

General Council approves work programme on implementation problems of developing countries

The General Council, at the first of a series of special sessions held on 22 June and 3 July, approved a work programme on dealing with problems encountered by developing countries in the implementation of various WTO Agreements. The Chairperson, Ambassador Kåre Byrn of Norway, stressed that the process launched by members is “definitely action and result-oriented”.

In welcoming the decision, Director-General Mike Moore said:

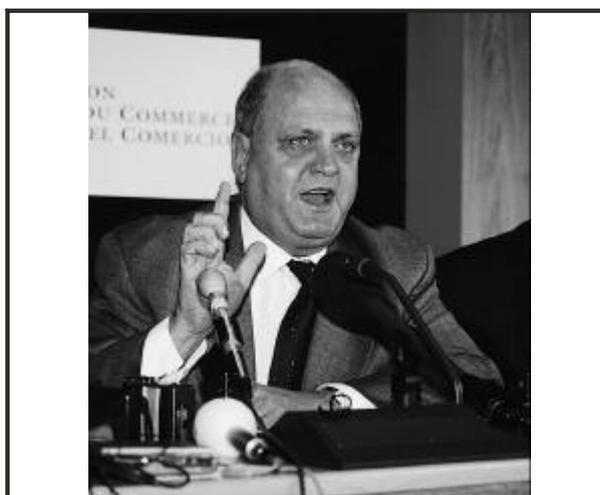
“For many of our Member Governments the problems related to implementing WTO agreements are the most important issues facing our organization today. By committing themselves to an action-oriented programme for addressing these concerns, WTO Member Governments have taken another important step in building confidence in the WTO and the global trading system. I look forward to assisting these governments in their consultations on implementation in the months to come.”

The holding of special implementation sessions was part of a series of measures, approved by the General Council in May, designed to raise confidence in the multilateral trading system by addressing the needs of developing countries, including the world’s poorest.

Under the arrangements agreed by the General Council on 3 and 8 May, Member Governments would begin in June a series of Special Sessions of the General Council dedicated to tackle the thorniest implementation issues and concerns. Those meetings will focus on finding mutually-acceptable solutions to address the issue of implementation which many Member Governments believe is the most pressing matter before the WTO. Member Governments have pledged to complete this process by the Fourth Ministerial Conference which will be held before year end 2001.

After the May meeting, Mr. Moore said: “Since the beginning of the year, we have sought to build confidence in the WTO and the trading system. In February, the General Council took decisions to facilitate negotiations on services and agriculture. Since then, General Council Chairman Kåre Byrn and my Deputy-Directors General have held intensive consultations with Member Governments in an effort to put the WTO on course to do the important work that is needed to raise living standards for working families everywhere. The decisions taken in re-

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Director-General Mike Moore said that members “have taken another important step in building confidence in the WTO and the global trading system.” (Tania Tang/WTO)

Jordan, Georgia enter the WTO

WTO membership has risen to 137 governments with the recent entry of Jordan and Georgia. Both countries have been congratulated for the relatively rapid pace of their accession negotiations.

Jordan, on 11 April, became the 136th member of the WTO. The WTO’s General Council concluded negotiations with Jordan and approved the accession package on 17 December 1999.

“This is truly a historic moment for Jordan, as we have long aspired to become a member of the WTO,” said Dr. M. Halaiqah, Chief Negotiator and Secretary General of the Ministry of Industry and Trade of Jordan at the General Council meeting. “This is a turning-point in the continued development of the Jordanian economy.”

Mr. K. Kesavapany (Singapore), Chairman of the WTO’s working party on Jordan, noted that Jordan’s accession was testimony to the fact that the accession procedures under the WTO do work rapidly

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Moore hails outcome

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cent days, and progress we have made in other areas, set us very much in the right direction," Mr Moore said.

The General Council also agreed in May on a method for addressing requests by several Member Governments for extending the transition period for implementation of the Agreement on Trade-Related Investment Measures (TRIMs). The General Council directed the Council for Trade in Goods "to give positive consideration to individual requests" to extend the transition period, which expired on 1 January 2000. In cases where Member Governments

have notified the WTO of any measures which may not be in conformity with the TRIMs Agreement, the General Council agreed that priority should be given to consultations, under the General Council's aegis, aimed at resolving differences between governments.

Mr Moore also praised 13 Member Governments (Canada, Chile, Czech Republic, European Communities, Hungary, Iceland, Japan, Korea, New Zealand, Norway, Slovenia, Switzerland and the United States) for taking "a significant step in a continuing process" of further opening their markets to products from the Least-Developed Countries. "Collectively, these measures are beginning to add up to tangible and meaningful market access improvements in favour of LDCs. There is,

General Council Special Session on Implementation, 22 June 2000

Organization of Work and Indicative Schedule of Meetings – 2000

In pursuance of the decision on implementation-related issues taken by the General Council on 3 May, which provides that in addressing these issues the General Council is to assess the existing difficulties, identify ways needed to resolve them, and take decisions for appropriate action, Members agree to the following:

Organization of Work

- The first Special Session on Implementation on 22 June, continuing on 3 July as necessary, will:
 - adopt a programme and calendar for work in the coming months;
 - provide an opportunity for identifying activities under way that may be of relevance to addressing implementation concerns; and
 - discuss implementation-related issues and concerns, especially those reflected in paragraph 21 of the draft Ministerial text of 19 October 1999 (Job(99)/5868/Rev.1).
- Following the discussion of the issues referred to in the previous paragraph, the General Council invites the Chairman and the Director-General to hold consultations with a view to identifying ways needed to resolve them in accordance with the decision of 3 May. These consultations will be conducted in a transparent manner. The Chairman and the Director-General will report to Members on the results of their consultations on such issues sufficiently in advance of the second Special Session, scheduled for October.
- The second Special Session, on October 18 and 19, will be guided by acting on the results of the discussions and consultations on the issues referred to above in accordance with the decision of 3 May. Thereafter, the meeting will address other proposals on implementation, especially those reflected in paragraph 22 of the draft Ministerial text of 19 October 1999 as well as others in the compilation of proposals in doc-

ument Job(99)/4797/Rev.3 of 18 November 1999.

