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WTO Newsletter

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Lamy calls for continuous negotiations as chairs report modalities deadline will be missed



Director-General Pascal Lamy told journalists on 24 April that “we may have missed the deadline but we are not in deadlock”.

Earlier, in a statement at an informal meeting of heads of delegations, he said that “genuine and important progress has been made, but not fast enough to allow us to reach agreement on modalities by the end of the month”. He said that “from now on, the process to reach modalities will be continuous, Geneva-based, and focused on texts – and we should aim at finishing this work in a matter of weeks rather than months”.

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The Director-General, in a speech to the Indian Council for Research on International Relations in New Delhi on 6 April, called on India to contribute to a “win-win” outcome in the trade talks, stressing that it “has a lot at stake given its interest across the entire negotiating agenda and given the dynamism of its economy”. He added that the developing world would be the “the main losers from a failure of the Round”.

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On 18 April, Mr. Lamy praised Rob Portman, outgoing US Trade Representative, for his contribution to the global trading system while welcoming the announcement by US President George Bush that Deputy US Trade Representative Susan Schwab, has been nominated as Mr. Portman's successor. Mr. Portman has been nominated by President Bush to serve as White House Budget Director.

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## Chairperson's reference papers, April 2006

In early April 2006, Ambassador Crawford Falconer, chairperson of the agriculture negotiations, circulated a set of reference papers for the last week of agriculture negotiations before the 30 April deadline for "modalities". These reference papers represent preliminary texts for preparing modalities on food aid, exporting state trading enterprises and export credits (in the export competition pillar), and the Blue Box and Green Box (in domestic support). In notes, he outlined his assessment and plans for meetings.

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### TRADE POLICY REVIEW [back to top](#)

United Arab Emirates: A generally liberal economy whose performance could further improve with structural reform



- Trade Policy Review Body, on 24 and 26 April, conducted its first review of the trade policies and practices of the United Arab Emirates. The review was chaired by Ambassador Claudia Uribe (Colombia) with Dr. Alexander Gross (Germany) acting as discussant.

The UAE's generally liberal and increasingly diversified economy, the importance of trade for its economic performance, its relatively low border barriers to trade, and its growing economic power make it an increasingly important supporter of the multilateral trading system, according to a report on the trade policies and practices of the UAE by the WTO Secretariat. The economy has grown by 6% per year on average over the past decade and 9% in 2003-2005, although, despite some diversification, the UAE still depends on crude oil and gas exports for a significant share of its national income. But internal barriers to trade, resulting largely from the absence of a competition policy, institutional weaknesses, and restrictions on foreign participation in the economy, are impediments to doing business in the UAE and are hindering the diversification into services, a sector that is rapidly becoming a strategic priority.

The report says that structural reforms, including the abolition of the restrictive Trade Agency Law, the adoption of competition legislation, and further liberalization of and multilateral commitments in the services sector, would improve resource allocation and the UAE's economic performance.

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### China: Economic reform has produced impressive results but important challenges remain

Trade Policy Review Body, on 19 and 21 April, conducted its first review of the trade policies and practices of the People's Republic of China. The review was chaired by Ambassador Uribe with Ambassador Burhan Gafoor (Singapore) acting as discussant. China's gradual economic reforms have opened the economy to international trade and investment and have made it one of the fastest growing in the world, with a nearly nine-fold increase in GDP per capita since 1978, according to a WTO Secretariat report on the trade policies and practices of China.

Ongoing trade and structural reforms, given added impetus by China's membership of the WTO since 2001, have made it the world's third largest trader and one of the largest FDI recipients. These reforms have also reduced the proportion of China's population living in poverty from 73% in 1990 to 32% in 2003. At the same time, however, income disparity has increased, especially between the coastal and inland regions and between urban and rural areas. Trade and investment barriers have declined considerably, in part due to WTO commitments. Nevertheless, the report notes that the Government continues to intervene to "manage" trade, including for domestic supply considerations. Continued structural reform will increase unemployment in certain sectors and over 100 million jobs will need to be created over the next decade. The report suggests it may be necessary to reappraise the current policy to attract investment to export-oriented capital intensive manufacturing and to place greater emphasis on removing impediments to the expansion of the services sector. The Government also needs to accelerate its efforts to raise the quality of the labour force in order to move away from traditional low-skilled, labour-intensive industries into higher value-added production. Other challenges include bottlenecks in infrastructure as well as the continued need to restructure the financial sector and capital markets by making them more market oriented.

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**DISPUTE SETTLEMENT** [back to top](#)**DSB considers aircraft disputes brought by the US and EC**

At the DSB meeting on 21 April the US requested the establishment of a panel in reference to EU measures in large civil aircraft (DS316), and the EC requested for the fourth time the initiation of the procedures for developing information-gathering under Annex V of the SCM Agreement in reference to US measures in large civil aircraft (DS317).

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The Appellate Body,

- o On 18 April, issued its report regarding the case “**United States – Laws, Regulations and Methodology for Calculating Dumping Margins (“Zeroing”)**” (DS294), which was brought by the European Communities to the WTO.
- o On 13 April, issued its report regarding the compliance panel report in the case “**United States – Investigation of the International Trade Commission in Softwood Lumber from Canada**” (DS277).  
> [Appellate Body news archive](#)

On 3 April, the WTO issued the report of the panel that had examined the case **United States – Final Dumping Determination on Softwood Lumber from Canada – Recourse to Article 21.5 of the DSU by Canada**.

