

# WTO accessions gather pace

*The head of Kyrgyz Republic's Inter-Ministerial Commission on the WTO, Mr. Ensengul Omuraliev, signs the Accession Protocol on 14 October. (Photos by T. Tang)*

The General Council adopted decisions, at its meeting held on 14, 16 and 23 October, paving the way for the accession of the Kyrgyz Republic and Latvia to the WTO. Many delegations warmly welcomed the impending membership of the two countries, and hoped that work on the accession of 30 other applicants would also be completed soon (see pages 3-5).

Both Working Parties' reports submitted to the General Council noted with appreciation efforts of the the Kyrgyz Republic and Latvia in putting into place a comprehensive legislative programme necessary to implement the WTO Agreements by the date of their accession to the organization.

The head of the Kyrgyz Republic's Inter-Ministerial Commission on WTO, Mr. Ensengul Omuraliev, told the General Council that his country's accession would be

*Latvia's Foreign Affairs Min. Valdis Birkavs, after signing the Protocol, pays a call on Director-General Renato Ruggiero, left, who also met the Kyrgyz delegation.*

one of the most important events marking the way to the strengthening of its independence. He said that the negotiating process had been a good test of maturity and firmness as well as a good school for learning the WTO system. Mr. Omuraliev added that entering the WTO was not a simple step, but it was necessary for the future of the country's people and economy.

Latvia's Foreign Affairs Minister Valdis Birkavs said WTO membership would be a logical milestone in his country's progressive and effective integration into the global trading system. He said that since independence in 1991, Latvia had undertaken a comprehensive reform package aimed at establishing a full market economy. Dr.

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Major Traders Applying for WTO Membership (In US\$ billions, world trade share, 1997 figures)						
	Exports	Share	Rank	Imports	Share	Rank
China	182.7	3.3%	10	142.4	2.5%	12
Chinese Taipei	121.9	2.2%	14	113.2	2.0%	16
Russian Fed.	66.3	1.2%	20	48.8	0.9%	24
Saudi Arabia	52.8	1.0%	27	27.3	0.5%	39

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**WTO accessions**

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Virkavs said that the accession process had accelerated reforms, and thus Latvia had benefited from the WTO even before gaining full membership.

Many delegations welcomed the impending membership of the two countries as strengthening the multilateral trading system through greater universality of membership.

The General Council adopted the reports of the Working Parties as well as the decisions approving the accession of the Kyrgyz Republic and Latvia. The two countries become members 30 days after they notify the WTO that they have completed ratification procedures.

**WTO cooperation with IMF and World Bank**

Director-General Renato Ruggiero, in his regular report on the cooperation agreements between the WTO and the IMF and the World Bank, said that the financial crisis was the principal topic at his recent meeting with the IMF Managing Director and the World Bank President. He said they agreed that it was fundamental to a solution to the crisis that markets remained open, and that to slip back into protectionism would be disastrous. Mr. Ruggiero said that he also raised the matter of trade finance, reflecting the view of a number of WTO members that a shortage of such financing was slowing the ability of the crisis-hit countries to take full advantage of their improved competitiveness and thus help their recovery. He said that they had agreed that the crisis placed a premium on further improving cooperation among the three organizations, and thus had decided on revitalizing the High Level Working Group provided for in the cooperation agreements.

The General Council agreed, as suggested by Jamaica, to hold a full discussion on the subject at its next meeting.

**High-level meetings proposed**

The General Council considered two proposals for the holding of high-level meetings:

- The EC said that there was broad and growing consensus in favour of its initiative to hold a high-level meeting on trade and environment under WTO auspices. It said that such a high-level dialogue could make an important contribution to highlighting the importance of trade and environment for the WTO's present and future work. The EC said that it would welcome suggestions on the agenda, in addition to the themes it had proposed (synergies between trade liberalization, the WTO agenda and environmental protection; interaction between WTO rules and environmental protection; and dialogue between trade and environment communities). Many delegations said they would participate actively in consultations on the proposed meeting.
- Egypt proposed the holding of a high-level meeting on trade and development that would address the following issues: the impact of the Uruguay Round Agreements on developing countries, in particular the implementation of special provisions in favour of developing countries; the implications of the global eco-

nomical crisis on trade prospects of developing countries; and the future role of the WTO in promoting developmental objectives. It said it would submit a formal proposal at the next meeting.

Members also considered proposals—an EC paper and a joint Canada-US proposal—for faster derestriction of WTO documents. Many delegations underlined their support for greater transparency in WTO's work but a number of concerns were raised. Consultations will continue on this subject with the aim of reaching agreement on derestriction procedures quickly.

**ITC commended**

The Chairman of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO (ITC), Ambassador Nacer Benjelloun-Touimi (Morocco), reported that the Group, at its 31<sup>st</sup> session, had commended the ITC for its technical cooperation activities aimed at assisting developing countries in marketing their exports. It commended the Centre for strengthening its capacity to address the trade-related needs of least-developed countries, including taking on the responsibility for an administrative unit to handle day-to-day coordination of the inter-agency work programme for the LDCs. Ambassador Benjelloun-Touimi said the Group expressed gratitude to the following countries for an nouncing voluntary contribution to the ITC technical cooperation programme: Belgium, Canada, China, Denmark, Finland, France, Germany, Italy, Netherlands, Norway, Sweden, Switzerland and the United Kingdom.

The General Council expressed appreciation for the valuable work of the ITC, and adopted the JAG's report. The ITC's regular budget is funded jointly by the WTO and the United Nations.