- The General Council, in addressing the implementation issues, may refer matters to other WTO bodies with specific mandates and timeframes as necessary, and identify and address any technical assistance needs. The General Council may also invite Chairpersons of other WTO bodies to provide factual status reports on their own responsibility on the implementation-related issues under consideration in their respective bodies, as necessary.
- Following the October Special Session and that to be held on 18 and 19 December, the Council may invite the Chairman and the Director-General to assist the process through further consultations on specific issues as appropriate.
- In the light of the progress made until then, the third Special Session in December will take decisions for appropriate action where possible and in accordance with the decision of 3 May, and also decide on the organization of further work so that the process envisaged in the decision of 3 May should be completed no later than the Fourth Session of the Ministerial Conference.

The above schedule of meetings of the Special Sessions of the General Council on Implementation is suggested for the remainder of 2000. Further meetings will be held in 2001. It will be understood that this schedule is flexible and may need to be adjusted and complemented as necessary by informal meetings of the General Council as work progresses. The order of issues for discussion will, of course, be without prejudice to Members' positions on any matter.

In accordance with the decision of 3 May on implementation-related issues, the references to issues in paragraphs 21 or 22 of the 19 October 1999 text or to those in the compilation of proposals of 18 November 1999 does not preclude the possibility for any Member to raise any other implementation-related issues at this meeting or any other meeting, without prejudice to addressing the concerns of developing countries.

Problems with implementation

More than five years after the agreements that emerged from the 1986–94 Uruguay Round—the WTO's agreements—took effect, developing countries still experience difficulties with their implementation.

On the one hand, developing countries lack the financial and human resources to fulfil their commitments such as the complex requirements of the intellectual property (TRIPS) agreement. On the other hand, they say developed countries have failed to implement the agreements in a way that would benefit developing countries' trade.

Special and differential (S&D) provisions are included in all the WTO agreements. There are two broad categories:

- more flexible terms within specified time limits: for example, longer transition periods, smaller commitments (for example the commitments on agriculture); and
- clauses which say in broad terms that developed countries should help developing countries in specific areas (such as technology transfer under intellectual property protection) but without defining exactly what action is needed.

In other words, the provisions are designed both to help developing countries implement the agreements and to accentuate the benefits they might enjoy. However, five years later, developing countries feel that these provisions have not served their purpose. They argue that the more specific S&D provisions of the first category above are usually insufficient and that the broader requirements of the second category are too vague and often ignored.

Compliance with the WTO Agreements

In their proposals to the General Council during preparations for the Seattle Ministerial Conference, developing countries have identified several difficulties they face in implementing the WTO agreements. Most frequently mentioned were the following:

- **Intellectual property.** All developing countries, except the least developed, have to implement the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement by 1 January 2000. (Least-developed countries have until 1 January 2006.) For most, this means amended or new intellectual property legislation and new or more effective means of enforcement. Many developing countries argue that five years is not enough for such a radical change and have proposed that this transition period be extended.
- **Trade-Related Investment Measures.** The TRIMs Agreement deals with policies that are considered inconsistent with GATT. An illustrative list includes such measures as minimum local content and trade balancing requirements. Developing countries have to eliminate inconsistent measures by 1 January

2000, least-developed countries by 1 January 2002. Again, developing countries say there is too little time for too many changes. They would also like to retain the flexibility to choose investment promotion policies that they consider necessary to fulfil their developmental needs.

- **Sanitary and phytosanitary (SPS) measures** deal with animal and plant health and safety, and food safety. The Technical Barriers to Trade Agreement deals with other technical standards. Both agreements say that members have to take into account the special needs of developing countries when they prepare these regulations. However, developing countries feel they are excluded from the creation of international standards and are often expected to comply with standards that go beyond their technical ability or financial capacity.

Improved market access

Developing countries say market access has not met expectations for their exports in the following areas:

- **Agriculture.** Developing countries' complaints focus on some extremely high tariffs, tariff escalation (higher tariffs on processed goods than on raw materials, which penalizes processing in exporting countries), the difficulties in gaining access to markets through tariff quotas and the trade-distorting effects of subsidies. They are calling for lower barriers on agricultural goods that they export.
- **Textiles and Clothing** The WTO's Agreement on Textiles and Clothing does two things. Over a 10-year period, it integrates the sector into GATT rules, and as part of that process it phases out quotas. Developing countries complain that although 33 per cent of trade has been integrated as committed, only a few quotas have actually been removed. They add that what little market access has resulted from the implementation of the agreement has been cancelled out by measures taken by the importing countries, such as transitional safeguards, anti-dumping actions and discriminatory rules of origin.

In the run-up to Seattle, several developing countries have submitted specific wish-lists to the WTO General Council. These include: the creation of a working group to look at implementation issues; converting all S&D provisions into concrete commitments; tighter restrictions on the use of anti-dumping measures; allowing developing countries more flexibility in applying SPS measures; enabling developing countries to participate more in bodies which set food safety and technical standards; speeding up the integration of textiles and clothing products into GATT rules; allowing developing countries more time and greater flexibility to implement the agreements on TRIMs and TRIPS; allowing developing countries greater flexibility to subsidize agriculture; and tighter restrictions in the use of subsidies by developed countries in agriculture.

of course, more that can and should be done in improving LDCs' market access, but this is a good starting point," Mr Moore told the General Council.

"The measures taken in the last several days have been of great importance to the future of the global trading system. Governments have given high priority to the problems faced by the developing countries in their efforts to become fully engaged partners in world trade. What the Council has done, sets the right tone for our work this year and next," Mr. Moore said.

Work by the General Council in recent days on addressing key problems affecting developing countries and on seeking procedural improvements to enhance participation by all member governments, marks a significant step in raising confidence among members that the WTO and the multilateral trading system can offer important contributions in promoting economic growth and development.