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**DEVELOPMENT** [back to top](#)**12th Geneva Week**

The 12th Geneva Week for Non Resident Members and Observers was held at the WTO from 24 to 28 April. The Chairpersons of the various negotiating groups provided participants with briefing sessions on the latest developments under the Doha Development Agenda in such key areas as agriculture, non agricultural market access, services, development, intellectual property rights, rules, trade and environment and trade facilitation. There was also be a briefing on Aid for Trade. In addition, participants attended meetings of the Sub-Committee on Cotton and the Committee on Trade and Development's Dedicated Session on Small Economies. Also featured during the 12th Geneva Week, were presentations by the Advisory Centre on WTO Law and the Agency for International Trade Information and Cooperation (AITIC).

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### 15 small economies ask for extension of export-subsidy programmes

Fifteen small economies, on 25 April, presented to the Committee on Subsidies and Countervailing Measures a proposal to extend until 2018 their ability to maintain export-subsidy programmes. Barbados, on behalf of the other co-sponsors (Antigua and Barbuda; Belize; Dominica; Dominican Republic; El Salvador; Fiji; Grenada; Jamaica; Mauritius; Papua New Guinea; St. Kitts and Nevis; St. Lucia; and St. Vincent and the Grenadines), said that as small and vulnerable economies, they need the policy space to maintain these programmes which it said are important components of their development strategies.

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### Novel debate on EU's food regulation

A proposed revision of the EU regulation on novel foods has aroused the concern of several developing countries, mainly from Latin America, the Sanitary and Phytosanitary Measures Committee learned in its 29-30 March meeting. The proposed regulation is designed to protect consumers but it can still be amended, the EU said. Almost a week of informal and formal meetings also saw continued discussion on regionalization and special and differential treatment for developing countries, and heard updates on the situation in various countries on avian influenza, foot and mouth disease and other diseases or pests. The week ended with a workshop on implementation.

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### 35th and 36th WTO Trade Policy Courses end

Fifty-two government officials from developing countries and economies in transition concluded on 7 April a three-month immersion into the WTO.

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## The US pledges \$1 million to technical assistance

The US Trade Representative Rob Portman announced on 6 April 2006 a contribution of nearly \$1 million for trade-related technical assistance (TRTA) to the WTO. "Breaking down trade barriers is essential to economic growth and poverty reduction, but we must ensure that developing countries have the tools to take advantage of these new market openings," he said.

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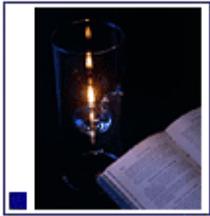
### Trade picks up in mid-2005, but 2006 picture is uncertain



World trade began 2005 with sluggish growth and then regained momentum to end the year registering 6% growth in the volume of goods traded, WTO economists say. There are a number of uncertainties on the horizon for 2006, with signs of a stronger investment climate mixed with fragile prospects for consumption and employment, particularly in Europe, they say. WTO economists predict 7% growth in the volume of goods trade (i.e. in real terms, discounting price changes) and 3.5% growth in the world economy in 2006. A similar pattern can be seen for trade in goods and services measured in dollars even though the numbers are different because of higher energy prices, they say.

"The global trading system is undergoing a period of transition," said Director-General Lamy. "Shifting economic circumstances, major advances in technology and the emergence of new players on the global scene all underscore that we are on the cusp of big changes. Persistent imbalances, driven largely by macro-economic factors continue to be a cause for concern in some major economies. In such a climate of uncertainty, one thing is certain, Member governments must strengthen the global trading system by making it more equitable and relevant for those who trade in the 21st century. There can be no doubt that the best way to DO this would be to conclude this year an ambitious agreement in the Doha round of global trade negotiations."

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### Working Paper: The Impact of Disasters on International Trade

In this paper, WTO economists examine the impact of major disasters on international trade flows using a gravity model. Our panel data consists of more than 170 countries for the years 1962-2004 yielding approximately 300,000 observations. They find that the driving forces determining the impact of such events are the democracy level and, to a lesser extent, the area of the affected country. The less democratic and the smaller a country the more are its trade flows reduced in case it is struck by a disaster. They are also able to distinguish between the effect of a disaster on an importing and an exporting country.

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### Working Paper: Liberalizing Financial Services Trade in Africa--Going Regional and Multilateral

This paper analyses the possible gains from regional and multilateral liberalization of financial services trade for African countries taking into account the implications of such liberalization for financial regulation and capital account liberalization. It also describes existing efforts to integrate financial markets within four African regions (WAEMU, CEMAC, SADC and COMESA) and discusses the existing GATS commitments of the relevant countries with respect to financial services. Although the regions differ significantly, there is scope for further regional integration in all of them. Significant scope also exists for further multilateral liberalization of financial services, in particular with respect to Mode3.

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### Secretariat Note: Market Access Issues Related to Products of Export Interest Originating from Least Developed Countries

In 2004, LDCs as a group accounted for 0.6 per cent of world exports and 0.8 per cent of world imports. In growth terms, their performance has been mixed over the past 15 years. Between 1990 and 1999, the growth of LDC exports and imports was less than that of world exports, but since then the growth of LDC exports exceeded that of world exports. Of particular note is the significant growth rate of exports posted by LDCs in 2004, which was 34 per cent, compared to 21 per cent for world exports. This figure, however, is for all LDCs and masks considerable variance in the performance of individual countries. Five oil exporters as a group, which account for 47 per cent of total LDC exports, experienced a growth rate of 52 per cent, whereas manufacturing and commodity exporters experienced growth rates of 19 and 22 per cent, respectively. Eight LDCs, all commodity exporters, experienced negative growth rates.

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