**Independent WTO Secretariates established**

The Chairman of the Working Group on Conditions of Service of WTO Staff, Ambassador Roger Farrell (New Zealand), introduced the Group's proposal for a WTO compensation and personnel plan that would be independent of the UN common system of salaries, allowances and benefits beginning next year. He said that independent actuaries had indicated that the package was both cost-neutral and viable. Ambassador Farrell stressed that the proposal reflected the necessary balance among the interests of members, of management, of the Secretariat staff and the common interest in ensuring that the effectiveness of the WTO was maximized.

The General Council approved the proposal. Director-General Ruggiero said that the decision was the result of four years of difficult negotiations. He said it meant improvement for every one concerned, and represented a fair and balanced outcome for every one.

The WTO was established in 1995 as an independent organization but its Secretariat had remained under the UN common system.

With respect to the appointment of the next WTO Director-General, the General Council agreed that Ambassador William Rossier (Switzerland) and Ambassador Celso Lafer (Brazil) jointly assume responsibility for consultations aimed at finding consensus by November. ■

## Accession to the WTO

The establishment of the WTO marked the coming into force of a more structured, transparent and predictable accession process.

To give further predictability and transparency to the process, the WTO Secretariat, in consultation with and agreement of members, has prepared notes that provide detailed descriptions of the information required from acceding governments at each stage of the negotiations and outline the expectations of WTO members from the new entrants on both systemic and market-access issues. The Secretariat also provides technical assistance to all applicants, with special attention given to the least-developed countries.

The starting-point of an accession process is the establishment of a Working Party by the General Council. The applicant then submits a Memorandum on the Foreign Trade Regime. A clarification process ensues through questions and replies. As this evolves, the process at the multilateral level increasingly focuses on the terms and conditions of entry and the commitments to be undertaken by the acceding government in the Report of the Working Party and the Protocol of Accession.

In parallel, the applicant and interested members commence bilateral market access negotiations in goods and services, the results of which are finally compiled into Schedules of Concessions and Commitments. The Working Party concludes its mandate by adopting an *ad referendum* basis its report, the Schedules and the

Protocol containing the precise terms and conditions upon which the applicant may be invited to accede to the WTO. The entire package is then forwarded to the General Council for decision.

Each accession is principally a negotiation between WTO members and the applicant. The pace of each accession depends on the capacity of the applicant to negotiate actively at all levels. Even more importantly, it depends on the applicant's ability and commitment to put the needed legal and administrative infrastructure in place to ensure that it would be able to participate in the WTO framework of rights and obligations.

The overall guiding principle of all accession negotiations is to achieve the right balance in determining the terms of entry, keeping in view the capacities of individual acceding governments on the one hand, and the need to maintain the credibility of the WTO system on the other.

There are currently 30 applicants for accession. These include many large- and medium-sized economies. Most of these applicants are also economies in transition, with similar problems in topics like transparency, agriculture, trading rights, State trading, legal and administrative structures, industrial subsidies, trade-related investment measures and intellectual property rights. A number of applicants for accession are also least-developed and small developing economies with their own special capacity building problems. The following is the state of play in WTO accessions:

### Albania



Albania's Working Party was established on 2 December 1993. It met last in October 1996. Bilateral market access negotiations will be held on the basis of comprehensive market access offers.

Topics under discussion in the Working Party include: the administration and implementation of necessary laws, agriculture, customs valuation, transparency, State trading and TRIPS. Conditions and terms of entry have not been discussed.

### Algeria



Algeria's Working Party was established on 17 June 1987. The Working Party met last in April 1998. Initial contacts on market access in goods have taken place.

Topics under discussion in the Working Party include: agriculture, the customs system, State trading, transparency and legal reform, and TRIPS. Conditions and terms of entry have not been discussed.

### Andorra



Andorra's Working Party was established on 22 October 1997. The Working Party has not met. Andorra has not submitted a Memorandum on its Foreign Trade Regime. Bilateral market access negotiations have not commenced.

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### Armenia



Armenia's Working Party was established on 17 December 1993. The Working Party last met in December 1997. Bilateral market access negotiations on goods and services are close

to completion. Topics under intensive discussion in the Working Party include: agriculture, the customs system, industrial subsidies, State trading, SPS and TBT, and TRIPS. The Draft Report of the Working Party setting out the terms and conditions of entry and transitional periods has been intensively discussed and work is at an advanced stage. The next meeting of the Working Party is scheduled for November 1998.

### Azerbaijan



The Working Party was established on 16 July 1997. The Working Party has not met. Azerbaijan has not submitted a Memorandum on its Foreign Trade Regime.

gime.

### Belarus



Belarus' Working Party was established on 27 October 1993. The Working Party last met in April 1998. Bilateral market access negotiations in goods have commenced. Topics under

discussion in the Working Party include: agriculture, barter trade, the customs system and Economic Union with

the Russian Federation and agreements with other CIS States, industrial subsidies, transparency of legal reform, SPS and TBT, State trading and TRIPS.

## Cambodia



Cambodia's Working Party was established on 21 December 1994. The Working Party has not met. Cambodia has not submitted a Memorandum on the Foreign Trade Regime.

## China



China's Working Party was established on 4 March 1987. It last met in July 1998. Bilateral market access negotiations on goods and services are well advanced, though a large number of issues remain open.

Topics being discussed in the Working Party in the context of the Protocol of Accession include: agriculture, the customs system, import licensing, industrial subsidies, predictability and transparency of the legal system and legislative reform, SPS and TBT, non-tariff barriers, State trading, trading rights, TRIMs and TRIPS (*see box*).

## Croatia



Croatia's Working Party was established on 27 October 1993. The Working Party last met in January 1998. The accession process is advanced, including the market access negotiations in goods and services. Major topics under discussion in the Working Party include: agriculture, the customs system, State trading, TRIPS and transition periods. A Draft Report is under discussion in the Working Party. The next meeting is scheduled for October 1998.