Technical cooperation

The Director-General noted that Member Governments were in agreement that technical cooperation work is a core activity of the WTO and must be funded in a stable manner. In line with growing support among Member Governments for funding technical cooperation activities through the regular budget, Mr. Moore indicated that increases in this area would be reflected in proposals for next year's budget. The Director-General has asked Member Governments to increase the core budget for technical assistance to CHF 10 million over three years, from the current level of about CHF 750,000. Over 90% of technical assistance expenditure is financed through bilateral donations.

Mr. Moore also reported to the General Council on his consultations with heads of other International Organizations on improving co-ordination between them on the Integrated Framework of Technical Assistance for the LDCs. The six core IF agencies (the WTO, the World Bank, IMF, UNCTAD, UNDP and the International Trade Centre) agreed on a programme of support in October 1997 and Mr. Moore has undertaken to enhance those efforts by working to make the programme more efficient and better suited to the direct needs of the LDCs.

Mr. Moore informed the Council that the six agencies will meet at senior level in New York in July to report on suggested improvements in the Framework.

Transparency

In a report to the General Council, Chair man Bryn of Norway said that his consultations on improving internal transparency and the effective participation of all Member Governments had already yielded some positive results.

The on-going debate on internal transparency and the effective participation of all Members has already positively influenced the way in which informal consultations are conducted in the WTO...

Since February, he has sought input from delegates on how information flow between governments could be improved, how participation in debate can be enhanced and how all delegates can be made to feel part of the process.

In those discussions, he said, member governments

Chairs for TRIPS and Goods

The WTO General Council, on 8 May, agreed on the following appointments:

- **Council for Trade-Related Aspects of Intellectual Property Rights:** Ambassador Chak Mun See (Singapore);
- **Committee on Agriculture:** Chair: Ambassador Jorge Voto-Bernales (Peru), Vice-Chair: Mr. Yoichi Suzuki (Japan);
- **Committee on Anti-Dumping Practices:** Mr. Yair Shiran (Israel);
- **Committee on Customs Valuation:** Mr. Remo Moretta (Australia);
- **Committee on Import Licensing:** Mr. Albert Wright (Denmark);
- **Committee on Market Access:** Mr. Christophe Kiener (Switzerland);
- **Committee on Rules of Origin:** Mr. Sándor Simon (Hungary);
- **Committee on Safeguards:** Mr. Joshua Phoho Setipa (Lesotho);
- **Committee on Sanitary and Phytosanitary Measures:** Mr. Shishir Priyadarshi (India);
- **Committee on Subsidies and Countervailing Measures:** Mrs. Usha Dwarka-Canabady (Mauritius);
- **Committee on Technical Barriers to Trade:** Mr. John Adank (New Zealand);
- **Committee on Trade-Related Investment Measures:** Mr. Oscar Hernández (Venezuela);
- **Working Party on State Trading Enterprises:** Mr. Breffini Carpenter (Ireland)

have suggested holding more informal sessions of the General Council and using more effective application of information technology to ensure better and faster dissemination of information. He suggested that the Member Governments consider organizing an open-ended information meeting at which Chairpersons of main WTO bodies can provide delegates with an overview of the state of play in their various Councils and Committees. The chair man said he would continue to hold consultations on this matter in the future.

"It is important to recognize that, while there remains room for improvement, the on-going debate on internal transparency and the effective participation of all Members has already positively influenced the way in which informal consultations are conducted in the WTO. This, however, does not mean that more cannot be done," Chair man Bryn said.

The General Council also resolved the question of outstanding chair persons. Amb. Jorge Voto-Bernales of Peru will chair the Special Sessions of the Committee on Agriculture which take up new negotiations. Mr. Yoichi Suzuki of Japan will be the vice-chair responsible for heading the committee's regular business sessions. Amb. Chak Mun See of Singapore was selected to chair the Council on TRIPS.

Free trade helps reduce poverty, says new WTO study

A new WTO Secretariat study published on 19 June finds that trade liberalization helps poor countries to catch up with rich ones and that this faster economic growth helps to alleviate poverty. WTO Director-General Mike Moore said: "This report confirms that although trade alone may not be enough to eradicate poverty, it is essential if poor people are to have any hope of a brighter future. For example, 30 years ago, South Korea was as poor as Ghana. To day, thanks to trade led growth, it is as rich as Portugal."

The following is a selection of the highlights of the study *Trade, Income Disparity and Poverty*, by Dan Ben-David of Tel Aviv University and L. Alan Winters of Sussex University (WTO Special Study No. 5, available in English, French and Spanish - ISBN 92-970-1215-6; June 2000; Price CHF 30).

- Extreme poverty is a huge problem. 1.2 billion people survive on less than a dollar a day. A further 1.6 billion, more than a quarter of the world's population, make do with one to two dollars a day.
- To alleviate poverty, developing economies need to grow faster, and the poor need to benefit from this

growth. Trade can play an important part in reducing poverty, because it boosts economic growth and the poor tend to benefit from that faster growth.

- The study finds that, in general, living standards in developing countries are not catching up with those in developed countries. But some developing countries are catching up. What distinguishes them is their openness to trade. The countries that are catching up with rich ones are those that are open to trade; and the more open they are, the faster they are converging.
- The study also finds that poor people within a country generally gain from trade liberalization. It concludes that "trade liberalization is generally a strongly positive contributor to poverty alleviation—it allows people to exploit their productive potential, assists economic growth, curtails arbitrary policy interventions and helps to insulate against shocks". This concurs with a new World Bank study (*Growth Is Good for the Poor* by David Dollar and Aart Kray) which, using data from 80 countries over four decades, confirms that openness boosts economic growth and that the incomes of the poor rise one-for-one with overall growth.

