up-to-date information on the Ministerial Conference and the 50th Anniversary Commemoration of GATT/WTO.

GATT Directors General

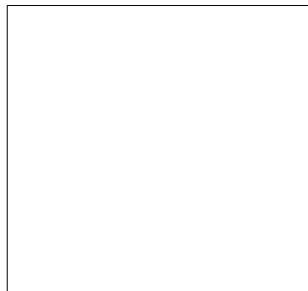


1948-68
Sir Eric Wyndham-White (United Kingdom)

1968-80
Olivier Long (Switzerland)



1980-1993
Arthur Dunkel (Switzerland)



1993-94
Peter Sutherland (Ireland)



**WTO MINISTERIAL CONFERENCE
Second Session
Geneva, 18 and 20 May 1998
PROVISIONAL AGENDA**

1.	Overview of Activities in the WTO Under this item of the agenda, Ministers will have the opportunity to exchange views on implementation of the WTO Agreement and Ministerial Decisions, and on future activities of the WTO. Discussions on these two broad areas are expected to take place in working sessions. Ministers will also have before them a report of the General Council on activities of the WTO in 1997 and early 1998 as well as a report by the Director-General on the outcome and follow-up of the High Level Meeting on Least-Developed Countries.
2.	Action by Ministers Ministers are expected under this item of the agenda to adopt a Ministerial text and direct the General Council to take any other action which they may deem necessary for the future work of the WTO.
3.	Date and Venue of the Third Session
4.	Election of Officers

MEETINGS

JUNE 1998

2-3	Trade Policy Review: Hungary
2, 5, 8, 12, 22, 26, 29	Committee on Rules of Origin
4	Committee of ITA Participants
5	Council for Trade in Goods
10	Committee on Government Procurement
10-11	Committee on Sanitary and Phytosanitary Measures
15	Working Party on Professional Services
15-17	Textiles Monitoring Body
16	Committee on Trade in Civil Aircraft
16-17	Working Group on the Relationship between Trade and Investment
17	Dispute Settlement Body
18	Committee on Market Access Working Party on GATS Rules
19	Committee on Trade and Development
22-23	Working Group on Transparency in Government Procurement
23	Working Party on State Trading Enterprises
23-24	Trade Policy Review: Nigeria
24	Council for Trade in Services Working Party on GATS Rules
24-25	Committee on Government Procurement
25-26	Committee on Agriculture
26	Committee of ITA Participants
29	Committee on Technical Barriers to Trade
30	Trade Policy Review: Australia

WTO FOCUS

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MEGREZ