## Estonia



Estonia's Working Party was established on 23 March 1994. The Working Party last met in October 1997. Work on all fronts is advanced. On the market access side

negotiations are still continuing in the sectors of services and agriculture. Discussions on the Draft Report of the Working Party are well advanced.

## Georgia



Georgia's Working Party was established on 18 July 1996. The Working Party last met in October 1998. Bilateral market access negotiations on goods and services are actively engaged.

Topics under discussion in the Working Party include: agriculture, the customs system, SPS and TBT, State trading, transparency and legal reform, transitional periods and TRIPS. The first draft of the Working Party Report was discussed by the Working Party in October. Overall, Georgia's accession process is advancing

## China's accession to the WTO

China was one of the 23 original signatories of the GATT in 1948. After China's revolution in 1949, the government in Taiwan announced that China would leave the GATT system. Although the government in Beijing never recognized this withdrawal decision, nearly 40 years later in 1986, China notified the GATT of its wish to resume its status as a GATT member.

A working party to examine China's status was established in March 1987 and met for the first time in October 1987. At that time, China's Deputy Minister for International Economic Relations and Trade, Mr. Shen Juren, said China's reform programme, which began in the early 1980s, was having a profound effect on the country's economy.

Like many of the other countries now applying for WTO membership, China is in the process of implementing economic reforms and transforming its economy to one which is more market-based. China's accession process to the WTO is guided by a Working Party whose membership consists of all interested WTO Member governments. The GATT Working Party on China's status was converted in 1995 to a WTO Working Party and its scope was broadened to include trade in services, new rules on non-tariff measures and rules for intellectual property rights.

Mr. Pierre-Louis Girard, a senior Swiss trade official, serves as the Chairman of the Working Party. He, as well as Chinese officials, are helped in their work by the WTO Secretariat which provides administrative and legal assistance as necessary.

The Working Party has two tasks: one is to compile a report based on its deliberations; the other, is to complete a protocol of accession. It is not unusual to attach a number of annexes to the protocol. They are an integral part of the protocol, are legally binding and address specific issues related to the applicant's trade regime, e.g. government involvement in business and export activities, non-tariff measures or subsidy practices. In the case of China, as with other accessions, the annexes, which have been a main focus of the negotiations, are meant to provide WTO Members with guarantees that the reforms or other transitional measures promised by the applicant will actually be implemented. Also under discussion in the Working Party are special transitional measures which WTO Members may take against sudden surges of China's exports into their markets.

Many questions have been raised as to when China could accede to the WTO and whether it would accede as a developing or developed country. Questions of when a country can join and under which terms is an inherent part of the negotiation. While accession processes vary in length and can take several years to complete, much depends on the readiness of the applicant country to meet not only the rules and obligations of the WTO's market economy principles but also the market access conditions for goods and services demanded by WTO Members. ■

smoothly and rapidly.



**Jordan**

Jordan's Working Party was established on 25 January 1994. The last meeting of the Working Party was in July 1998. The accession process has advanced smoothly. Bilateral market access negotiations in goods and services commenced in July 1998, on the basis of comprehensive offers in goods and services. Topics under discussion in the Working Party include: agriculture, the customs system, import licensing, SPS and TBT, State trading, services and TRIPS. The first draft of the Working Party Report will be discussed at the next meeting, tentatively scheduled for February 1999.



**Kazakhstan**

The Working Party on Kazakhstan was established on 6 February 1996. The last meeting of the Working Party was in October 1998. Bilateral market access negotiations in goods and services commenced in October 1997, and will continue based on a revised goods offer and the existing services offer. Topics under discussion in the Working Party include: agriculture, the customs system (and customs union arrangements), price controls, import licensing, industrial subsidies, SPS and TBT, transparency of the legal system and legislative reform, services and trade-related intellectual property rights (TRIPS).



**Lao People's Democratic Republic**

The Working Party on the Lao People's Democratic Republic was established on 19 February 1998. Laos has not submitted a Memorandum on the Foreign Trade

Regime.



**Lithuania**

Lithuania's Working Party was established on 22 February 1994. The most recent meeting was held in October 1998. Bilateral market access negotiations in goods and services are advanced—although negotiations in agriculture and services continue. The Working Party is engaged in discussing the Draft Report and Protocol of Accession.



**Former Yugoslav Republic of Macedonia**

The Working Party was established on 21 December 1994. The Memorandum on the Foreign Trade Regime has not been circulated. Market access negotiations have not commenced.



**Moldova**

Moldova's Working Party was established on 17 December 1993. The last meeting of the Working Party took place in March 1998.

**WTO Director-General meets with Trade Minister on Russia's accession**

Director-General Renato Ruggiero, on 27 October, met with Russian Trade Minister Georgi V. Gabounia to review the negotiations for Russia's accession to the WTO.



Following the meeting, Mr.

Ruggiero welcomed the news that Russia's accession process remains on track. The next meeting of the Working Party on Russian accession is to be held in December as envisaged. Mr. Ruggiero said he was pleased to learn from Mr. Gabounia that the matter of the Russian accession to the WTO continued to be handled at the highest government levels in Moscow, including through the inter-agency Ministerial Committee charged with the responsibility of coordinating Russia's negotiating efforts.

Mr. Gabounia said his government was preparing to finalize its offer on trade in services. He added that Russia was intensifying its bilateral market access negotiations in goods including agriculture. These developments were positive signals for the overall trade liberalization process and would help make the Russian economy open and competitive in line with WTO rules and practices, Mr. Ruggiero said.

The Minister informed Mr. Ruggiero on recent developments in Russia including the status of pending trade legislation. The Minister said that despite the difficult decisions facing the government in the coming months, the medium and long-term objective of the Russian government is to ensure the liberalization of its trade regime. ■

Bilateral market access negotiations on goods and services are actively engaged. Topics under discussion in the Working Party include: agriculture, the customs system, excise taxation and national treatment, import licensing, industrial subsidies, SPS and TBT, State trading, transparency and legislative reform, services and TRIPS. The next meeting is scheduled for November 1998.