The secret of economic success? Openness to trade

Excerpts from Director-General Mike Moore's speech, "Trade, Poverty and the Human Face of Globalization", on 16 June at the London School of Economics:

There is overwhelming evidence that trade boosts economic growth. Just compare the protectionist nightmare of the 1930s with the long boom in America and Europe as trade barriers fell in the 1950s and 1960s. Or read the famous study by Jeffrey Sachs and Andrew Warner of Harvard University which finds that developing countries with open economies grew by 4.5% a year in the 1970s and 1980s, while those with closed economies grew by 0.7% a year. At that rate, open economies double in size every 16 years, while closed ones must wait a hundred. Or cast an eye on the countless country studies that support their results.

When people say globalization lacks a human face, they may also mean that it doesn't benefit ordinary people. But that is simply not true.

It is not just Wall Street traders, management gurus and international civil servants like myself who gain from globalization.

It is also every one with a pension who enjoys a more comfortable retirement because their savings are more fruitfully invested abroad, as well as every one abroad who benefits from that foreign investment.

It is people in Britain who can talk on Finnish mobile phones, use Japanese cameras, drive American cars, drink Colombian coffee and wear clothes made in Asia. It is poor people everywhere who can buy cheaper food

and clothes produced abroad.

It is Indian computer programmers who can sell their services to American companies, and earn enough to give their children a good education and decent healthcare.

And it is poor people in poor countries who are grasping the opportunities provided by trade and technology to try to better their lives. Mexican farm hands who pick fruit in California, Bangladeshi seamstresses who make clothes for Europeans, and South African phone-shop owners who hawk time on mobile phones to their fellow township dwellers. They and countless other real people everywhere are the human face of globalization.

It is true that in general living standards in poor countries are not catching up with rich ones. It is a tragedy that 1.2 billion people—a quarter of the world's population—survive on less than a dollar a day and that a further 1.6 billion—an other third of the world's population—make do with between one and two dollars a day.

Reducing such extreme poverty must be a priority. Of course, it is easier said than done. But we can learn from the example of those developing countries that are catching up with rich ones. Take South Korea. Thirty years ago, it was as poor as Ghana; now, it is as rich as Portugal. Or consider China, where 100 million people have escaped from extreme poverty over the past decade.

What do these fortunate countries have in common? Openness to trade.

Panel to examine US safeguard action on Pakistan's cotton yarn

The Dispute Settlement Body (DSB), on 19 June, established a panel to examine Pakistan's complaint that transitional safeguard measures by the United States on imports of combed cotton yarn from Pakistan violated provisions of the WTO Agreement on Textiles and Clothing.

In its complaint, Pakistan said that the WTO Textiles Monitoring Body had recommended that the US measure be rescinded but that the United States continued to maintain the trade restraint.

The United States accepted the establishment of the panel but expressed the hope that the on-going consultations with Pakistan would lead to a mutually satisfactory solution.

US asks for panel on India's auto regime

The United States requested the establishment of a panel to examine India's trade-related measures (TRIMs) in the motor vehicle sector. It claimed that under these measures, manufacturers could not obtain import licenses for automobile components unless they agreed to a series of local content, trade and foreign-exchange balancing requirements. The United States said that these requirements contravene provisions of the GATT 1994 and the TRIMs Agreement.

India maintained that the measures in question were not TRIMs, and that they were not inconsistent with the GATT and the TRIMs Agreement. If these measures were to be considered as TRIMs, India recalled the May decision of the General Council for the Goods Council Chairman to carry out consultations regarding the issue of TRIMs extension.

The Philippines and Cuba said the US panel request was premature pending the completion of the TRIMs consultations.

The DSB agreed to revert to the US panel request

Report on Korea's government procurement measures adopted

Korea welcomed the panel report, which it said had found that the entities responsible for procurement for Korea's Incheon International Airport were not subject to the Government Procurement Agreement (GPA), and therefore Korea had not violated that Agreement. It supported the adoption of the report, adding that this was the first time a panel had had to interpret the provisions of the GPA.

The United States said that it had initiated the dispute because it believed that Korea's practices in the procurement for its airport project had favoured Korean firms over foreign firms. It expressed concern over what it said was the panel's narrowing down of Korea's GPA coverage. The United States said it had decided not to appeal the report because the Incheon project was nearly complete and that Korea had indicated that the procurement agency concerned would soon be privatized.

On a query from India, the DSB Chairman, Mr. Stuart

ACTIVE PANELS

(As of 22 June 2000)

Complainant	Subject of the complaint	Date established
Canada	<i>EC - Measures affecting the prohibition of asbestos and asbestos products</i>	25.11.1999
US, Australia	<i>Korea - Measures affecting imports of fresh, chilled, and frozen beef</i>	26.05.1999
EC	<i>US - Import measures on certain products from the EC</i>	16.06.1999
US	<i>Australia - Measures affecting the importation of salmonids (panel suspended)</i>	16.06.1999
EC	<i>Argentina - Measures on the export of bovine hides and the import of finished leathers</i>	26.07.1999
EC	<i>US - Definitive safeguard measures on imports of wheat gluten from the EC</i>	26.07.1999
US	<i>Argentina - Measures affecting imports of footwear</i>	26.07.1999
Mexico	<i>Guatemala - Definitive anti-dumping measure regarding Grey Portland Cement from Mexico</i>	22.09.1999
India	<i>EC - Anti-dumping duties on imports of cotton-type bed-linen from India</i>	27.10.1999
New Zealand, Australia	<i>US - Safeguard measure on imports of lamb meat</i>	19.11.1999
Poland	<i>Thailand - Anti-dumping duties on angles, shapes and sections of iron or non-alloy steel H-Beams from Poland</i>	19.11.1999
Brazil	<i>Argentina - Transitional safeguard measures on certain imports of woven fabrics of cotton and cotton mixtures originating in Brazil</i>	20.03.2000
Japan	<i>US - Anti-dumping measures on certain hot-rolled steel products from Japan</i>	20.03.2000
Colombia	<i>Nicaragua - Measures affecting imports from Honduras and Colombia</i>	18.05.2000
Pakistan	<i>US - Transitional safeguard measure on combed cotton yarn from Pakistan</i>	19.06.2000

Harbinson of Hong Kong, China, clarified that under the WTO dispute settlement rules, only parties to GPA may participate in any DSB decision or action regarding this dispute.

The DSB adopted the panel report, and noted that the adoption was being agreed only by the parties to the plurilateral trade agreement at issue in this case.

Reports on Canada's auto measures adopted

The European Communities welcomed the Appellate Body report and the panel report, as modified by the Appellate Body, on its complaint against Canada's measures affecting the automotive industry. It expressed satisfaction that Canada's regime with respect to imported automotive components and finished vehicles had been condemned in both reports. The EC said that Canada should remove without delay one measure (the production-to-sales ratio requirements) that had been found to be a prohibited export subsidy as provided for under the Subsidies Agreement.

Canada said it was pleased with some aspects of the reports but quite disappointed with others. It was pleased that the Appellate Body had reversed the panel's findings that Canada had violated provisions of the General Agreement on Trade in Services (GATS). However, it was disappointed with the rulings regarding GATT Article I.1 and the Subsidies Agreement. Despite its reservations, it

would join a consensus for the adoption of these reports.

The DSB adopted the Appellate Body report, and the panel report, as modified by the Appellate Body report.

Surveillance of implementation

The DSB heard the following status reports on implementation of its recommendations:

- The EC said that with respect to its banana regime, it had held 57 meetings over the preceding 12 months with interested parties to find a solution but that it had not been able to bridge the divergent positions of the main parties.
- Japan said that it expected to reach a solution soon in its consultations with the United States regarding its measures affecting agricultural products.
- Canada said that regarding its measures affecting the importation of milk and the exportation of dairy products, it had agreed with the complainants (New Zealand and the United States) that that the implementation period should conclude by the end of 2000. It added that it was keeping the complainants informed of progress in its implementation of the DSB recommendations.

Reports on US countervailing duties on UK steel products adopted

The DSB, on 7 June, considered the Appellate Body report and the panel report, as upheld by the Appellate Body, on the imposition by the United States of countervailing duties on certain hot-rolled lead and bismuth carbon steel products originating in the United Kingdom.

The EC welcomed the Appellate Body report, which it said had upheld the panel's findings the US measure was inconsistent with the provisions of the Agreement on Subsidies and Countervailing Measures. It said that in the light of the findings, the United States should now change its countervailing duty practice that presumed previous subsidies are passed through when companies are privatized, and review outstanding countervailing duty orders involving pre-privatization subsidies.

The United States expressed disappointment with the findings, and continued to believe that subsidies did not disappear simply because the ownership of a subsidized firm changed and the new owner paid a fair market value for the subsidized assets that it had acquired.

The United States, however, welcomed the Appellate Body's acceptance of *amicus curiae* briefs (from the American Iron and Steel Institute and the Specialty Steel Industry of North America, respectively). It said that by allowing affected private parties to present their views in WTO appeals, the Appellate Body had taken a positive step towards making the WTO more open and enhancing public confidence in the dispute settlement process.

The EC said that the Appellate Body had not provided guidance under what circumstances it might find it pertinent to consider such briefs. Canada, Japan, Argentina, Hungary, India, the Philippines, Brazil, Malaysia, Pakistan, Ecuador, Thailand, and Hong Kong, China expressed concern over the procedure adopted by Appellate Body.

Canada's countermeasures in aircraft dispute go to arbitration

Canada, on 22 May, requested authorization from the DSB to take countermeasures in the amount of Can\$700 million per year against what it said was Brazil's failure to implement DSB recommendations to withdraw illegal aircraft subsidies. It added that it would continue to negotiate with Brazil to resolve the dispute.

Brazil objected to the amount requested by Canada as arbitrary, and requested arbitration. It expressed surprise at Canada's request as the reports on aircraft measures by both Canada and Brazil were still under appeal. Brazil added that these reports represented an imbalance between developed and developing-country members in the areas of subsidies.

The DSB agreed that as requested by Brazil, the matter be referred to arbitration to determine whether the countermeasures requested by Canada were appropriate; it being understood that no countermeasures would be sought pending the Appellate Body report and until after the arbitration report in the present case.

Ecuador authorized to take countermeasures in banana dispute

Ecuador, at the DSB meeting on 18 May, requested authorization to take countermeasures against the European Communities in the banana dispute to the amount of \$201.6 million per year as determined by arbitrators. It said it would continue to negotiate with the EC the terms for the application of a new banana regime, and reaffirmed that it would prefer compensation over retaliation.

The EC said it would not oppose the request but stressed that Ecuador, as per the arbitrators' report, should first take countermeasures in the area of consumer goods and then on services. It stressed that only if measures in these two areas should not be sufficient could Ecuador take action in the area of trade-related intellectual property rights. The EC reserved its right to challenge any excessive countermeasure.

The DSB agreed to grant authorization to Ecuador to suspend to the EC and its member states tariff concessions or other related obligations consistent with the arbitrators' decision.

Panel on Nicaragua's import measures

Colombia reiterated its request for a panel to examine its complaint against Nicaragua's measures affecting imports from Honduras and Colombia.

Nicaragua requested that the panel not be established at the present meeting because it viewed Colombia's request as different from the one that had been presented at the previous meeting. It also asked that its resort to the GATT provision on security exceptions be excluded from the panel's terms of reference.

Several delegations urged caution in resolving disputes of a political nature in the WTO and called on the parties to resolve the matter outside the organization.

The DSB agreed to establish a panel and authorized the Chairman to draw up the terms of reference in consultation with the parties to the dispute.