**Nepal**

The Working Party on the accession of Nepal was established on 21 June 1989. Nepal submitted a Memorandum on the Foreign Trade Regime in August 1998.



**Oman**

The Working Party on the accession of Oman was established on 26 June 1996.

It last met in October 1998. Bilateral market access negotiations on goods and services were held in July 1998 on the basis of revised offers. Topics under discussion in the Working Party include: agriculture, the customs system, SPS (sanitary and phytosanitary measure) and TBT (technical barriers to trade), trade in services and TRIPS. The

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Working Party also focussed on a Draft Report and Protocol of Accession.

### **Russian Federation**

The Working Party on the accession of the Russian Federation was established on 16 June 1993. The Working Party last met in July 1998. The next meeting is scheduled for December 1998. Bilateral market access negotiations on goods have commenced. In the Working Party topics under discussion include: agriculture, the customs system (and customs union and other trade arrangements with CIS States), excise taxation and national treatment, import licensing, industrial subsidies, national treatment, SPS and TBT, TRIMs, TRIPS and services (*see box*).



### **Samoa**

The Working Party on the accession of Samoa was established on 15 July 1998. Samoa has not submitted a Memorandum on the Foreign Trade Regime.



### **Saudi Arabia**

The Working Party on the accession of Saudi Arabia was established 21 July 1993. The last meeting of the Working Party was in December 1997. The next meeting will be held in November 1998. Bilateral market access negotiations on goods and services are continuing on the basis of revised offers. Topics under discussion in the Working Party include: agriculture, preshipment in specification, SPS and TBT, TRIPS and services.



### **Seychelles**

The Working Party was established on 11 July 1995. Members agreed to keep meetings to the minimum necessary and to accelerate the accession process as much as possible at both the bilateral and multilateral level. Extensive consultations have facilitated the negotiating process. An initial draft of the Working Party Report has been circulated to members. Consultations on terms and conditions of accession are continuing.



### **Sudan**

The Working Party on the accession of Sudan was established on 25 October 1994. Sudan's Memorandum on the Foreign Trade Regime has not been circulated.



### **Chinese Taipei**

The Working Party on the accession of Chinese Taipei was established on 29 September 1992. The last meeting of the Working Party was held in May 1998. Bilateral market access negotiations in goods and services are in an advanced stage. Topics under discussion in the Working Party include: amendments to

legislation, agriculture, the customs system, import licensing and industrial subsidies. The Draft Report and Protocol of Accession are under discussion.



### **Tonga**

The Working Party on the accession of Tonga was established on 15 November 1995. The Memorandum on the Foreign Trade Regime of Tonga was circulated in May 1998.



### **Ukraine**

Ukraine's Working Party was established on 17 December 1994. The last meeting of the Working Party was held in June 1998. Bilateral market access negotiations are continuing on the basis of initial offers in goods and a revised services offer. Topics under discussion in the Working Party include: agriculture, the customs system, excise and value added tax, import licensing and other non-tariff measures, industrial subsidies, national treatment, services, State trading, transparency and legal reform, and TRIPS.



### **Uzbekistan**

The Working Party on the accession of Uzbekistan to the WTO was established on 21 December 1994. Uzbekistan submitted its Memorandum on the Foreign Trade Regime in September 1998. Bilateral market access contacts have been initiated.



### **Vanuatu**

The Working Party on the accession of Vanuatu was established on 11 July 1995. Members of the Working Party agreed to keep meetings to the minimum necessary and to accelerate the accession process as much as possible at both the bilateral and multilateral level. The last meeting of the Working Party was held in May 1998. Extensive consultations have facilitated the negotiating process. An initial draft of the Working Party Report has been circulated to Working Party members. Consultations on terms and conditions of accession are continuing.



### **Vietnam**

The Working Party on the accession of Vietnam was established on 31 January 1995. Bilateral market access contacts have been initiated. Topics under discussion in the Working Party include: agriculture, the customs system, import licensing, national treatment, SPS and TBT, State trading and trading rights. The next meeting will take up examination of the services and TRIPS sector of Vietnam's foreign trade regime. ■

## DSB establishes panel in government procurement dispute

The Dispute Settlement Body (DSB), on 21 October, established a panel to examine complaints by the European Communities and Japan that a Massachusetts law had violated provisions of the plurilateral Agreement on Government Procurement. It decided to revert to three new panel requests at its next regular meeting (scheduled for 25 November): the United States' complaint against Mexico's anti-dumping investigation of US high-fructose corn syrup; Canada's complaint against EC's measures affecting asbestos; and Hungary's complaint against the Slovak Republic's import duty on Hungarian wheat. Canada and the EC gave status reports on the implementation of DSB recommendations with respect to the periodicals and the banana cases, respectively.

### US measure affecting gov't procurement

The EC and Japan reiterated their respective requests for a panel, first made at the previous DSB meeting (22 September), to examine their complaints against a Massachusetts law disallowing the granting of government procurement contracts to companies doing business in or with Myanmar. They claimed this law violated provisions of the Agreement on Government Procurement.



The United States expressed regret over the panel requests in view of what it said was the common interest of the three parties to improve the human rights situation in Myanmar. It cited a recent resolution by the European Parliament for the imposition of economic sanctions on Myanmar, and the recent call by the International Federation of Chemical, Energy, Mine and General Workers Unions on the European Commission to sever trading links with that country. The United States said that it would continue to pursue, with the help of Massachusetts, a mutually acceptable solution with the EC and Japan.

The DSB established a single panel to examine the complaints by the EC and Japan.