TPRB: Norway

Liberal trade regime praised but some question high agricultural support

The TPRB conducted its review of Norway's trade policies on 21 and 23 June. Excerpts from the Chairperson's concluding remarks:

We have had a positive and open discussion on Norway's trade policies. Members of the TPRB were clearly impressed by Norway's solid economic performance and the high standard of living. This was achieved, due in good part to a liberal trade regime, disciplined macro economic policies and the deft management of its natural resources. In this respect, Members highlighted the creation of a special fund to help the inter-generational distribution of oil and gas income. Members commended Norway for its support to developing and least developed countries, including through both direct aid and tariff preferences. They unequivocally welcomed Norway's active and constructive participation in the WTO, not the least through the leadership of the General Council by Ambassador Bryn.

On trade policies, Members expressed divergent views on Norway's position. They acknowledged Norway's overall commitment to liberal trade and investment policies. However, several questioned the high level of support granted to the agricultural sector.

Members recognized that Norway maintains low MFN tariffs on manufactured products. Moreover, in practice those products often enjoy duty free access under the several preferential agreements Norway maintains. In this respect, Norway was invited to extend this treatment to all

Members commended Norway for its support to developing and least developed countries, including through both direct aid and tariff preferences...

WTO Members. Members also noted that Norway does not make use of trade defence measures. They observed that it is the only country to have eliminated ahead of time virtually all quantitative restrictions maintained under the Agreement on Textile and Clothing.

Members pointed out that although investment and ownership are generally open to foreigners some restrictions persist. In some cases, there is preferential treatment for EEA investors. They encouraged Norway to relax these restrictions and multilateralize the preferential treatment granted to EEA investors. Members stressed the high degree of liberalization already achieved in the services sector.

The concept of multifunctionality lay at the heart of the discussion on Norway's high level of assistance to agriculture. While some Members stated support for such concept, others gave priority to the principle of non-discrimination across sectors. Members also raised numerous questions on the specific instruments used to



Working on an oil rig in the North Sea: Members commended Norway's deft management of its natural resources.

protect and assist agriculture, particularly Norway's application of tariffs, tariff quotas, SPS measures and export subsidies.

Members also asked for details in a number of other areas including:

- measures to encourage and diversify trade;
- the gap between applied and bound rates for certain manufactures including textiles and motor vehicles;
- import charges and environmental levies;
- importation of patent protected products;
- review of competition legislation;
- activities of state enterprises, particularly in tobacco and alcoholic beverages;
- state role and privatization in banking, telecommunications, postal and petroleum activities;
- regulation of and activity in maritime transport;
- assistance to ship building; and
- regulatory framework for financial services.

Members appreciated the comprehensive oral and written responses provided by the Norwegian delegation in the context of this meeting, as well as Norway's undertaking to provide written responses to some additional specific questions as soon as possible.

Conclusions

In conclusion, it is my sense that Members fully acknowledged Norway's success in prudently managing an economy richly endowed with natural resources. Appreciation was also expressed for the enlightened policy Norway follows with regard to support to developing, including least developed countries. There was recognition of the liberalization and de-regulation effort undertaken by Norway since its last Trade Policy Review and encouragement for it to continue in this path. In this regard, several Members believed that liberalization should also include the agricultural sector both to bring it in line with Norway's policies in other areas, as well as to strengthen the multilateral trading system as a whole.

TPRB: Peru

Trade and investment reforms boost growth

The TPRB conducted its review of Peru's trade policies on 30-31 May. Excerpts from the Chairperson's concluding remarks:

We have had very open and constructive discussions. Members commended Peru for the consolidation of its economic stabilization and liberalization programme implemented since the early 1990s. Despite external shocks, including El Niño and international financial crises, Peru has achieved significant growth, sharply reduced inflation and attracted considerable foreign capital. No doubt major factors in this performance have been sound macroeconomic policies, continued liberalization of Peru's trade and investment regimes, the privatization process and efforts to develop a reliable regulatory framework.

The liberalization of investment rules and the establishment of a favourable legal framework have had impressive results, with foreign direct investment increasing five-fold since 1993...

Members viewed Peru's trade and investment regimes as relatively open. They noted that the average applied tariff has been reduced since the previous Review and that the use of non-tariff barriers remained confined. The liberalization of investment rules and the establishment of a favourable legal framework for the promotion and protection of investment have had impressive results, with foreign direct investment increasing five-fold since 1993. Members welcomed Peru's strong commitment to the multilateral trading system. In particular they noted Peru's full implementation of the Agreement on Customs Valuation in April 2000. They also welcomed Peru's efforts to liberalize services activities, in particular the financial and telecommunication sectors.

Concerns

Against this positive assessment, Members raised some concerns. Members noted that the application of tariffs surcharges and variable specific duties on several agricultural products acted as a disincentive to trade. Members also invited Peru to consider undertaking new multilateral engagements to close the wide gap between applied and bound tariff rates. Some urged Peru to sign the plurilateral Agreement on Government Procurement. In relation with the latter, Members noted that despite the recent adoption of a new legal framework, some provisions departed from the national treatment principle.

Peru provided orally and in writing detailed clarifications on a number of additional features of its trade and investment regime, including:

- importance of concessions granted under preferential regimes such as the EU Generalized System of Preferences and the U.S. Andean Trade Preference Act;
- customs valuation and the preshipment inspection re-



TPRB Chairman Ambassador Iftekhar Ahmed Chowdhury of Bangladesh (centre) the leaders of the Peruvian delegation Vice Ministers Rosario Almenara de Pezo and Alfredo Ferrero: Members encouraged the country to press on with reforms. (Tania Tang/WTO)

- gime;
- revision of final anti-dumping duties, and non-preferential certificates of origin for goods subject to these measures;
- fiscal incentives, in particular under the new free-zones regime;
- lower excise tax on used vehicles imported through the new free zones;
- local-content and trade-related investment measures;
- INDECOPI's responsibilities, including the Commission on Technical and Trade Regulations;
- competition policy practices, in particular with respect to interconnection rates to the fixed telephony;
- participation in regional fora;
- the intellectual property regime;
- problems faced by the fishing industry;
- suspension of rice imports;
- schedule of commitments under the GATS Agreement; and
- conditions applying to professional services provided by foreigners.

Members appreciated the clarifications and responses provided by the delegation of Peru.

Conclusion

In conclusion, it is my feeling that this has been a very successful second Review of Peru's trade policies. Economic reform has paid off in the form of growing GDP, trade, and investment. Nevertheless, this has only been sufficient to bring real GDP per capita back to its relatively modest level of the mid 1960s. I believe that the view of several Members that there is need to achieve further improvements in the quality of life of the Peruvian people deserves Peru's attention. I am pleased to note that this has met with concurrence from the Peruvian delegation. It was to this end and to secure the flexibility necessary to withstand and ride out future external shocks that Members encouraged Peru to press on with its domestic reform process including further trade liberalization. As Peru pursues such policies, I hope that other Members will be able to support Peru's efforts by extending open access for its exports.

TPRB: Singapore

Open economy applauded

The Trade Policy Review Body concluded its third review of Singapore's trade policies on 29 and 31 March. Excerpts from the Chairperson's concluding remarks:

The Trade Policy Review of Singapore, which generated enormous enthusiasm among the Member countries, was most useful to all participants in a variety of ways. To the Singapore delegation, so ably led by Permanent Secretary Khaw Boon Wan, it provided a helpful assessment of how their trade and investment policies are perceived by us; to all others it demonstrated how sound macroeconomic fundamentals, wise socio-economic management, continued liberalization and bold regulatory reforms helped sustain growth for a couple of years after the last Review and thereafter assisted recovery in the aftermath of the economic crisis that hit the Asian region in 1997. The size of Singapore has come up; we all know that Singapore in low tide is larger than at high tide but Singapore has shown that small can be beautiful.

It was acknowledged by several that the example of Singapore merited emulation. Many others saw lessons to learn. Particularly noted was Singapore's swift and flexible response to the crisis, without taking protectionist measures, at the same time accelerating liberalization in key services as financial and telecommunications, as also planning the same in the energy sector. They observed that Singapore was one of the most open economies in the world with zero tariffs for most lines, a liberal foreign investment regime and on-going reform programmes in the services sector which went beyond its GATS commitments. Singapore's steadfast faith in the multilateral trading system was appreciated, as was its prompt implementation of WTO Agreements including those for which it has a transition period. Members also noted Singapore's active involvement in regional arrangements under a policy of open regionalism.

Concerns

Some concerns were expressed. One was over an apparent decline, or threat thereof, in Singapore's external competitiveness in certain activities. Suggestions were made that efforts to encourage innovation as well as further liberalization and deregulation should be continued. Some Members also queried why Singapore had left almost 30% of its tariff lines unbound, and asked why it maintained a sizeable gap between bound and applied rates; this tended to lend a degree of unpredictability and uncertainty to its tariff regime. Details were sought on bilateral trade agreements currently under negotiations with Japan, Mexico and New Zealand, and their status in terms of notifications to the WTO.

Furthermore, Members asked for details in a number of more specific areas including:

- the relationship between Singapore's multilateral liberalization commitments and regional and bilateral agreements; in particular, the rationale of negotiating bilateral preferential agreements given that Singapore



Part of Singapore skyline showing the Convention Centre where the first WTO Ministerial was held: The country's steadfast faith in the multilateral trading system was appreciated. (Photo by Steven Lee of the Straits Times)

- was already a substantially open market economy;
- the reason for imposing tariffs as well as excise duties on certain alcoholic products;
- the ban maintained on imports of cars of three years and older for environmental reasons, given the already stringent environmental compliance standards imposed by Singapore on all cars;
- the rationale for providing investment incentives;
- harmonization of standards and details on new guidelines being developed on the labelling of genetically modified organisms;
- the consistency of the Major Exporter's Scheme (MES) with the WTO Agreement on TRIMs;
- enforcement of intellectual property rights, particularly at the retail level and the success of self-policing of alleged infringements of intellectual property rights;
- the role of Government in the economy, in particular through the holding company Temasek and the Government linked corporations;
- intentions to develop an economy wide competition policy;
- transparency in government procurement and the 2.5% preference granted for ASEAN members;
- the possibility of increasing Singapore's services commitments under the GATS and scheduling services not already included in Singapore's GATS schedule; and
- market access in some services, including professional services.

Members greatly appreciated the clarification and responses provided by the Singapore delegation.

Singapore's impressive results, flowing from its prudent policies, are self-evident. Its stated desire to be the hub of some identified economic activities, both regionally and globally, is being supported by a variety of well-designed efforts.

Conclusion

Singapore's continued commitment to trade liberalization and the multilateral trading system is to be applauded. In conclusion I cannot help but observe that what an other City State, Athens was long ago to the Age of Pericles, Singapore has become, in contemporary times, to the Age of dot Com.

TPRB: Tanzania

Reforms pushing growth

The TPRB concluded its first review of Tanzania's trade policies on 2 and 3 March 2000. Excerpts from the Chairperson's concluding remarks:

We have had open and positive discussion on Tanzania's trade policies and measures. Members of the TPRB have been clearly impressed by Tanzanian's progress on economic reform begun in 1985, and pursued with renewed focus and vigour since 1995. These policies have seen real growth of Tanzania's GDP in the past few years. However, it has been acknowledged by all Members that, as one of the poorest nations in the global economy, Tanzania still has difficult challenges ahead, in particular a large foreign debt whose servicing poses a constraint on its economic development.

The large number of questions and comments from Members is a testimony to the importance of Tanzania in the region. It is also an indication of the level of interest in Tanzania's process of economic reforms.

Members commended Tanzania for its strong support of the multilateral trading system. They were unanimous in commending Tanzania for its process of economic reform and liberalization. These steps have included the dismantling of import and export license procedures, the simplification of the tariff structure, the elimination of foreign exchange controls, and the broad efforts by the Government to create an environment more conducive to both foreign and domestic investment. Particular note was made of Tanzania's natural endowments. It was felt that its recent successes in attracting significant levels of investment to its mining sector, which, it was anticipated, would provide notable benefits to the economy.