### Mexico's anti-dumping in investigation of HFCS

The United States complained that Mexico's levying of anti-dumping duties last January on high-fructose corn syrup (HFCS) from the United States and the investigation that preceded this action did not meet standards set out in the Anti-Dumping Agreement. It claimed that Mexico's Secretariat of Commerce and Industrial Development, which had conducted the investigation, did not provide adequate information to US exporters thereby failing to give them the full opportunity to defend their interests. The United States said that consultations with Mexico on this matter had not resolved the dispute, hence it was seeking the establishment of a panel to examine its complaint.

Mexico maintained that its anti-dumping investigation conformed with the Anti-Dumping Agreement. It added that it was still studying the US complaint, and thus was not in a position to agree to a panel at that meeting.

HFCS is used primarily as a sweetener, especially in the soft drinks industry.

### EC measures affecting asbestos products

Canada said that last May, it had requested consultations with the EC concerning certain measures applied by France prohibiting importation and sale of asbestos and products containing asbestos, and concerning the general asbestos regulations in France. It said these measures severely damaged Canadian trade interests. Canada said that in consultations that took place in July 1998 in Geneva it had tried to convince the EC that the French ban was unjustifiable. It said that there was agreement for the two parties to meet again but that it had not been possible to agree on a mutually acceptable date. As the consultations had failed to produce a solution, Canada was now seeking the establishment of a panel to examine its complaint.

In its formal complaint, Canada claimed that the French measures contravened provisions of the Agreements on Sanitary and Phytosanitary Measures and on Technical Barriers to Trade, and the GATT 1994.

The EC said that at the end of 1996, France banned the use and importation of asbestos and asbestos products, and that subsequently, certain other EC member states had followed suit. It said the reason is that asbestos fibres had been found to be carcinogenic, and that some 2,000 persons in France died each year due to cancer caused by asbestos. The EC said that substitute materials had been developed in place of asbestos, which are safer to human health. It stressed that the French measures were not discriminatory, and were fully justified for public health reasons. The EC said that in the July consultations, it had tried to convince Canada that the measures were justified, and that just as Canada broke off consultations, it was in the process of submitting substantial scientific data in favour of the asbestos ban. The EC said it could not agree to Canada's panel request at this stage.

### Slovak import duty on wheat from Hungary

Hungary complained that the Slovak Republic had imposed additional duties on Hungarian wheat in violation of the most-favoured-nation principle and of its pledged bound rates in its GATT tariff schedule. It said that the action amounted to a de facto prohibition on Hungarian wheat.



Hungary said that it had received recently a communication from the Slovak Republic regarding the withdrawal of the measure, but would seek an official confirmation before withdrawing its panel request.

The Slovak Republic said that an upsurge of wheat imports from Hungary had led it to take a safeguard action on this product, pursuant to the Central European Free Trade Agreement. On 13 October, it had decided to withdraw this measure. However, it maintained that the situation with respect to wheat imports from Hungary still existed, hence it was considering possible WTO remedies. Hungary expressed concern that the Slovak Republic would be invoking the WTO Safe Guards Agreement to "legitimize" the measure in question. It said that based on trade statistics, the measure could not be justified under that

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Agreement. Hungary requested a panel to examine its complaint, and called for an accelerated process in view of the seasonal character of the product.

The Slovak Republic said it was not in a position to accept Hungary's panel request.

### Status of implementation

Canada presented its sixth report on its implementation of the DSB recommendations on its dispute with the United States on certain measures concerning periodicals. It said that it was in the process of preparing all legislative and administrative measures to comply with the recommendations by 30 October. Canada added that foreign periodicals had been informed about what it said were substantially lower postal rates they would enjoy as from that date. With respect to new legislative proposals, it emphasized that these measures concerned advertising services, and that Canada had not accepted any obligation in this area under the General Agreement on Trade in Services.

The United States criticized a bill introduced in the Canadian parliament on 8 October as protectionist and discriminatory. It said that the bill would forbid foreign magazines from accepting advertisements targeted at Canadian consumers, which it said would leave the discrimination found by the panel and the Appellate Body in place. The United States urged Canada to withdraw this bill, and warned of swift US action should it be enacted into law.

The EC presented its third status report on the implementation of the DSB recommendations on the dispute concerning its regime for the importation, sale and distribution of bananas. It said that the Council of the European Union, after consulting the European Parliament, adopted in July a new regulation that would partially implement the recommendations, to be followed by other regulations that would conclude the implementation process. The EC said that it had undertaken negotiations with banana exporting countries to seek agreement on the allocation of shares in the EC banana tariff rate quotas. It regretted these negotiations had not resulted in an agreement.

The EC welcomed the US Administration's efforts that had led to the withdrawal of a legislative proposal in the US Congress calling for retaliation in the banana case. However, it expressed serious concern about the US Administration's letter to the US Congress that promised retaliation should the EC implementing measures proved to be WTO-inconsistent and not acceptable to the United States. The EC invited the United States to refrain from taking any unilateral action and recalled that according to the DSU suspension of concessions should be authorized by the DSB.

Ecuador, also speaking on behalf of Guatemala, Honduras, Mexico, Panama and the United States, said that it considered the new EC measures on the distribution of tariff quota shares and import licenses that would be implemented at the beginning of next year to be inconsistent with the GATT and the GATS. It called on the EC to agree to urgent talks that would establish a banana regime consistent with the WTO.



### ACTIVE PANELS (23 October 1998)

Complainant	Subject of the complaint	Date established
EC	Argentina - Measures affecting textiles and clothing	16.10.1997
EC	Taxes on alcoholic beverages	25.03.1998
United States	India - Quantitative restrictions on imports of agricultural, textile and industrial products	18.11.1998
US	Japan - Measures affecting agricultural products	18.11.1998
New Zealand	EC - Measures affecting butter products	18.11.1998
Korea	US - Anti-dumping duty on (DRAMs) of one mega bit or above from Korea	16.01.1998
India	Turkey - Restrictions on imports of textile and clothing products	13.03.1998
New Zealand, US	Canada - Measures affecting dairy products	25.03.1998
US	Australia - Subsidies provided to producers and exporters of automotive leather	11.06.1998
EC	Korea - Definitive safeguard measure on imports of certain dairy products	23.07.1998
Canada	Brazil - Export financing for aircraft	23.07.1998
EC	Argentina - Safeguard measures on imports of footwear	03.04.1998
EC	US - Tax treatment for "Foreign Sales Corp."	22.09.1998

The United States criticized the EC for taking what it said was a unilateral approach to compliance with DSB recommendations. It continued to hope that talks with the EC would result in a WTO-consistent solution, and viewed a US withdrawal of concessions from the EC in this case as a last resort.

Ecuador, Guatemala, Honduras and Panama underlined the importance of banana exports in their respective economies.

Jamaica expressed hope that the new EC banana regime would satisfy the needs of the developing country members of the Lomé Convention. Cuba said that the small Caribbean economies deserved better treatment considering the difficulties they faced.

India said it intended to implement the DSB recommendations concerning its patent protection for pharmaceutical and agricultural chemical products, and that it would be consulting with the EC regarding the reasonable period of time for completing its obligations.

### "Other business"

After the conclusion of the regular agenda, the European Communities announced that it had agreed with Brazil that the EC would complete its implementation of the DSB recommendations regarding the poultry dispute by 31 March 1999. Brazil confirmed this agreement.

Hungary said that the Czech Republic, on 9 October, introduced measures on Hungarian wheat identical to those imposed by the Slovak Republic. It said that consultations on these measures began the previous day.

The Czech Republic said it had exercised a right provided for in a bilateral agreement with Hungary, adding that it saw no linkage between this action and the Slovak measure. It said that there seemed to be good prospects for a resolution of the matter in the ongoing consultations. ■

## SOLOMON ISLANDS

## The challenges facing a small island economy

*The WTO Trade Policy Review Body (TPRB) conducted its first review of the Solomon Islands' trade policies on 21-22 September. The following are excerpts from the Chairperson's concluding remarks:*

Members recognized that the Solomon Islands faced immense and numerous economic difficulties. Mismanagement by the previous government had led to unsustainable levels of public debt, which could not be repaid from exports at a sustainable level. Concentration of exports in three product groups (timber, fisheries and copra) and two principal markets (Japan and the EU, particularly the United Kingdom) meant that the economy was highly vulnerable to external price developments. The effects of the Asian economic downturn had been particularly severe for the timber sector, reducing world prices by two-thirds.

Members recognized the dilemmas confronting the Solomon Islands' Government, in particular, the tension in policy-making between environmental and trade considerations, given the need to service the debt. They asked what routes the authorities considered possible to resume economic growth and promote sustainable trade.

Members welcomed the efforts being made by the Solomon Islands' Government in economic reform. They stressed the need to continue the process, particularly in respect of taxation, in order to increase revenue while promoting exports. Tariff rationalization was welcomed, although rates remained relatively high and disparate, and a temporary tariff surcharge of 10 per cent had been implemented in the 1998 Budget, with no time limits. The effectiveness of export taxes was questioned and alternative means of increasing fiscal revenue (such as stumpage fees or resource rent taxes) were suggested.

In response, the representative of the Solomon Islands outlined steps that the Government had taken to address the twin problems of unsustainable debt burden, which it inherited upon coming to power, and the continuing unsustainable exploitation of forestry.

To avoid these problems in the future, the Government intended to reduce its dependence on forestry and to diversify into other activities, such as tourism, mining and the domestic processing of raw materials; for example, all copra was now to be processed locally for export. As regards exports of canned tuna, the delegation appealed to the EU to maintain existing Lomé preferences so as to enable their producers to compete with other exporters.

Members welcomed intentions by the Government to review its legislation and to bring its policies into conformity with its WTO obligations, and saw achievement of these multilateral obligations as making an important contribution to its reform efforts.

The Government reiterated its commitment to meeting its WTO obligations with the aid of technical assistance. A number of members offered the possibility of providing such assistance. The Government was urged to accelerate WTO adherence if possible.

*Tourism is a major Solomon Islands' industry. Members wished the country well in promoting its economic recovery and future development. (Photo courtesy of the Embassy of Solomon Islands, Brussels)*

### Conclusions

The Chair felt this was a particularly interesting review in that it has brought into focus some key issues with wider applicability: in particular, how to reconcile policies of environmental sustainability and the steps necessary to generate foreign earnings (especially in circumstances where a government is coping with significant debt servicing burdens), and also the question of how small economies heavily reliant on a very limited number of products can maximize returns on production.

The review has shown very clearly the serious difficulties faced by the Solomon Islands, as a small, least-developed, island economy with a limited resource base. Some of these are inherited from previous economic mismanagement; others are due to external problems, including the dramatic results of the Asian crisis, erosion of preferences and the effects of subsidization of competing products.

We have also had a substantial discussion on the vulnerability of an undiversified economy to both commodity booms and external shocks. A number of delegations have addressed issues of diversification, sustainability and resource conservation, the role of export taxation; the effects of Lomé preferences; and the prospects for establishing efficient downstream processing. We hope that the signals given by Members will help the Solomon Islands in establishing a more viable economic base. One issue of overwhelming importance is the creation of a stable environment for future trade and investment, with minimal scope for discretion. Tariff reforms have already begun and, again, a stable basis for trade is crucial.