Members expressed concern in a number of areas, focusing both on the growth of imports and particularly on Tanzania's supply side constraints which prevent it from taking advantage of export opportunities. Mention was also made of governance issues and other regulatory obstacles which still impede activities of the private sector. Several Members referred to problems related to standards and to Tanzania's delay in implementing the WTO Agreement on Customs Valuation.

Members noted that the difficulties faced by Tanzania in implementing some of its WTO undertakings are not unique to Tanzania, but are shared by many Members. As a consequence, there was unanimous agreement that more attention needs to be given to the provision of technical assistance regardless of whether such assistance come directly from the WTO, through the mechanism of the Integrated Framework, or through other efforts such as the JITAP.

Members also asked for details in a number of more specific areas including:

- Tanzania's participation in regional integration agreements, and in particular, its decision to withdraw from COMESA;
- issues related to Tanzania's agricultural sector and plans for further diversification and export development;
- reasons for the underdeveloped nature of the manufac-



Flower plantation in the Kilimanjaro region. Tanzania's economic reforms were widely praised. (ILO Photo)

- turing sector and its significant decline in 1997;
- Tanzania's ongoing process of privatizing its parastatal sector and the timetable for further privatizations, particularly in its financial services and telecommunications sector;
- the escalatory tariff structure and, in particular, the suspension or exemption of a very high percentage of collectable duties;
- the extent of tariff bindings and the significant gap that exists between applied and bound rates;
- aspects of trade-related intellectual property rights, particularly the implementation of Tanzania's TRIPS commitments and enforcement efforts;
- government procurement procedures and any plans to become a signatory to the WTO Agreement on Government Procurement;
- the transparency and implementation of the investment regime and further efforts to improve the business environment;
- implementation of safe guards and other trade remedy legislation;
- Tanzania's intention to make further services commitments under GATS, particularly with respect to telecommunications and financial services; and
- implementation of competition policy.

Plaudits are owed to Minister Simba for the frank and comprehensive responses provided by him often made against the broad socio-economic matrix. Also Ambassador Mchumo is to be thanked for his role in this exercise. Members look forward to further responses to those questions which could not be specifically addressed during these two days. Tanzania's assurances of continued economic reforms and improvements in efficiency have been noted with satisfaction. Members also acknowledged the importance of coherence among institutions that provide advice related to trade issues and economic development.

In conclusion, it is my feeling that this has been a most successful Review of Tanzania's trade policies. Members welcomed Tanzania's determined efforts to improve its economic performance as well as the quality of life of its people through the alleviation of poverty and other measures. Tanzania is to be commended for its commitment to WTO principles and its leadership in both this institution as well as those in which it participates in its region. I encourage all Members to continue their support for Tanzania's efforts.

137 WTO members

(Continued from page 1)

and smoothly given the determination of the acceding government to push ahead and the cooperation and flexibility of Members.

Six countries in the region are already members of the WTO: Bahrain, Egypt, Israel, Kuwait, Qatar and the United Arab Emirates. Three are in the process of acceding to the WTO: Lebanon, the Sultanate of Oman and Saudi Arabia.

Georgia became the 137th WTO member on 14 June. WTO Director-General Mike Moore welcomed the event by saying: "I congratulate Georgia on its swift accession and the comprehensive commitments it has taken on. This accession is particularly noteworthy given Georgia's remarkable transition to a market economy. Georgia is the fourth former Soviet republic to join the WTO and has done so in less than four years after applying for membership."

Georgia applied for WTO membership on 3 July 1996 to start negotiations with the WTO working party on its terms of accessions. The results of these negotiations were adopted by the WTO General Council on 6 October 1999 and formally accepted by the national legislature in Tbilisi in May this year.

At the General Council meeting of 6 October 1999, Mr. V. Lordkipanidze, State Minister of Georgia, said: "We believe that expansion of the multilateral trading system will help to stop economic nationalism and protectionism, give countries a fair foothold on the global trading market, thus contributing to a stable and continued economic growth world-wide." He added: "I am convinced that by assuming their rightful place in the global trading system, Georgia and other countries in transition will soon see prosperity and stability increase along with their new, expanded activity in the world economic arena."

At the same meeting, Mrs. Anne Anderson (Ireland), chairperson of Georgia's working party, remarked on Georgia's speedy accession. She said that the rapid pace of this accession process testified to the determination shown by the Georgian authorities to carry through an impressive reform process sustained by a high degree of trade liberalisation and full conformity with WTO rules and disciplines. She pointed out that the fact that Georgia had been able to conclude accession negotiations so rapidly and efficiently proved that when supported by constructive dialogue, intensive preparatory work and good will, the WTO accession procedures had worked well.

WTO FOCUS

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MEETINGS

September 2000

13-14	Textiles Monitoring Body
18	Committee on Balance-of-Payments: Slovak Republic and Romania
20	Working Party on State Trading Enterprises
20-21	Council for TRIPS
22	Committee on Trade and Development
25	BOP Committee: Pakistan
26	Dispute Settlement Body
27	Committee on Agriculture; Working Party on GATS Rules
28-29	Committee on Agriculture - Special Session; Council for Trade in Services



The WTO is expanding its efforts to strengthen the capacity of developing countries to better understand the relevant trade rules and derive more benefits from the multilateral trading system. As part of these efforts, it has concluded a number of agreements with international and regional institutions on the holding of workshops and seminars for the benefit of developing countries. Above, the inaugural session of the Asian Development Bank Institute workshop on trade policy issues held in Tokyo in July. The WTO was represented by Raymond Krommenacker and Edwini Kessie of the Technical Cooperation Division.



Participants in the first Short Trade Policy Course for the Andean Countries held on 22 May to 3 June at the Andean Community Headquarters in Lima, Peru. Also shown is Mr. Sergio Delgado of the WTO Technical Cooperation Division.