The present Government has underlined its commitment to economic reforms and the Trade Policy Review Body has given its strong encouragement to the process. We hope that the Solomon Islands Government will, as a follow-up to this review, be able to benefit from the technical cooperation opportunities that are being offered to it and will thereby be able to participate more effectively in the WTO Agreements and benefit from the multilateral system. We wish the Solomon Islands well in coping with the present difficulties and promoting its economic recovery and future development. ■

## TURKEY

## Accord with EU draws praises and questions

*The TPRB conducted its second review of Turkey's trade policies on 12-13 October. Excerpts from the Chairperson's concluding remarks:*

Members commended Turkey for its implementation of far-reaching structural and legislative reforms since its previous review. These reforms had contributed to the economy's sound annual average growth of almost 8% in the past three years.

It was recognized that the customs union between Turkey and the European Union had given a new impetus to the liberalization process in Turkey, going beyond its Uruguay Round commitments. The reforms had led to improved market access and a more secure trading environment for all investors and traders. Members raised questions and clarifications.

In reply, the representative of Turkey stressed that, in principle, agricultural products were covered by the customs union. However, the two parties had agreed to postpone the free movement of agricultural products until Turkey's adoption of the Common Agricultural Policy. As yet, there was no fixed plan for this, which would be negotiated bilaterally. In the meantime, a new concessional trade regime for agricultural products, implemented from January 1998, meant that 93% of Turkey's exports to the EU (based on 1997 data) were now subject to duty-free treatment. Turkey was also in the process of aligning other trade regulations with EU provisions. He noted that anti-dumping procedures could only be aligned upon full harmonization; on the other hand, rules of origin had already been harmonized and Turkey would apply pan-European cumulation from 1 January 1999. Turkey would also adopt the EU's SPS measures gradually, as relevant products would be put into free circulation. He stated that the Customs Union Decision had required Turkey to apply the EU's clothing and textile arrangements, including applicable quotas. While the representative acknowledged that Turkey's imports from the EU had increased considerably during the first year of the customs union, trade with the EU was expected to reach a more balanced level eventually.

Members complimented Turkey for its implementation of important trade and trade-related reforms since its previous review. In the tariff area, the average level of border taxation had been cut from 27% in 1993 to 13% in 1998, while the Mass Housing Fund levy had been almost eliminated. Other liberalization measures included elimination of most export subsidies, simplification of customs procedures, the establishment of a competition authority, and the enactment of comprehensive legislation covering intellectual property rights, going beyond the TRIPs Agreement provisions in some areas. However, members raised concerns and questions.

Members noted with concern the increased

protection of the agricultural sector, while the manufacturing sector had been opened up to foreign competition. With reference to the Secretariat report, members noted that this sectoral imbalance could be a tax both on consumer welfare and on manufacturing and services that compete with agriculture for production factors.

In reply, the representative of Turkey noted that, in line with the Agreement on Agriculture, Turkey had bound all tariff lines for agricultural products, and had applied customs duties to these products at or below its concessions. He also noted that Turkey had progressively scaled down export subsidies for its agricultural products; domestic support programmes had been reduced to three products and were in full conformity with their WTO obligations.

On services, members commended Turkey for its contribution during the recent negotiations including the Information Technology Agreement, the Basic Telecommunications Services Agreement, and the Financial Services Agreement. In response to these issues, the representative of Turkey said that the Government was planning to include new sectors, such as research and development, in its new schedule of specific commitments during the next services negotiations in the year 2000.

### Conclusions

This review has shown the strength of Turkey's economic performance in the past few years, and the wide-ranging liberalization that has taken place in Turkey's trade policies as a result of the customs union with the European Union and the application of Uruguay Round provisions. At the same time, specific concerns have been expressed about the scope of the customs union and its effects on third countries, in particular in agriculture, textiles and certain regulatory areas. Some of these concerns run parallel to issues raised in the Committee on Regional Trade Arrangements. We have benefited from replies given by Turkey in this meeting, and look forward to receiving further replies in writing within the next month, as promised.

In conclusion, I should like to extend the thanks of the TPRB to Dr. Ege and his large and able team of colleagues from Ankara and Geneva, and I wish Turkey well in its further progress towards economic liberalization. ■

*Is tan bul's Bosphorous Bridge connects the Asian and European continents. (Photo courtesy of the Turkish Mission in Geneva)*

## JAMAICA

## Open markets as basis for long-term growth

*The TPRB conducted its first review of Jamaica's trade policies on 29-30 October. Excerpts from the Chairperson's concluding remarks:*

Members congratulated Jamaica on its structural reform, underpinned by prudent macroeconomic management. In consequence, inflation had been significantly reduced and the economy had become more efficient and outward oriented. Members noted, however, that challenges remained, including high unemployment and a substantial internal debt; in view of the large trade deficit, they also asked about the competitiveness of Jamaica's exports, particularly given rising unit labour costs and recent real appreciation of the currency. Members sought assurance on the Jamaican policy response, including with respect to the investment environment.

Members welcomed Jamaica's strong commitment to the multilateral trading system and stressed the view that Jamaica's growing regional links should continue to complement its contribution to the system. They asked about the coordination of Jamaica's trade policies with CARICOM and the effect of the erosion of preferences on Jamaica's exports; in this respect they inquired about efforts to diversify both Jamaica's export product mix and markets.

The representative of Jamaica reiterated his country's commitment to an open, multilateral trading system. He felt that the benefits of the system were not always equally distributed, which should be addressed, as otherwise it might be difficult to maintain wide-ranging support for it. With respect to regional trade policy, he indicated the steps taken by CARICOM to deepen economic integration, and noted that Jamaica was progressively increasing the coordination with CARICOM, with the goal of moving to a Single Market.

On the issues raised by Members, the representative of Jamaica said that government policy aimed at achieving macroeconomic stability including inflation control and reducing exchange rate volatility; given the high import content of Jamaican production and consumption he was not sure that export competitiveness would be improved by currency depreciation. With regard to diversifying export products and markets, a number of initiatives were being taken including niche market promotion and improved techniques for innovation and product development.

Members welcomed the many trade-liberalizing measures taken by Jamaica in recent years; these included a lowering of tariffs, an elimination of quantitative restrictions and a reduction in the scope of import licensing. These measures had been in the general to the creation of a more market-oriented economy, and had also encompassed the removal of price controls, privatization and financial sector reform. In encouraging Jamaica to continue with these efforts, Members raised a number of questions particularly with respect to: high border charges, including

*Jamaica's Trade Minister Phillip Paulwell said that WTO benefits are not always equally shared and called for greater access to his country's exports. With him is Ambassador K.G. Anthony Hill. (WTO Photo)*

additional duties; customs valuation; import and export licensing; anti-dumping and government procurement procedures; the updating of standards; and the system of incentives, especially subsidies and tax allowances. Questions were also posed on intellectual property rights and competition policy, as well as on Jamaica's efforts to amend domestic legislation to give effect to the WTO obligation.

In reply, the representative of Jamaica stated that his country would continue with trade-opening measures. Jamaica would move to Phase IV of the revised Common External Tariff (CET) and adopt the six-digit tariff structure HS96 in January 1999. Clarification was provided on the application of other levies and charges, including additional duties, on imports; there was no immediate plan to reduce them but taxation review was in progress to simplify and improve compliance. Jamaica's tariff schedule would be shortly submitted to the WTO Integrated Data Base. On customs valuation, he accepted that the publication of reference prices would improve transparency, and he clarified aspects of the Fair Competition Act.

Jamaica was actively working on amending its legislation and procedures in a number of areas, including TRIPS, anti-dumping, standards, government procurement and customs valuation. The representative of Jamaica stressed the need for technical assistance to strengthen the capacity of small trading partners to meet reporting obligations under the WTO and to fully exercise their rights.

### Conclusions

In conclusion, Members expressed appreciation for Jamaica's active participation in, and contribution to the work of the WTO. It is also my sense that Members strongly welcomed the many steps that Jamaica has already taken in becoming a more open, outward-oriented economy that is integrated into the multilateral system; they acknowledged the challenges faced by Jamaica as a small economy. It is felt that a continuation of Jamaica's trade-opening efforts would consolidate the basis for steady, sustainable growth; in this respect, the support of Jamaica's trading partners will also be important. ■

## US provides funding for WTO's info tech project in developing countries

The United States Department of State has made a grant of US\$90,000 in support of the WTO information technology initiative for least-developed and developing countries. This initiative aims, through the use of information technologies, to support the integration of some 50 least-developed and developing countries into the multi-lateral trading system.



The United States grant will help provide internet connections, computer equipment (personal computers, printers, modems, etc) for the operation of WTO Trade Reference Centres in these countries. The centres enable trade ministers to keep in touch with WTO activities via the WTO internet site (www.wto.org) and the Trade and Development Centre (www.itd.org), jointly operated by the WTO and the World Bank. Through these and other trade-related internet sites, ministers can gather information from electronic trade databases which will enable governments to better utilize the multi-lateral trading system.

This U.S. contribution comes in addition to grants already provided for the same project by Norway, Hong Kong (China) and the Netherlands. ■

The 25 senior trade officials participating in the Ninth WTO Trade Policy Course for developing countries pose in front of the WTO headquarters with Secretariat members. The course began on 14 September and will conclude on 4 December. (Photo by Tania Tang/WTO)

## MEETINGS

### November 1998

<b>2</b>	Committee on Trade and Development
<b>2-3</b>	Committee on Subsidies and Countervailing Measures
<b>4</b>	Committee on Safeguards
<b>5</b>	Committee on Rules of Origin
<b>6</b>	Dispute Settlement Body
<b>11</b>	Working Party on Preshipment Inspection
<b>11-12</b>	Committee on Sanitary and Phytosanitary Measures
<b>12-13</b>	Trade Policy Review: Trinidad and Tobago
<b>13</b>	Committee on Customs Valuation
<b>16</b>	Working Party on Professional Services
<b>16-18</b>	Textiles Monitoring Body
<b>17, 19</b>	Working Party on Saudi Arabia
<b>17-19</b>	Committee on Agriculture; Working Group on the Interaction between Trade and Competition Policy
<b>18, 20</b>	Trade Policy Review: Burkina Faso/Mali
<b>20</b>	ITA Committee
<b>23-24</b>	Council for Trade in Services
<b>23, 25</b>	Trade Policy Review: Uruguay
<b>24</b>	Committee on Trade in Civil Aircraft
<b>25</b>	Dispute Settlement Body; Sub-Committee on LDCs
<b>25-26</b>	WG on the Relationship between Trade and Investment
<b>26, 30</b>	Committee on Regional Trade Agreements
<b>27</b>	Committee on Market Access
<b>30</b>	Council for Trade in Goods; Committee on Rules of Origin

Some 21 French-speaking countries, mainly in Africa, were represented in a WTO regional seminar for least-developed countries held on 28 September-3 October in Djibouti. Trade and Industry Minister Mohamed Barkhat Abdillahi, during the seminar stressed the importance to LDC's economic development of their active participation in future WTO negotiations, particularly those relating to market access. He said that the seminar had helped identify trade problems confronting the LDCs as well as possible solutions that would lead to the greater integration of these countries into the multi-lateral trading system. The Minister thanked Director-General Renato Ruggiero, and the members of the WTO Secretariat, Mr. Felipe Vargas and Ms. Yvette Davel, who organized the seminar in coordination with the Djibouti representative to the WTO, Mr. Hassan Doualeh. The seminar focused on market-access and trade in services issues.

## WTO FOCUS

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